

UNITED STATES MINT



2015 ANNUAL REPORT

PRINCIPAL DEPUTY DIRECTOR'S LETTER

Year after year, the men and women of the United States Mint have consistently delivered results for the American people, fulfilling our mission of facilitating commerce and protecting critical national assets.

In 2015, our work is as important as ever. In response to rising demand for circulating coins, we produced 16.2 billion circulating coins in FY 2015 – an increase of 23.9 percent from the previous year. We have not seen this rate of circulating coin production since the pre-recessionary levels of 2006. To meet this increased demand, we added a third shift to the Philadelphia and Denver Mints and hired additional personnel.

Thanks to the ingenuity of our workforce, we have continued to reduce our fixed production costs and our selling, general, and administrative expenses while sustaining a very demanding production schedule. In fact, the cost of producing each of our circulating coin denominations went down for the fourth year in a row. Compared to FY 2014, we reduced the per unit cost of producing the penny by 13.9 percent; the nickel by 8.0 percent; the dime by 9.5 percent; and the quarter by 5.7 percent. We also returned \$550 million in seigniorage to the Treasury General Fund in FY 2015, more than double the amount we returned last fiscal year.

The demand for American Eagle Silver Bullion Coins increased throughout the year and set new records again. This year we sold 47,870,000 silver bullion ounces. In 2013 – a record-breaking year – we sold 43,559,000 ounces. We use an allocation process when demand exceeds available inventory, and we used this process for 36 weeks in FY 2015.

For our gold bullion products, we were able to keep up with demand and did not have to go on allocation – unlike several other mints around the world.

As gold and silver spot prices fell to the lowest levels since FY 2009, global demand for bullion rose rapidly in FY 2015, putting a strain on the world's suppliers. Employees of the West Point Mint, which produces the Mint's bullion coins, worked tirelessly at all hours of day and night on a three shift schedule to satisfy the increased demand. We sold 49.7 million ounces of gold and silver bullion this year – an increase of 25.4 percent from last year – for revenue totaling \$2.1 billion. This represents a nearly five-fold increase in bullion sales since 2007, from 8.2 million ounces in 2007 to 49.7 million ounces this year.

While earnings from numismatic products increased 31.5 percent to \$66.8 million, revenue and unit sales shrunk by 10.2 and 6.0 percent to \$453.2 million and 5.4 million units, respectively. We believe the decline in revenue and unit sales is primarily driven by the absence of some of last year's most popular products, such as the Baseball Hall of Fame Commemorative Coins, and the shrinking customer base of numismatic hobbyists.



Matthew Rhett Jeppson
United States Mint
Principal Deputy Director



Principal Deputy Director Rhett Jeppson and Treasurer Rosie Rios cut the unveiling ribbon for Treasury's display of U.S. Mint coin artwork.

One of the things I have stressed from the outset of my tenure is providing all our customers only the highest quality products and services. As we continue our efforts to retain current customers and reach new audiences, we have to listen to the people who buy our products. That means making it easier for our customers to shop however, wherever, and whenever they want. To do that, we launched a new e-commerce site last year, which has made the shopping experience faster, simpler, and more reliable. Building on that progress, we released the Mint's first-ever mobile app this year, enabling smartphone users to learn about the history of the Mint and purchase our products using their devices. As one of the nation's largest online retailers, we need to have this type of capability if we are to be relevant in the marketplace.

Even as technology is driving significant changes in the way we operate, our employees remain the lifeblood of our organization. A significant portion of our workforce will soon retire, making it essential that we take the steps necessary today to prepare for our future human capital needs. To continue to meet the requirements of our mission in a resource-constrained environment, we must invest in training opportunities such as Lean Six Sigma and the Manufacturer Certification and Apprenticeship Program (MCAP) to enable our employees to grow into roles with increased responsibility.

For more than 200 years, we have told the story of our country's history, culture, traditions, and values by connecting America through coins. In January 2015, I was privileged to join this dedicated and talented group of individuals. While our core mission remains the same, we have embraced a culture of continuous improvement, never tiring in our endeavor to find safer, cheaper, and faster ways to produce the highest quality products in service of the American people. As we look toward our 225th anniversary in 2017, I am confident that we will continue to make great strides toward those goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Rhett Jeppson", followed by a horizontal line.

Matthew Rhett Jeppson, Principal Deputy Director



Front row, left to right: Lauren Buschor, CIO; Jean Gentry, Chief Counsel; Dave Motl, Chief Financial Officer; Ellen McCullom, West Point Plant Manager; Annie Brown, Associate Director, Workforce Solutions Department; Dennis O'Connor, Chief, Mint Police; April Stafford, Manager, Design Management Division; William G. Norton, Jr., Director, Legislative and Intergovernmental Affairs.

Back row, left to right: Eric Anderson, Executive Secretary; Tom Jurkowsky, Director, Office of Corporate Communications; David Jacobs, San Francisco Plant Manager; Dave Croft, Associate Director, Manufacturing; Dick Peterson, Deputy Director for Manufacturing and Quality; Rhett Jeppson, Principal Deputy Director; Marc Landry, Philadelphia Plant Manager; Jon Cameron, Acting Associate Director, Numismatic and Bullion Division and Director, Office of Coin Studies B. B. Craig, Associate Director, Environment, Safety and Health Department; Randall Johnson, Acting Denver Plant Manager; Deborah Hayes, Chief, Diversity Management and Civil Rights Office.

ORGANIZATIONAL PROFILE

OUR MISSION: Serve the American people by manufacturing and distributing circulating, precious metal and collectible coins, and national medals, and providing security over assets entrusted to us.

OUR VISION: Become the finest mint in the world, through excellence in our people, products, customer service, and workplace.

Established in 1792, the United States Mint (Mint) is the world's largest coin manufacturer. Since Fiscal Year (FY) 1996, the Mint has operated under the Public Enterprise Fund (PEF) (31 U.S.C. § 5136). The PEF enables the Mint to operate without an appropriation. We generate revenue through the sale of circulating coins to the Federal Reserve Banks (FRB), numismatic products to the public, and bullion coins to authorized purchasers. Revenue in excess of amounts required by the PEF is transferred to the United States Treasury General Fund.

The Mint operates six facilities and employs approximately 1,600 employees across the United States. Each facility performs unique functions critical to our overall operations. Manufacturing facilities in Philadelphia and Denver produce coins of all denominations for circulation. Both facilities also produce dies for striking coins. All sculpting and engraving of coin and medal designs is performed in Philadelphia. Production of numismatic products, including bullion coins, is primarily performed at facilities in San Francisco and West Point. All four production facilities produce commemorative coins as authorized by federal laws. The United States Bullion Depository at Fort Knox stores and safeguards United States gold bullion reserves. Administrative and oversight functions are performed at our Headquarters in Washington, D.C.

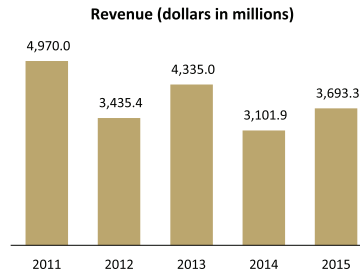
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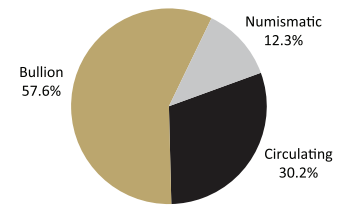
THE UNITED STATES MINT AT A GLANCE

UNITED STATES MINT (MINT)

The men and women of the Mint manufacture and distribute circulating coins, precious metal and collectible coins, and national medals to meet the needs of the United States. Our vision is to become the finest mint in the world, through excellence in our people, products, customer service, and workplace.

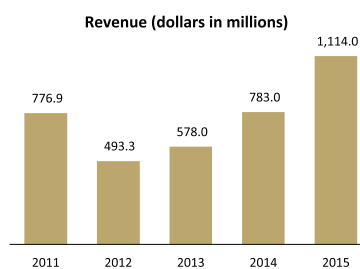


Revenue by Line of Business (percent of total)

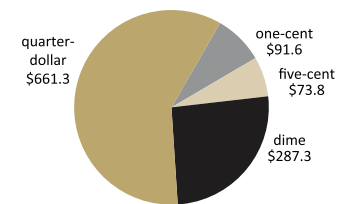


CIRCULATING COINAGE

The Mint is the sole manufacturer of legal tender coinage in the United States. The Mint's highest priority is to efficiently and effectively mint and issue circulating coinage.

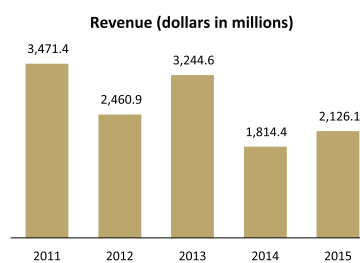


Revenue by Denomination (dollars in millions)

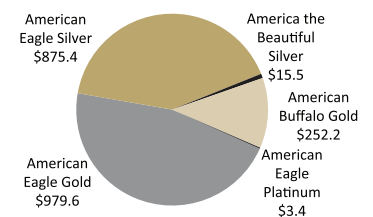


BULLION COINS

The Mint is the world's largest producer of gold and silver bullion coins. The bullion coin program provides consumers a simple and tangible means to acquire precious metal coins. Investors purchase bullion coins for the intrinsic metal value and the United States Government's guarantee of each coin's metal weight, content, and purity.

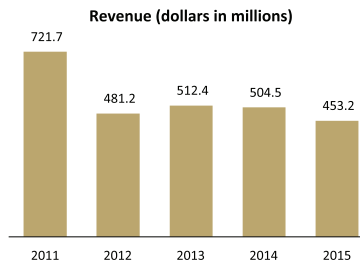


Revenue by Program (dollars in millions)

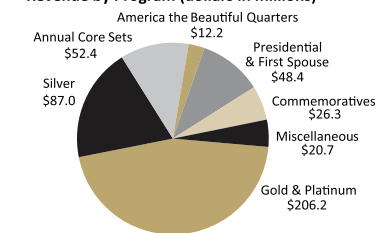


NUMISMATIC PRODUCTS

The Mint prepares and distributes numismatic products for collectors and those who desire high-quality versions of coinage. Most of our recurring products are required by federal statute. Others are required by individual public laws.

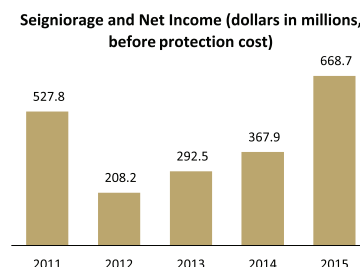


Revenue by Program (dollars in millions)

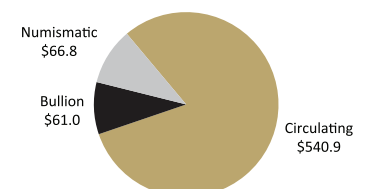


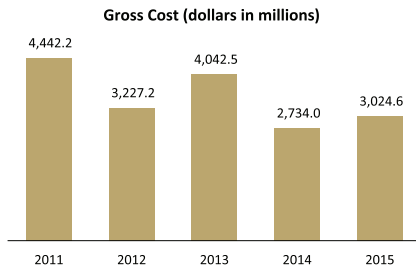
SEIGNIORAGE AND NET INCOME

Seigniorage is the difference between the face value and the cost of producing circulating coinage. The Mint transfers seigniorage to the Treasury General Fund to help finance national debt. Net income from bullion and numismatic operations can also fund government programs.



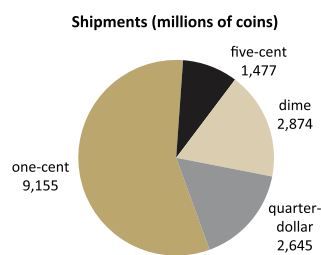
Seigniorage and Net Income by Line of Business (dollars in millions, before protection cost)





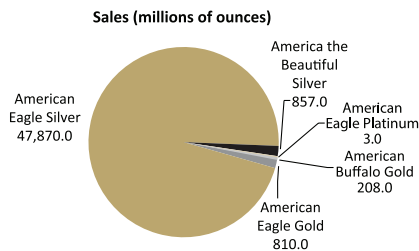
2015 PERFORMANCE

FY 2015 revenue was \$3,693.3 million, an increase of 19.1 percent compared to last year. Cost of goods sold (COGS) increased 11.5 percent to \$2,880.8 million. Selling, general and administrative (SG&A) expenses decreased 5.0 percent from last year. Total seigniorage and net income before Protection expenses increased 81.8 percent to \$668.7 million compared to last year, reflecting the impact of increased circulating coinage shipments.



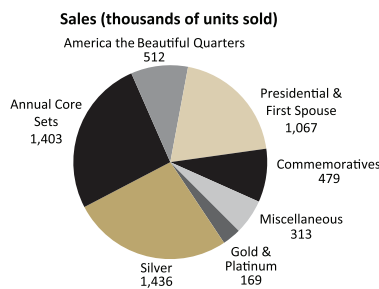
CIRCULATING COINAGE

Circulating coin shipments increased 23.9 percent to 16,151 million coins in FY 2015. Quarter-dollar coin shipments experienced the strongest annual percentage growth at 57.2 percent compared to last year. Circulating revenue increased 42.3 percent to \$1,114.0 million. Seigniorage increased 87.1 percent to \$540.9 million. Seigniorage per dollar issued increased to \$0.49 from \$0.37 last year.



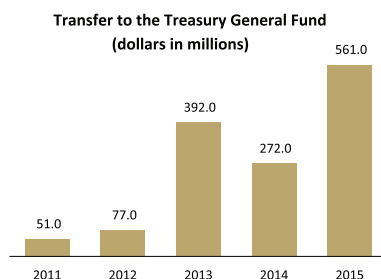
BULLION COINS

Demand for bullion coins increased in FY 2015 compared to last year. The Mint sold 49.7 million ounces of gold, silver, and platinum bullion coins, an increase of 10.1 million ounces from last year. Total bullion coin revenue increased 17.2 percent to \$2,126.1 million in FY 2015, primarily due to a 32.8 percent increase in gold bullion coin demand. Bullion coin net income increased 117.9 percent to \$61.0 million and bullion coin net margin increased to 2.9 percent compared to 1.5 percent last year.



NUMISMATIC PRODUCTS

Numismatic sales decreased 5.3 percent to 5.4 million units in FY 2015. Numismatic revenues decreased 10.2 percent to \$453.2 million. Numismatic net income increased 31.5 percent to \$66.8 million (before Protection expenses). Numismatic net margin increased to 14.7 percent compared to 10.1 percent last year.



TRANSFER TO THE GENERAL FUND

In FY 2015, the Mint transferred \$561 million to the Treasury General Fund from the United States Mint Public Enterprise Fund. The Mint transferred \$550 million of seigniorage as a non-budget transfer. In the first quarter, the Mint made a budget transfer of \$11 million from FY 2014 numismatic program results.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MEET THE NATION'S NEED FOR CIRCULATING COINS

CIRCULATING

As America's sole manufacturer of legal tender coinage, the efficient and effective production and distribution of coinage is the Mint's highest priority.

We mint and issue circulating coins to the Federal Reserve Banks (FRB) in quantities to support their service to commercial banks and other financial institutions. These financial institutions then meet the coinage needs of retailers and the public. The Mint recognizes revenue from the sale of circulating coins at face value when they are shipped to the FRB.

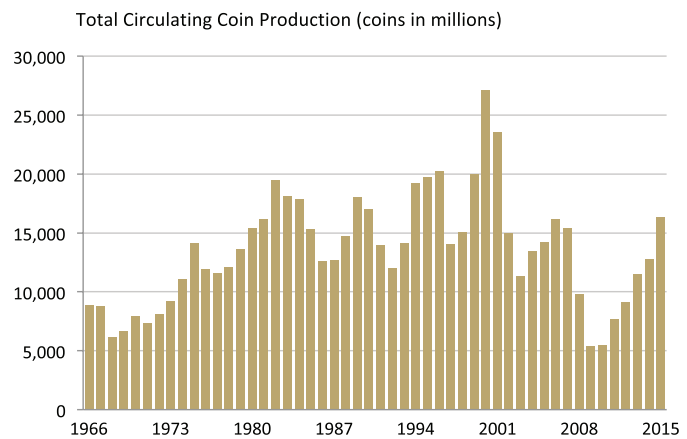
CIRCULATING RESULTS FY 2015 circulating coin shipments to the FRB increased by 3.2 billion units (23.9 percent) to a total 16.2 billion coins compared to last year. We saw marked increases in both quarter-dollar and dime shipments of 57.2 percent and 29.3 percent, respectively, which increased revenues and seigniorage compared to last year.

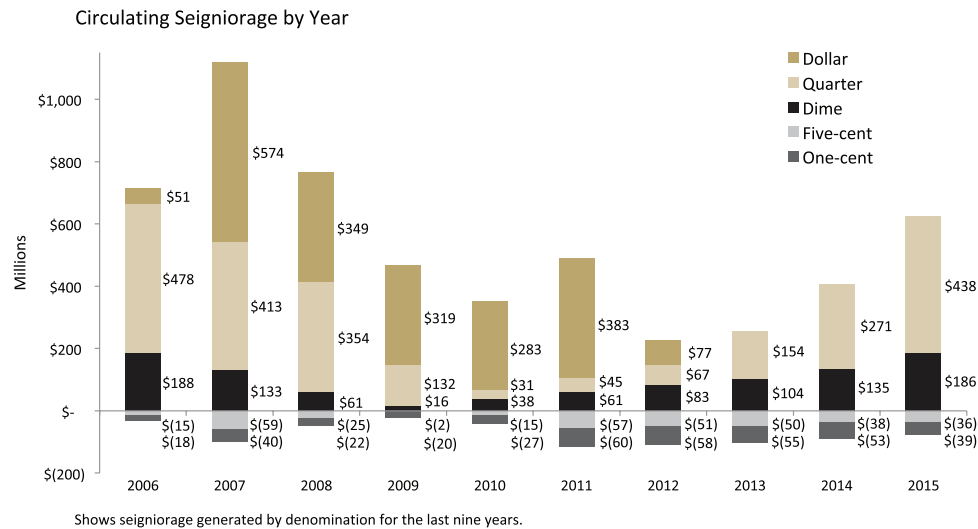
Shipment volumes increased for all denominations, continuing a trend that began in 2011. As a percentage of total shipments, quarter-dollar shipments increased from 12.9 percent in FY 2014 to 16.4 percent in FY 2015. The overall mix also included more dimes, with dimes being 17.8 percent of the total shipments compared to 17.1 in 2014. However, the percentage of pennies dropped from 60.8 percent to 56.7 percent, and nickels decreased 0.2 percent.

FY 2015 circulating revenue was \$1,114.0 million, 42.3 percent higher than last year, driven by a \$240.3 million (57.1 percent) increase in quarter-dollar revenue and a \$65.0 million (29.2 percent) increase in dime revenue. FY 2015 circulating seigniorage was \$540.9 million, 87.1 percent higher than last year, because of increased quarter-dollar shipments, increased dime shipments, lower metal costs and lower general and administrative costs. The Mint controlled indirect costs, allowing the increased shipments to generate more seigniorage. Plant costs at the production facilities increased slightly, despite the 23.9 percent increase in coin production. General and administrative costs decreased 9.2 percent from FY 2014. The resulting seigniorage per dollar issued was \$0.49, exceeding both \$0.37 from last year and FY 2011 levels prior to the \$1 coin suspension.

FY 2015 unit costs decreased for all denominations compared to last year. By keeping indirect costs down in the face of increased demand, fixed costs were spread among more units. The unit cost for both pennies (1.4 cents) and nickels (7.4 cents) remained above face value for the tenth consecutive fiscal year. Although there was higher demand, lower unit costs generated a smaller FY 2015 net loss (\$74.4 million) for these two denominations compared to FY 2014 (\$90.5 million).

Compared to last year, FY 2015 average spot prices for nickel decreased 18.2 percent to \$13,405.34 per tonne, average copper prices fell 15.2 percent to \$5,930.29, and average zinc prices increased slightly by 0.2 percent to \$2,085.21.





ALTERNATIVE METAL RESEARCH AND DEVELOPMENT The Coin Modernization, Oversight, and Continuity Act of 2010, Public Law 111-302, authorizes the Secretary of the Treasury to conduct research and development on alternative metallic materials for all circulating coins, with the goal of reducing production costs. The Act also requires the Secretary to provide a biennial report to Congress on the status of coin production costs and analysis of alternative content.

The Mint submitted its second biennial report to Congress in December 2014, which evaluated 29 potential alternative metal alloys for circulating coins. The Mint completed full-scale production testing of six alternative metal alloys and researched alternative manufacturing methods in an effort to reduce the cost of production. From 2012 (when the first report was released) until 2014, metal costs declined, so at current market prices, using alternative metals would not lower the costs of coin production. In addition, none of the metals were as durable as alloys currently used. The full report is available on our website at www.usmint.gov.

CIRCULATING PRODUCTION In response to lower demand from the Federal Reserve in 2013, the Mint cut production at the Philadelphia and Denver Mints from three shifts to two. We produced 10.7 billion coins that year, compared to this year, when we produced 16.2 billion. In 2015, the Philadelphia and Denver facilities converted back to three shift operations to accommodate increased production.

CIRCULATING (coins and dollars in millions except seigniorage per \$1 issued)

	2015	2014	2013	2012	2011	% Change 2014 to 2015
Coin Shipments	16,151	13,037	10,696	9,082	7,396	23.9%
Value of Shipments	\$ 1,114.0	\$ 783.0	\$ 578.0	\$ 493.3	\$ 776.9	42.3%
Gross Cost	\$ 573.1	\$ 493.9	\$ 440.6	\$ 387.4	\$ 428.1	16.0%
Cost of Goods Sold	\$ 520.0	\$ 435.4	\$ 383.7	\$ 325.8	\$ 364.7	19.4%
Selling, General & Administrative	\$ 53.1	\$ 58.5	\$ 56.9	\$ 61.6	\$ 63.4	(9.2%)
Seigniorage	\$ 540.9	\$ 289.1	\$ 137.4	\$ 105.9	\$ 348.8	87.1%
Seigniorage per \$1 Issued	\$ 0.49	\$ 0.37	\$ 0.24	\$ 0.21	\$ 0.45	32.4%

SHIPMENTS, COSTS, AND SEIGNIORAGE BY DENOMINATION
(coins and dollars in millions except seigniorage per \$1 issued)

2015	One-Cent	Five-Cent	Dime	Quarter-Dollar	Mutilated & Other	Total
Coin Shipments	9,155	1,477	2,874	2,645	–	16,151
Value of Shipments	\$ 91.6	\$ 73.8	\$ 287.3	\$ 661.3	\$ –	\$ 1,114.0
Gross Cost	\$ 130.1	\$ 109.7	\$ 101.6	\$ 223.2	\$ 8.5	\$ 573.1
Cost of Goods Sold	\$ 116.5	\$ 99.7	\$ 92.1	\$ 203.2	\$ 8.5	\$ 520.0
Selling, General & Administrative	\$ 13.6	\$ 10.0	\$ 9.5	\$ 20.0	\$ –	\$ 53.1
Seigniorage	\$ (38.5)	\$ (35.9)	\$ 185.7	\$ 438.1	\$ (8.5)	\$ 540.9
Seigniorage per \$1 Issued	\$ (0.42)	\$ (0.49)	\$ 0.65	\$ 0.66	\$ –	\$ 0.49

2014	One-Cent	Five-Cent	Dime	Quarter-Dollar	Mutilated & Other	Total
Coin Shipments	7,920	1,211	2,223	1,683	–	13,037
Value of Shipments	\$ 79.2	\$ 60.5	\$ 222.3	\$ 421.0	\$ –	\$ 783.0
Gross Cost	\$ 132.1	\$ 98.1	\$ 87.1	\$ 150.5	\$ 26.1	\$ 493.9
Cost of Goods Sold	\$ 115.3	\$ 85.7	\$ 76.1	\$ 132.2	\$ 26.1	\$ 435.4
Selling, General & Administrative	\$ 16.8	\$ 12.4	\$ 11.0	\$ 18.3	\$ –	\$ 58.5
Seigniorage	\$ (52.9)	\$ (37.6)	\$ 135.2	\$ 270.5	\$ (26.1)	\$ 289.1
Seigniorage per \$1 Issued	\$ (0.67)	\$ (0.62)	\$ 0.61	\$ 0.64	\$ –	\$ 0.37

2013	One-Cent	Five-Cent	Dime	Quarter-Dollar	Mutilated & Other	Total
Coin Shipments	6,610	1,123	1,901	1,062	–	10,696
Value of Shipments	\$ 66.1	\$ 56.2	\$ 190.1	\$ 265.6	\$ –	\$ 578.0
Gross Cost	\$ 121.1	\$ 105.7	\$ 86.6	\$ 111.5	\$ 15.7	\$ 440.6
Cost of Goods Sold	\$ 104.7	\$ 91.0	\$ 75.1	\$ 97.2	\$ 15.7	\$ 383.7
Selling, General & Administrative	\$ 16.4	\$ 14.7	\$ 11.5	\$ 14.3	\$ –	\$ 56.9
Seigniorage	\$ (55.0)	\$ (49.5)	\$ 103.5	\$ 154.1	\$ (15.7)	\$ 137.4
Seigniorage per \$1 Issued	\$ (0.83)	\$ (0.88)	\$ 0.54	\$ 0.58	\$ –	\$ 0.24

MINT WINS BEST CIRCULATING COIN

The Mount Rushmore National Memorial quarter was named Best Circulating Coin in the annual international competition sponsored by Krause Publications, publishers of World Coin News and Numismatic News. An international panel of numismatic experts selected the winners. Ninety-four nominees from 45 countries competed. The Mount Rushmore National Memorial quarter, issued in 2013, is the 20th quarter in the America the Beautiful Quarters® Program. The coin's reverse design, by United States Mint Sculptor-Engraver Joe Menna, was inspired by photos of men who added the final details to Thomas Jefferson's face.



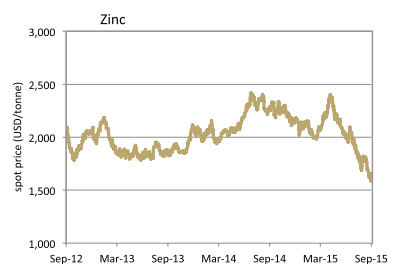
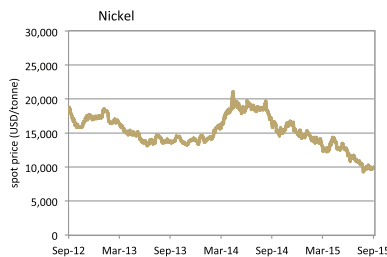
UNIT COST OF PRODUCING AND DISTRIBUTING COINS BY DENOMINATION

2015	One-Cent	Five-Cent	Dime	Quarter-Dollar
Cost of Goods Sold	\$ 0.0125	\$ 0.0664	\$ 0.0315	\$ 0.0755
Selling, General & Administrative	\$ 0.0015	\$ 0.0068	\$ 0.0033	\$ 0.0076
Distribution to FRB	\$ 0.0003	\$ 0.0012	\$ 0.0006	\$ 0.0013
Total Unit Cost	\$ 0.0143	\$ 0.0744	\$ 0.0354	\$ 0.0844

2014	One-Cent	Five-Cent	Dime	Quarter-Dollar
Cost of Goods Sold	\$ 0.0143	\$ 0.0699	\$ 0.0338	\$ 0.0775
Selling, General & Administrative	\$ 0.0021	\$ 0.0102	\$ 0.0049	\$ 0.0109
Distribution to FRB	\$ 0.0002	\$ 0.0008	\$ 0.0004	\$ 0.0011
Total Unit Cost	\$ 0.0166	\$ 0.0809	\$ 0.0391	\$ 0.0895

2013	One-Cent	Five-Cent	Dime	Quarter-Dollar
Cost of Goods Sold	\$ 0.0156	\$ 0.0805	\$ 0.0391	\$ 0.0903
Selling, General & Administrative	\$ 0.0025	\$ 0.0131	\$ 0.0061	\$ 0.0135
Distribution to FRB	\$ 0.0002	\$ 0.0005	\$ 0.0004	\$ 0.0012
Total Unit Cost	\$ 0.0183	\$ 0.0941	\$ 0.0456	\$ 0.1050

Base Metal Daily Official Spot Price (prices per metric tonne in dollars)



MEET THE PUBLIC'S DEMAND FOR U.S. BULLION COINS

BULLION COINS

Our bullion coin program provides the public a simple and tangible means to acquire precious metal coins at a slight premium to spot market metal prices. Investors purchase bullion coins not only for their intrinsic metal value, but also because the United States guarantees each coin's metal weight, content, and purity.

We mint and issue gold, silver, and platinum bullion coins to authorized purchasers through the American Buffalo, America the Beautiful Silver Bullion Coin™, and the American Eagle Programs. The Mint sells the coins to the authorized purchasers at the same market price paid for the metal, plus a premium to cover bullion program operating costs. Authorized purchasers agree to maintain an open, two-way market for these coins, assuring their liquidity. This allows the public to purchase and sell bullion coins at the prevailing market price, adjusting for any premium the authorized purchaser applies.

BULLION RESULTS In terms of ounces sold, FY 2015 was an all-time record breaker. We sold 49.7 million ounces of bullion, including a record-breaking 47.9 million American Eagle Silver Bullion Coins. This is the most bullion and the most American Eagle Silver Bullion coins that we have sold since we began selling it in 1986. The bullion coin program revenue, net income, and ounces sold all increased compared to last year. Revenue totaled \$2,126.1 million, up 17.2 percent from \$1,814.4 million last year. Net income increased 117.9 percent to \$61.0 million from \$28.0 million.

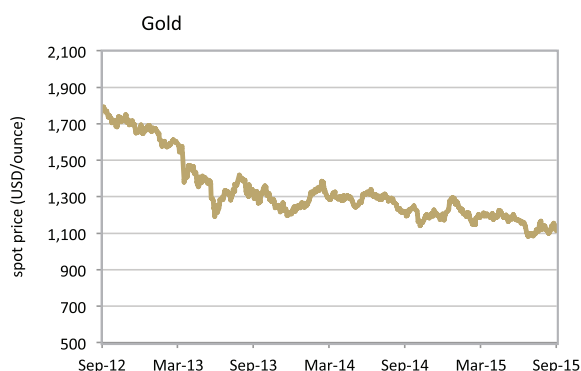
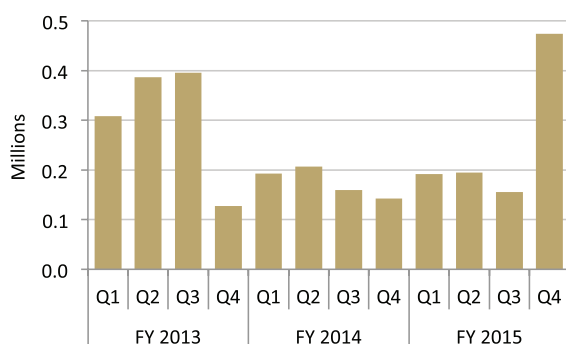
Demand was higher for gold and silver bullion coins, but not for platinum coins. The Mint was not able to secure a supply chain of blanks that met our delivery requirements to produce platinum bullion coins in FY 2015. Overall, however, FY 2015 total bullion ounces sold increased 10.0 million ounces to 49.7 million ounces, the bulk of which were American Eagle silver bullion ounces. Total bullion revenue increased 17.2 percent to \$2,126.1 million compared to last year because gold bullion revenue increased \$304.3 million (32.8 percent).

FY 2015 total bullion net income increased by \$33.0 million to \$61.0 million driven by the American Eagle silver bullion earnings, which increased \$28.0 million.

GOLD BULLION COIN RESULTS Bullion coin program results are highly dependent on trends in commodity market prices. These commodity prices are, in turn, dependent on variables such as global supply constraints, perceived strength as a safe-haven asset, currency exchange markets, and earnings potential from other commodities or investments.

Although the fiscal year began strong, demand for gold bullion slowed from December through May, when all signs pointed to an improving U.S. economy. The Federal Reserve was poised to raise interest rates, so investor demand for gold bullion was lower. June saw the start of an economic crisis in Greece and China, at which point investor demand for gold bullion increased. This international turmoil caused the Federal Reserve to postpone the interest rate hike. Gold demand surged in the fourth quarter and by year-end, gold demand had far exceeded FY 2014.

Total Gold Bullion Coin Sales (ounces sold in millions)



BULLION COINS (dollars in millions)

	2015	2014	2013	2012	2011	% Change 2014 to 2015
Gold oz. sold (thousands)	1,018	702	1,218	788	1,235	45.0%
Silver oz. sold (thousands)	48,727	38,968	44,644	34,152	44,048	25.0%
Platinum oz. sold (thousands)	3	14	–	–	–	–
Sales Revenue	\$ 2,126.1	\$ 1,814.4	\$ 3,244.6	\$ 2,460.9	\$ 3,471.4	17.2%
Gross Cost	\$ 2,065.1	\$ 1,786.4	\$ 3,185.3	\$ 2,432.5	\$ 3,405.6	15.6%
Cost of Goods Sold	\$ 2,038.5	\$ 1,760.9	\$ 3,159.0	\$ 2,407.6	\$ 3,378.8	15.8%
Selling, General & Administrative	\$ 26.6	\$ 25.5	\$ 26.3	\$ 24.9	\$ 26.8	4.3%
Net Income	\$ 61.0	\$ 28.0	\$ 59.3	\$ 28.4	\$ 65.8	117.9%
Bullion Net Margin	2.9%	1.5%	1.8%	1.2%	1.9%	93.3%

BULLION COINS REVENUE, COST, AND NET INCOME BY PROGRAM
(dollars in millions)

2015	American Eagle Gold	American Buffalo Gold	Sub-Total Gold	American Eagle Silver	America the Beautiful Silver	Sub-Total Silver	American Eagle Platinum	Total
Ounces Sold (thousands)	810	208	1,018	47,870	857	48,727	3	49,748
Sales Revenue	\$ 979.6	\$ 252.2	\$ 1,231.8	\$ 875.4	\$ 15.5	\$ 890.9	\$ 3.4	\$ 2,126.1
Gross Cost	\$ 957.8	\$ 247.7	\$ 1,205.5	\$ 841.1	\$ 14.7	\$ 855.8	\$ 3.8	\$ 2,065.1
Cost of Goods Sold	\$ 954.8	\$ 247.2	\$ 1,202.0	\$ 818.5	\$ 14.3	\$ 832.8	\$ 3.7	\$ 2,038.5
Selling, General & Administrative	\$ 3.0	\$ 0.5	\$ 3.5	\$ 22.6	\$ 0.4	\$ 23.0	\$ 0.1	\$ 26.6
Net Income	\$ 21.8	\$ 4.5	\$ 26.3	\$ 34.3	\$ 0.8	\$ 35.1	\$ (0.4)	\$ 61.0
Bullion Net Margin	2.2%	1.8%	2.1%	3.9%	5.2%	3.9%	-11.8%	2.9%

2014	American Eagle Gold	American Buffalo Gold	Sub-Total Gold	American Eagle Silver	America the Beautiful Silver	Sub-Total Silver	American Eagle Platinum	Total
Ounces Sold (thousands)	524	178	702	38,285	683	38,968	14	39,684
Sales Revenue	\$ 693.5	\$ 234.0	\$ 927.5	\$ 849.9	\$ 15.1	\$ 865.0	\$ 21.9	\$ 1,814.4
Gross Cost	\$ 676.5	\$ 229.3	\$ 905.8	\$ 843.6	\$ 14.6	\$ 858.2	\$ 22.4	\$ 1,786.4
Cost of Goods Sold	\$ 674.4	\$ 228.8	\$ 903.2	\$ 821.1	\$ 14.3	\$ 835.4	\$ 22.3	\$ 1,760.9
Selling, General & Administrative	\$ 2.1	\$ 0.5	\$ 2.6	\$ 22.5	\$ 0.3	\$ 22.8	\$ 0.1	\$ 25.5
Net Income	\$ 17.0	\$ 4.7	\$ 21.7	\$ 6.3	\$ 0.5	\$ 6.8	\$ (0.5)	\$ 28.0
Bullion Net Margin	2.5%	2.0%	2.3%	0.7%	3.3%	0.8%	(2.3%)	1.5%

2013	American Eagle Gold	American Buffalo Gold	Sub-Total Gold	American Eagle Silver	America the Beautiful Silver	Sub-Total Silver	American Eagle Platinum	Total
Ounces Sold (thousands)	983	235	1,218	43,559	1,085	44,644	–	45,862
Sales Revenue	\$ 1,586.0	\$ 371.9	\$ 1,957.9	\$ 1,256.0	\$ 30.7	\$ 1,286.7	–	\$ 3,244.6
Gross Cost	\$ 1,544.7	\$ 362.9	\$ 1,907.6	\$ 1,248.2	\$ 29.5	\$ 1,277.7	–	\$ 3,185.3
Cost of Goods Sold	\$ 1,541.6	\$ 362.4	\$ 1,904.0	\$ 1,225.8	\$ 29.2	\$ 1,255.0	–	\$ 3,159.0
Selling, General & Administrative	\$ 3.1	\$ 0.5	\$ 3.6	\$ 22.4	\$ 0.3	\$ 22.7	–	\$ 26.3
Net Income	\$ 41.3	\$ 9.0	\$ 50.3	\$ 7.8	\$ 1.2	\$ 9.0	–	\$ 59.3
Bullion Net Margin	2.6%	2.4%	2.6%	0.6%	3.9%	0.7%	–	1.8%

FY 2015 gold bullion coin sales increased 316 thousand ounces to 1,018 thousand ounces, with a 54.6 percent increase in American Eagle Gold Bullion Coin ounces sold compared to last year.

Gold bullion revenue increased by 32.8 percent to \$1,231.8 million because of increases of 7.8 percent in American Buffalo and 41.3 percent in American Eagle revenue, respectively.

Coinciding with more gold volume and revenue, FY 2015 gold bullion net income increased \$4.6 million, driven by a \$4.8 million increase in American Eagle Gold Bullion Coins. American Buffalo Gold Coin earnings decreased by \$0.2 million.

The FY 2015 average daily spot price of gold was \$1,183.52 per ounce, down 7.9 percent from \$1,284.83 last year.

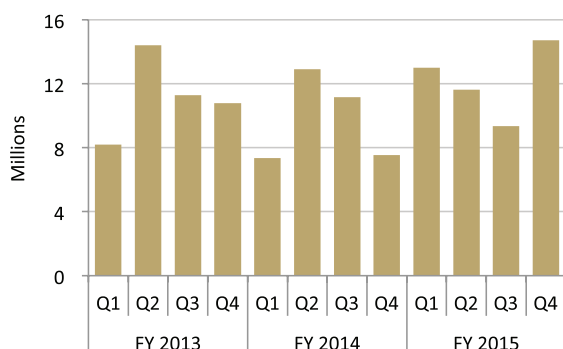
SILVER BULLION COIN RESULTS Total silver bullion ounces sold set an all-time fiscal year record in FY 2015, surpassing the previous record of 44.6 million ounces from FY 2013. Silver sales fluctuated throughout the year, but overall sales increased by 9.8 million ounces (25.0 percent) to end FY 2015 at 48.8 million ounces. We sold 9.6 million ounces more of American Eagle Silver Bullion Coins and 0.2 million ounces more of America the Beautiful Silver Bullion Coins than last year.

Demand for American Eagle Silver Bullion Coins was 29.9 percent lower between February and May compared to the same period in FY 2014. Following months of weak demand, on June 1, 2015, the Mint went off allocation. Demand soared in the final quarter of FY 2015, exceeding the Mint’s supply-chain capacity. American Eagle silver bullion inventory was exhausted by July 7. The coins went back on allocation on July 27 and continued to be allocated through the remainder of the fiscal year.

Net income from silver bullion coins increased 416.2 percent because of a \$28.0 million increase in earnings from American Eagle Silver Bullion Coins and an \$0.3 million increase in earnings from America the Beautiful Silver Bullion Coins over last year.

Even though volume and net income surged, commodity silver prices continued to decline this year. This meant that our FY 2015 silver revenue increased by a modest 3.0 percent. American Eagle silver revenue increased by \$25.5 million (3.0 percent) and America the Beautiful silver bullion revenue increased by \$0.4 million (2.6 percent). On the bright side, lower commodity prices also meant the Mint paid less for the raw metal used in production. The FY 2015 average daily spot price of silver was \$16.12 per ounce, down 20.1 percent from \$20.17 compared to the same period last year.

Total Silver Bullion Coin Sales (ounces sold in millions)



**SILVER BULLION COIN SALES
BREAK RECORD**

For the third time in six years, the Mint broke a record for silver bullion coin sales. We sold a total of 48.7 million ounces in FY 2015.

In FY 2013, the Mint sold 44.7 million ounces of silver bullion, which broke the previous record set in FY 2011 of 44 million ounces. Investors were most interested in the American Eagle Silver Bullion Coins and sales outpaced other products.

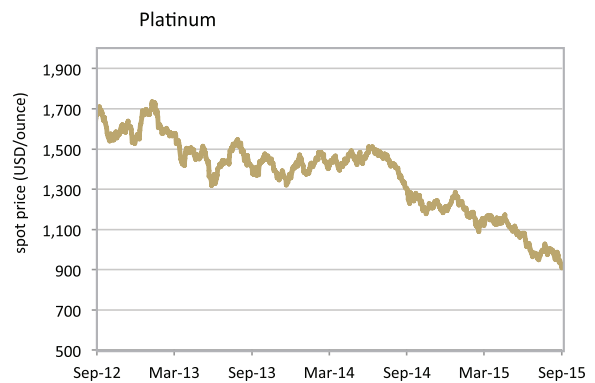
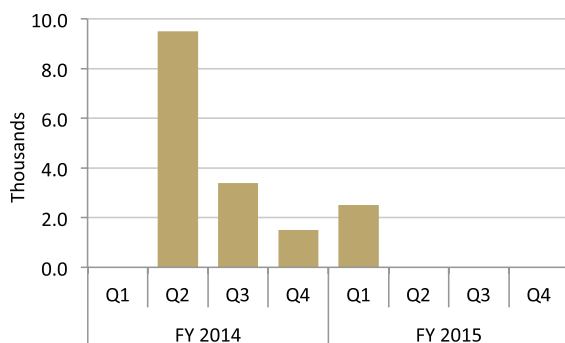
The Mint is the world's largest producer of bullion coins. The West Point facility manufactures the American Eagle proof and uncirculated coins in gold, silver, and platinum.



PLATINUM BULLION COIN RESULTS During the first part of FY 2015, we shipped 2,500 of 2014 platinum coins that customers had ordered in FY 2014. However, because we could not find a supplier that could meet our delivery requirements, no 2015 platinum bullion coins were actually minted, ordered, or shipped in FY 2015. The Mint sold 2,500 ounces of 2014 American Eagle one-ounce platinum bullion coins, with revenues of \$3.4 million and net loss of \$0.4 million. Ounces sold were down 78.6 percent, revenue was down 84.5 percent, and net income was down 20.0 percent compared to last year.

The FY 2015 average daily spot price of platinum was \$1,132.91 per ounce, down 20.6 percent from \$1,427.59 per ounce in the same period last year.

Total Platinum Bullion Coin Sales (ounces sold in thousands)



RESPONSIBLY EXPAND THE NUMISMATIC PROGRAM

NUMISMATIC

The Mint’s numismatic program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and medals for sale to the public. Most of our recurring products—such as United States Mint Uncirculated Coin Sets®, United States Mint Proof Sets®, and United States Mint Silver Proof Sets®—are required by federal statute. Others, such as commemorative coins and Congressional Gold Medals, are required by individual public laws. A main objective of the numismatic program is to increase our customer base and foster sales while controlling costs and keeping prices as low as practicable.

NUMISMATIC RESULTS Numismatic product sales decreased to 5.4 million units in FY 2015 compared to 5.7 million units in FY 2014.

Commemorative products sales were 47.8 percent lower than last year, when we had the National Baseball Hall of Fame Commemorative Coin products, which sold more than 800,000 units.

We did not have any numismatic programs that were as popular this year.

Numismatic revenue was also lower than last year.

FY 2015 numismatic revenue was \$453.2 million, a \$51.3 million (10.2 percent) decrease from FY 2014 because of a \$40.2 million decrease in gold and platinum coin products. Last year, the 50th Anniversary Kennedy 2014 Half-Dollar Gold Proof Coin generated revenue of \$76.2 million, by far the highest of any numismatic product revenue in FY 2014 and the fourth highest in the last ten years. This year’s American Liberty 2015 High Relief Gold Coin did not bring in as much revenue (\$62.6 million).

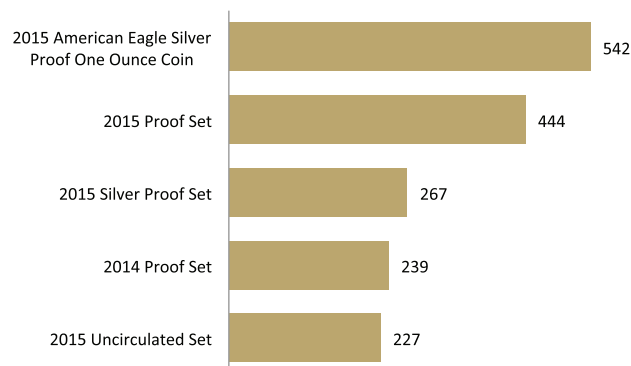
The 2015 American Eagle Silver One Ounce Proof Coin and the 2015 United States Mint Proof Set were the most popular sellers (in terms of units) this year, selling a combined 986 thousand units, but sales for these products were still 13.8 percent lower than they were last year.

Although demand for products was lower, FY 2015 numismatic earnings increased by \$16.0 million (31.5 percent), because earnings from silver coin products increased. American Eagle Silver programs contributed the majority of earnings in this category, at \$34.3 million. Additionally, \$4.5 million earnings came from the 50th Anniversary Kennedy Silver Collection.

Gold and platinum numismatic products generated the largest share of revenue (45.5 percent), compared to the other numismatic products. Similarly, this category generated \$43.3 million in numismatic net income compared to \$23.5 million net income generated by the other categories. Annual recurring sets recorded an \$8.5 million net loss in FY 2015. The numismatic net margin increased to 14.7 percent in FY 2015 from 10.1 percent in FY 2014.

FY 2015 numismatic COGS decreased 16.6 percent by \$64.0 million because of the reduced sales of gold and platinum products. SG&A expenses decreased 4.9 percent this year.

Top Selling Products Fiscal Year
(units sold in thousands)



MINT STRIKES HIGH RELIEF GOLD COIN

In 2009, the Mint recreated a masterpiece of coin design: the Ultra High Relief Double Eagle Gold Coin. The original 1907 version of that coin has been called the most beautiful ever minted in the United States, but at the time, the Mint was unable to produce a high-relief version because the minting process was not advanced enough. When we reproduced it in 2009, we used modern digital technology to realize sculptor Augustus Saint-Gaudens' original vision of the coin.

The Mint released another high-relief coin this year, but with a completely new and modern approach, inviting eight Artistic Infusion Program (AIP) artists, as well as the Mint's sculptor/engravers, to submit designs. Working closely with the Citizens Coinage Advisory Committee (CCAC) and the U.S. Commission of Fine Arts, we created a modern rendition of Liberty and a new eagle design for the 2015 American Liberty High Relief Gold Coin.

"The CCAC wanted to see a variety of designs that included busts of Liberty, as well as Liberty sitting and standing," said Office of Design Management Program Manager Roger Vasquez. "During the concept discussion meeting, the CCAC emphasized creating a modern Liberty that reflects the nation's diversity." The committee chose designs by Justin Kunz and Paul Balan, AIP artists.

Kunz, a representational artist and teacher, first joined the Mint's AIP program in 2004. The CCAC recommended his design for Liberty, which is on the obverse of the coin. "To portray Lady Liberty as a modern figure, rather than a traditional one, proved a bit more difficult in practice than it sounded in theory," Kunz said. "It required a lot of studying, sketching and meditating about what Lady Liberty represents, what it is that defines our time from past eras, and how these ideas might be distilled down to a simple visual statement that could be expressed in an elegant way."

The committee recommended Paul Balan's design for the eagle depicted on the reverse. "As an immigrant who became an American citizen, it feels like I've made a full circle to have a role in designing such a historic coin," Balan said. A native of the Philippines, he has been an AIP artist since 2009. "It's a dream to work with the design management team at the Mint and my fellow AIP artists, whom I admire and respect. I'm very grateful for the opportunity to have my work featured on American coins."

The 2015 American Liberty High Relief Gold Coin, with a mintage limit of 50,000 and a nominal denomination of \$100, was minted at the West Point, N.Y., facility and went on sale July 30. By the end of FY 2015, approximately 42,000 had been sold.





MOBILE APP LAUNCHES

The United States Mint released MyUSMint, the bureau's new mobile application (app) for Android™, iPhone® and iPod touch® on July 15. Since then, 12,326 people have downloaded the app.

“We’re constantly striving to find new ways to serve our customers and the American public. The new app comes on the heels of introducing a new order management system and reflects our commitment to be a world-class organization,” said Rhett Jeppson, Principal Deputy Director of the U.S. Mint.

The free mobile app gives users easy access to United States Mint products (including the ability to place and track orders) as well as educational information. So far, the most popular features are the customized settings and historical information. The Mint updates content every month.



MyUSMint

NUMISMATIC (dollars in millions)

	2015	2014	2013	2012	2011	% Change 2014 to 2015
Units Sold (Thousands)	5,379	5,725	5,509	5,559	7,311	(6.0%)
Sales Revenue	\$ 453.2	\$ 504.5	\$ 512.4	\$ 481.2	\$ 721.7	(10.2%)
Gross Cost	\$ 386.4	\$ 453.7	\$ 416.6	\$ 407.3	\$ 608.5	(14.8%)
Cost of Goods Sold	\$ 322.3	\$ 386.3	\$ 356.5	\$ 346.1	\$ 543.8	(16.6%)
Selling, General & Administrative	\$ 64.1	\$ 67.4	\$ 60.1	\$ 61.2	\$ 64.7	(4.9%)
Net Income & Seigniorage	\$ 66.8	\$ 50.8	\$ 95.8	\$ 73.9	\$ 113.2	31.5%
Numismatic Net Margin	14.7%	10.1%	18.7%	15.4%	15.7%	—
Seigniorage Portion	\$ 26.0	\$ 28.1	\$ 29.3	\$ 22.9	\$ 9.8	(7.5%)

Net Income & Seigniorage figures are before protection costs. Seigniorage portion results from the sale of circulating coins (boxes, bags and rolls) directly to the public through the numismatic channels.

NUMISMATIC REVENUE, COST, AND NET INCOME OR SEIGNIORAGE BY PROGRAM
(dollars in millions)

2015	Gold and Platinum Coin Products	Silver Coin Products	Annual Sets*	Quarter Products	Presidential and First Spouse Medals	Commemorative	Miscellaneous	Total
Units Sold (Thousands)	169	1,436	1,403	512	1,067	479	313	5,379
Sales Revenue	\$ 206.2	\$ 87.0	\$ 52.4	\$ 12.2	\$ 48.4	\$ 26.3	\$ 20.7	\$ 453.2
Gross Cost	\$ 162.9	\$ 60.0	\$ 60.9	\$ 14.0	\$ 27.2	\$ 21.8	\$ 39.6	\$ 386.4
Cost of Goods Sold	\$ 160.3	\$ 44.7	\$ 41.2	\$ 9.5	\$ 17.2	\$ 16.8	\$ 32.6	\$ 322.3
Selling, General & Administrative	\$ 2.6	\$ 15.3	\$ 19.7	\$ 4.5	\$ 10.0	\$ 5.0	\$ 7.0	\$ 64.1
Net Income & Seigniorage	\$ 43.3	\$ 27.0	\$ (8.5)	\$ (1.8)	\$ 21.2	\$ 4.5	\$ (18.9)	\$ 66.8
Numismatic Net Margin	21.0%	31.0%	(16.2%)	(14.8%)	43.8%	17.1%	(91.3%)	14.7%
Seigniorage Portion	\$ -	\$ -	\$ -	\$ 2.4	\$ 20.6	\$ -	\$ 3.0	\$ 26.0

2014	Gold and Platinum Coin Products	Silver Coin Products	Annual Sets*	Quarter Products	Presidential and First Spouse Medals	Commemorative	Miscellaneous	Total
Units Sold (Thousands)	197	1,222	1,477	573	996	918	342	5,725
Sales Revenue	\$ 246.4	\$ 77.9	\$ 52.9	\$ 13.6	\$ 45.5	\$ 46.5	\$ 21.7	\$ 504.5
Gross Cost	\$ 206.9	\$ 69.3	\$ 69.8	\$ 16.1	\$ 21.8	\$ 42.6	\$ 27.2	\$ 453.7
Cost of Goods Sold	\$ 202.9	\$ 58.0	\$ 47.4	\$ 10.8	\$ 12.2	\$ 34.1	\$ 20.9	\$ 386.3
Selling, General & Administrative	\$ 4.0	\$ 11.3	\$ 22.4	\$ 5.3	\$ 9.6	\$ 8.5	\$ 6.3	\$ 67.4
Net Income & Seigniorage	\$ 39.5	\$ 8.6	\$ (16.9)	\$ (2.5)	\$ 23.7	\$ 3.9	\$ (5.5)	\$ 50.8
Numismatic Net Margin	16.0%	11.0%	(31.9%)	(18.4%)	52.1%	8.4%	(25.3%)	10.1%
Seigniorage Portion	\$ -	\$ -	\$ -	\$ 2.5	\$ 22.0	\$ -	\$ 3.6	\$ 28.1

2013	Gold and Platinum Coin Products	Silver Coin Products	Annual Sets*	Quarter Products	Presidential and First Spouse Medals	Commemorative	Miscellaneous	Total
Units Sold (Thousands)	142	1,521	1,587	716	1,007	327	209	5,509
Sales Revenue	\$ 214.2	\$ 129.5	\$ 62.8	\$ 17.8	\$ 44.9	\$ 23.0	\$ 20.2	\$ 512.4
Gross Cost	\$ 184.6	\$ 88.2	\$ 66.2	\$ 15.1	\$ 22.3	\$ 22.3	\$ 17.9	\$ 416.6
Cost of Goods Sold	\$ 181.9	\$ 75.6	\$ 47.6	\$ 10.2	\$ 15.1	\$ 19.2	\$ 6.9	\$ 356.5
Selling, General & Administrative	\$ 2.7	\$ 12.6	\$ 18.6	\$ 4.9	\$ 7.2	\$ 3.1	\$ 11.0	\$ 60.1
Net Income & Seigniorage	\$ 29.6	\$ 41.3	\$ (3.4)	\$ 2.7	\$ 22.6	\$ 0.7	\$ 2.3	\$ 95.8
Numismatic Net Margin	13.8%	31.9%	(5.4%)	15.2%	50.3%	3.0%	11.4%	18.7%
Seigniorage Portion	\$ -	\$ -	\$ -	\$ 2.7	\$ 22.8	\$ -	\$ 3.8	\$ 29.3

*Annual Sets are the United States Mint Silver Proof Set, United States Mint Proof Set, and United States Mint Uncirculated Coin Set.

COMMEMORATIVE COINS

Commemorative coin programs are created by acts of Congress to honor a person, place, organization, or event. The price of each coin ordinarily includes a surcharge authorized to be paid to a designated recipient organization.

Two commemorative coin programs began in FY 2015. The 2015 U.S. Marshals Service 225th Anniversary program had revenue of \$20.6 million with surcharges of \$2.8 million through September 30. This program runs through calendar year 2015 and final surcharges will be totaled December 30. The first \$5 million in surcharges will go to the U.S. Marshals Museum, Inc., with any remaining surcharges divided among the National Center for Missing and Exploited Children, the Federal Law Enforcement Officers Association Foundation, and the National Law Enforcement Officers Memorial Fund. The 2015 March of Dimes Commemorative Coin Program had revenue of \$8.1 million with surcharges of \$1.5 million collected for its recipient organization, the March of Dimes Foundation, to help finance research, education, and services aimed at improving the health of women, infants, and children. These programs run through December 31, 2015.

Two commemorative coin programs ended during FY 2015. The 2014 Civil Rights Act of 1964 Silver Dollar had revenue of \$4.4 million with surcharges of \$0.9 million collected for its recipient organization, the United Negro College Fund. The 2014 National Baseball Hall of Fame Commemorative Coin Program had revenue of \$50.9 million with surcharges of \$7.9 million collected for its recipient organization, the National Baseball Hall of Fame.

CONGRESSIONAL GOLD MEDALS

The United States Mint produces a variety of medals to commemorate significant historical events or sites and to honor those whose superior deeds and achievements have enriched U.S. history or the world. This year, the Mint produced eight Congressional Gold medals.

- The World War II members of the Civil Air Patrol were unpaid volunteers who used privately owned aircraft to support the Army and Navy in patrolling the Atlantic and Gulf coasts from March 1942 to August 1943.
- Native American Code Talkers from the Crow Nation, Fond du Lac Band of Lake Superior Chippewa, and the Rosebud Sioux Tribe served in the U.S. Armed Forces and transmitted secret coded messages for tactical military operations in World War I and World War II. These medals are among 33 which will be awarded under this program; last year, we awarded 26.
- Members of the First Special Service Force, an elite American-Canadian joint combat group, were recognized for superior service during World War II. The only joint American-Canadian unit formed during the war, they targeted military and industrial installations that supported the German war effort.
- World-renowned golfer Jack Nicklaus's competitive career spanned parts of five decades during which he accumulated 120 victories in national and international professional competitions. A passionate philanthropist, Nicklaus has made a lifelong commitment to numerous charities, most of which support pediatric healthcare.
- The Doolittle Tokyo Raiders, a group of 80 aircraft crewmen, volunteered for a dangerous mission in April 1942. This raid made Japan shift resources to better defend from future attacks, which resulted in an American victory at the Battle of Midway, which turned the tide in the Pacific War.
- The American Fighter Aces were honored for their heroic service to the United States throughout the history of aviation warfare. Each of these military pilots is credited with destroying five or more confirmed enemy aircraft in aerial combat during a war or conflict in which the U.S. Armed Forces have participated. Aces have served in World War I, World War II, the Korean War and the Vietnam War. More than 60,000 fighter pilots have flown since World War I, but fewer than 1,500 are called Fighter Aces.

**MARCH OF DIMES
SET SELLS OUT**

March of Dimes Foundation President Dr. Jennifer Howse; Dr. Peter Salk, son of Dr. Jonas Salk; Treasurer of the United States Rosie Rios; and 2014 March of Dimes National Ambassador Aidan Lamothe hold up newly struck 2015 March of Dimes Silver Dollars during a first-strike ceremony at the United States Mint at West Point in March.

With a limit of 75,000, the 2015 March of Dimes Special Silver Set sold out in less than two weeks. The set contained one 2015 March of Dimes Proof Silver Dollar from West Point, one 2015 reverse proof silver dime from Philadelphia and one 2015 proof silver dime from West Point. It was the first time the United States Mint issued both a reverse proof silver dime from Philadelphia and a proof silver dime from West Point.



CUSTOMER SERVICE

The performance of our numismatic program depends heavily on whether we effectively meet our customers' expectations. Last year, the Mint introduced a new catalog website and order management system to streamline numismatic product orders. This system, which is fully integrated and similar to other online retail industry systems, went online in October, just in time for the year's first major product launch – the 50th Anniversary Kennedy 2014 Half-Dollar Silver Coin Collection. In the first 15 minutes of ordering, the Mint accepted and processed 9,461 orders, something the old system would not have been able to do.

We continue to make improvements with the system, and continue to make customer service one of our top priorities.

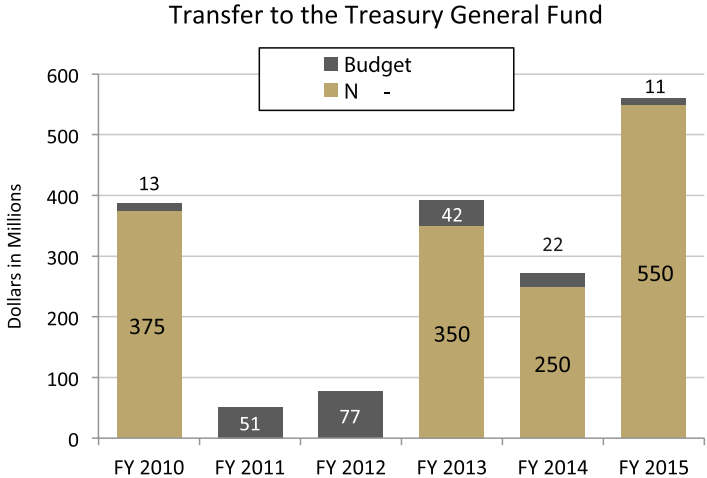
PEF EARNINGS AND TRANSFERS TO THE TREASURY GENERAL FUND

As required by 31 U.S.C. § 5136, the Mint deposits all receipts from operations and programs into the United States Mint Public Enterprise Fund. Periodically, the Mint transfers amounts in the PEF determined to be in excess of amounts required to support on-going operations and programs. The circulating, bullion, and numismatic program data exclude costs for the protection of custodial assets activity. Consolidated earnings are discussed below to provide a status of the entirety of the United States Mint PEF compared to prior periods.

FY 2015 protection costs increased by 2.8 percent compared to \$39.6 million last year. FY 2015 PEF earnings after protection costs increased to \$628.0 million compared to \$328.3 million last year.

The Mint made two transfers to the General Fund this fiscal year totaling \$561 million. In FY 2014, we transferred \$272 million. The Mint makes two types of transfers. Non-budget transfers from the PEF consist of seigniorage, which is not treated as a budgetary receipt to the government, but as a means of financing. Budget transfers to the General Fund from the PEF usually consist of numismatic net income and can be treated as a budgetary receipt to the government.

In December 2014, the Mint made a budget transfer of \$11 million from numismatic and bullion earnings to the General Fund, compared to \$22 million transferred last year. On September 30, 2015, the Mint made a non-budget transfer of \$550 million to the General Fund, compared to \$250 million transferred last year.



FOSTER A SAFE, ENGAGED, AND INNOVATIVE WORKFORCE

It is the goal of the Mint to have a safe, engaged and innovative workforce. Embracing innovative practices by engaging modern technologies and becoming more environmentally sustainable not only benefits the Mint's employees, but also benefits the communities in which the Mint operates and ultimately the American public.

SAFETY AND ENVIRONMENT The safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration recording criteria per 100 full-time workers. The Mint safety incident recordable rate through FY 2015 was 3.42, higher than the target of 2.96 for this year, but significantly below the industry average recordable rate of 6.4 for metal forging and stamping manufacturers.

Last year, the Mint set a goal to become world class in safely operating our facilities and optimizing our environmental footprint. This multi-year endeavor involves achieving various safety milestones and certifications at each facility. To achieve this goal, the Mint established an office of Environmental Safety and Health. This year, the Mint completed a baseline audit of each facility and implemented risk management guidelines to prioritize resources and mitigate risk in advance of injuries or catastrophic events.

SUSTAINABILITY The Mint has concentrated on making substantial changes to our buildings and production operations to lessen our carbon footprint, and our sustainability projects have shown positive results. Over the years, we have reduced or recycled waste, conserved energy by retrofitting several plants, and eliminated some carcinogenic chemicals used in production.

In California, where water conservation is a priority, the San Francisco Mint reduced water consumption in the chemical washroom, eliminated ethyl alcohol usage, and reduced blank and coin quality issues. As a result of the team's efforts, we reduced water consumption in the chemical washroom by more than 90 percent and reduced overall building water consumption by 42 percent (an average of 126,785 gallons per month). California has been going through an extreme drought this year and efforts like this not only save the Mint money and eliminate potential employee exposure to chemicals, but the work benefits the community as well.

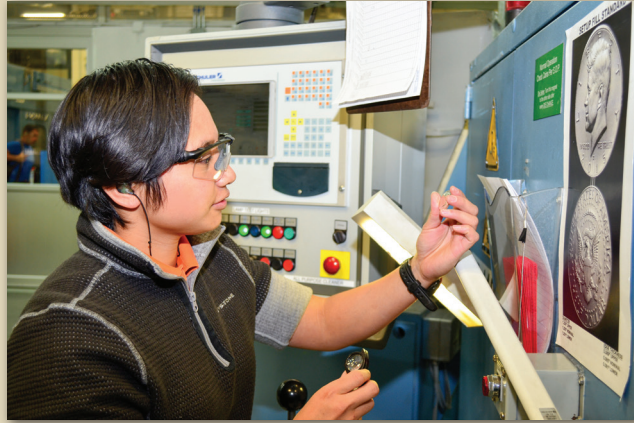
Partly as a result of these efforts, the San Francisco Mint met the qualifications for ISO 14001 certification in May, so now all our manufacturing facilities are ISO certified. An ISO certification means the Mint meets all the specified standards for environmental reporting and documents environmental targets, aspects and impacts, legal requirements and permits, and environmental management processes and plans.

The Denver Mint also reduced water usage and was awarded its fifth environmental Gold Award in April by the Metro Wastewater Reclamation District, the wastewater treatment authority for much of metropolitan Denver and parts of northern Colorado.

The Gold Award recognizes Denver for being in full compliance with pretreatment requirements and a having a demonstrated commitment to environmental excellence. Although these are strict requirements, the Denver Mint received the award previously in 1999, 2007, 2010, and 2011.

NEW STAFF MEETS ORDERS

Wilma Harp was hired through one of the Mint's job fairs for veterans in Denver. She started working as a metal forming machine operator in July. She certifies coinage and inspects products to ensure we meet quality guidelines. A former captain in the Marines, Harp performed logistical positions, supply roles, and commanded detachments in Japan and Afghanistan.



After her military service, she went back to school to learn fabrication, welding, and machining, where she heard about the Mint's job fair. "I enjoy working here," she said. "The interaction between the employees here resembles the team atmosphere that I was used to in the military. I feel lucky to be a part of that."

HIRING Throughout the federal government, the workforce is aging and beginning to retire in increasing numbers. Hiring the right people for the right jobs is a priority for the Mint as we meet the President's requirements for hiring reform. Many of our new hires this year were disabled military veterans. The Treasury Department's goal is for 6 percent of all new hires to be disabled veterans; 27.2 percent of the Mint's employees met this classification.

When we added a third shift to production facilities in Denver and Philadelphia, we needed several more employees to fill the additional shifts. Working with the Center for Women Veterans, the Colorado Department of Labor, and Employment Veterans Outreach, the Mint held career fairs in both locations, focusing on veterans and in particular, female veterans. From these events, the Mint hired enough staff to make the third shift possible, so we could fulfill the Federal Reserve's orders for circulating coinage.

MINT GROWS LEAN SIX SIGMA PROGRAM Lean Six Sigma is a customer-centered, data-driven, systematic way of improving processes. It's been used in the private sector for many years to help companies eliminate waste and save time in all kinds of applications. Because the training and principles of Lean Six are very transferrable, they can be used in nearly any business.

The Mint's Lean Six Sigma program began in April 2014 and is run by the headquarters quality division. So far, by applying Lean Six principles to various projects, we have saved approximately half a million dollars across the Mint.

One of the overriding principles of Lean Six is to collaborate and communicate as a group. The Mint's program is set up so that any employee who has supervisor approval and a project that could benefit from the Lean Six protocol can participate in the program. Employees meet weekly to discuss their projects. Once the project is complete, employees can assist on other projects. Currently, 59 employees have been trained, and 12 projects have been completed.

POLICE TRAINING IMPROVES SECURITY The United States Mint Police is only one of two federal police organizations currently accredited by the Commission on Accreditation for Law Enforcement Agencies, a standard-driven body recognized for ensuring best practices amongst its membership. In 2015, the Mint initiated action for Federal Law Enforcement Training Accreditation (FLETA) for the Field Training Officer program. FLETA uses nationally recognized standards for new officer training and has been adopted by the majority of uniformed law enforcement organizations. This training is intended to increase professionalism, reduce liability, and provide stronger protection for the Mint's assets.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

The Mint is responsible for establishing and maintaining effective internal controls over financial reporting and has made a conscious effort to meet the internal controls requirements of the Federal Managers' Financial Integrity Act (FMFIA), the Federal Financial Management Improvement Act (FFMIA), Office of Management and Budget (OMB) Circular A-123, and the GAO's Standards for Internal Control in the Federal Government. The Mint is operating in accordance with the procedures and standards prescribed by the Comptroller General and OMB guidelines.

The systems of management control for the Mint organization are designed to ensure that:

- Programs achieve their intended results;
- Resources are used consistent with overall mission;
- Programs and resources are free from waste, fraud, and mismanagement;
- Laws and regulations are followed;
- Controls are sufficient to minimize any improper or erroneous payments;
- Performance information is reliable;
- System security is in compliance with all relevant requirements;
- Continuity of operations planning in critical areas is sufficient to reduce risk to reasonable levels;
- Financial management systems are in compliance with federal financial systems requirements, (i.e., FMFIA Section 4 and FFMIA);
- Complete and accurate data is reported on USA Spending.gov; and
- Controls and policies are in place to prevent fraud and inappropriate use of government charge cards.

For all Mint responsibilities, we provide herein unqualified assurance that the above listed management control objectives, taken as a whole, were achieved by our organization during FY 2015. Specifically, this assurance is provided in accordance with Sections 2 and 4 of the FMFIA. We further assure that our financial management systems are in compliance with the requirements imposed by the FFMIA.

The Mint management is responsible for establishing and maintaining adequate internal control over financial reporting, which includes safeguarding of assets and compliance with laws and regulations. We conducted the required Treasury assessment of the effectiveness of the United States Mint internal controls over financial reporting in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. Based on the results of this assessment, the Mint can provide unqualified assurance that its internal control over financial reporting as of June 30, 2015, was operating effectively. No material weaknesses were found in the design or operation of the internal control over financial reporting. In addition, the Mint is committed to maintaining effective internal control, as demonstrated by the following actions:

- Annual audits of the Mint's financial statements pursuant to the Chief Financial Officers' Act, as amended, including a) information revealed in preparing the financial statements, b) auditors reports on the financial statements, and c) internal controls and compliance with laws and regulations and other materials related to preparing financial statements.
- Annual performance plans, reviews, and reports pursuant to the Government Performance Results Act, which include analysis and evaluation of performance measures.
- The development, tracking, and closure of corrective actions identified in the Financial Statement Audit and OMB Circular A-123 Assessment.
- Internal management and program reviews conducted for the purpose of assessing management controls.

- Reviews of financial systems for requirements compliance in conjunction with OMB Circular A-123 and FFMIA.
- Reviews of systems, applications, and contingency plans conducted pursuant to the Computer Security Act of 1987 and OMB Circular A-130, Management of Federal Information Resources.
- Annual assessments, reviews, and reporting performed in compliance with the Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).
- Reviews and reporting in compliance with the Federal Information Security Management Act (FISMA).
- Quarterly reviews of Mint Purchase Cards.

The Mint continues to make improvement in maintaining effective internal control over financial reporting and is committed to monitoring and improving its internal controls throughout the entire organization.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position and results of operations of the Mint, pursuant to the requirements of 31 U.S.C. §3515(b). The statements have been prepared from the books and records of the Mint in accordance with generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget. The statements are In addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the United States Government.

MESSAGE FROM THE CHIEF FINANCIAL OFFICER:

I am pleased to present the Mint's financial statements as part of the FY 2015 Annual Report. Our independent auditors rendered an unmodified or "clean" audit opinion on these financial statements.

FY 2015 saw demand for circulating coins grow to 16.2 billion coins, up 23.9 percent from last year and 199.1 percent from FY 2010. In addition, our bullion products were in high demand as we provided investors gold and silver coins at a rate that was 25.4 percent higher than last year, thanks to a spike in demand during the last quarter of the fiscal year. The numismatic business line operated at a consistent level, with the number of units shipped comparatively close to the prior year's level. The surges in circulating and bullion demand required the support functions of the Mint to be flexible and responsive to the resource needs. A third shift was reinstated at the circulating coin plants (Philadelphia and Denver), supply chains expanded to meet the raw material needs, and resources that directly linked to production were increased (such as supplies, freight, and overtime). While direct costs increased due to the surge in circulating and bullion coins, the indirect costs continued to be controlled and in many cases reduced. Overall, SG&A for the Mint was down \$7.6 million dollars in FY 2015 when compared to FY 2014 and 12.7 percent down when compared to FY 2010. What this means is that we have the right tools and data in place to quickly meet demand while still controlling indirect costs. This is an excellent effort of supporting Manufacturing and Protection in accomplishing our primary mission.

In FY 2015, the CFO's team implemented a strategy to improve customer service to internal and external customers. As a support function, being responsive to the needs of the Mint's customers is a significant key to having well managed and maintained internal controls. In addition, our external and internal customers need and deserve a positive experience when interacting with the CFO team. Through training and encouragement, customer service is becoming a key element of our value system. The simple phrase "Reliable Service Delivered Quickly and Confidently by Knowledgeable, Courteous People" captures the core of this effort.

Finally, our Financial Statements show that the Mint is fiscally strong and viable. We returned to the general fund seigniorage of \$550 million, which will be used to reduce the United States' interest on debt. In the first quarter of FY 2016, we will return the earnings of the numismatic program \$61 million.

The statements presented here are in compliance with accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB). The FASAB is designated by the American Institute of Certified Public Accountants as the standard-setting body for the financial statements of federal government entities, with respect to establishment of the United States Generally Accepted Accounting Principles. In addition, the Mint conducted a comprehensive assessment of the effectiveness of internal controls over financial reporting. Based upon the results of this review, we can provide unmodified assurance that internal controls over financial reporting are operating effectively in accordance with Office of Management and Budget Circular A-123.

We will continue to adhere to sound fiscal principles, look for ways to improve the financial results of operations, and invest wisely in support of our mission to serve our customers.



David Motl, Chief Financial Officer



David Motl
United States Mint
Chief Financial Officer



KPMG LLP
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Independent Auditors' Report

Inspector General
Department of the Treasury

Principal Deputy Director
United States Mint:

Report on the Financial Statements

We have audited the accompanying financial statements of the United States Mint, which comprise the balance sheets as of September 30, 2015 and 2014, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Mint as of September 30, 2015 and 2014, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis, and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The *Principal Deputy Director's Letter, Organizational Profile, The United States Mint at a Glance, Message from the Chief Financial Officer, Other Information and Appendix 1: FY 2015 Coin and Medal Products* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 on our consideration of the United States Mint's internal control over financial reporting and our report dated December 9, 2015 on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United States Mint's internal control over financial reporting and compliance.

KPMG LLP

December 9, 2015

DEPARTMENT OF THE TREASURY UNITED STATES MINT
BALANCE SHEETS

As of September 30, 2015 and 2014

	2015	2014
	(dollars in thousands)	
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 1,008,145	\$ 780,867
Advances and Prepayments (Note 5)	1,207	1,530
Total Intragovernmental Assets	\$ 1,009,352	782,397
Custodial Gold and Silver Reserves (Note 6)	10,493,740	10,493,740
Accounts Receivable, Net (Note 4)	19,252	18,222
Inventory (Notes 7 and 20)	413,118	547,778
Supplies	13,692	13,845
Property, Plant and Equipment, Net (Note 8)	190,267	186,451
Advances and Prepayments (Note 5)	1	2
Total Non-Intragovernmental Assets	\$ 11,130,070	\$ 11,260,038
Total Assets (Notes 2 and 14)	\$ 12,139,422	\$ 12,042,435
Heritage Assets (Note 9)		
Liabilities		
Intragovernmental:		
Accounts Payable	\$ 280	\$ 5,645
Accrued Workers' Compensation and Benefits	7,646	7,390
Due to General Fund	1	-
Total Intragovernmental Liabilities	7,927	13,035
Custodial Liability to Treasury (Note 6)	10,493,740	10,493,740
Accounts Payable	113,363	89,950
Surcharges Payable (Note 3)	4,328	9,569
Accrued Payroll and Benefits	16,201	15,034
Other Actuarial Liabilities	29,709	31,428
Unearned Revenue	8,675	2,935
Deposit Fund Liability (Notes 10 and 12)	-	94
Total Non-Intragovernmental Liabilities	\$ 10,666,016	\$ 10,642,750
Total Liabilities (Notes 10)	\$ 10,673,943	\$ 10,655,785
Commitments and Contingencies (Notes 12 and 13)		
Net Position		
Cumulative Results of Operations - Funds from		
Dedicated Collections (Note 14)	1,465,479	1,386,650
Total Liabilities and Net Position	\$ 12,139,422	\$ 12,042,435

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

DEPARTMENT OF THE TREASURY UNITED STATES MINT
STATEMENTS OF NET COST

For the years ended September 30, 2015 and 2014

	2015	2014
	(dollars in thousands)	
Numismatic Production and Sales		
Gross Cost	\$ 2,445,903	\$ 2,231,346
Less Earned Revenue	(2,547,728)	(2,281,950)
Net Program Cost (Revenue)	(101,825)	(50,604)
Numismatic Production and Sales of Circulating Coins		
Gross Cost	5,599	8,799
Less Earned Revenue (Note 16)	(5,599)	(8,799)
Net Program Cost (Revenue)	-	-
Circulating Production and Sales		
Gross Cost	573,142	493,931
Less Earned Revenue (Note 16)	(573,142)	(493,931)
Net Program Cost (Revenue)	-	-
Net Cost (Revenue) Before Protection of Assets	(101,825)	(50,604)
Protection of Assets		
Protection Costs	40,724	39,562
Less Earned Revenue	-	-
Net Cost of Protection of Assets	40,724	39,562
Net Cost (Revenue) from Operations (Notes 14 and 15)	\$ (61,101)	\$ (11,042)

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

DEPARTMENT OF THE TREASURY UNITED STATES MINT
STATEMENTS OF CHANGES IN NET POSITION
For the years ended September 30, 2015 and 2014

	2015	2014
	(dollars in thousands)	
Cumulative Results of Operations		
Net Position, Beginning of Year - Funds from Dedicated Collections	\$ 1,386,650	\$ 1,317,105
Financing Sources:		
Transfers to the Treasury General Fund Budget (Note 19)	(11,000)	(22,000)
Transfers to the Treasury General Fund Non-Budget (Note 19)	(550,000)	(250,000)
Other Financing Sources (Seigniorage) (Note 16)	566,865	317,201
Imputed Financing Sources (Note 11)	11,863	13,302
Total Financing Sources	17,728	58,503
Net Revenue from Operations	61,101	11,042
Net Position, End of Year - Funds from		
Dedicated Collections (Note 14)	\$ 1,465,479	\$ 1,386,650

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

**DEPARTMENT OF THE TREASURY UNITED STATES MINT
STATEMENTS OF BUDGETARY RESOURCES**

For the years ended September 30, 2015 and 2014

	2015	2014
	(dollars in thousands)	
Budgetary Resources:		
Unobligated balance, brought forward, October 1	\$ 506,739	\$ 496,291
Recoveries of prior-year unpaid obligations	15,469	17,578
Other changes in unobligated balance	(11,000)	(22,000)
Unobligated balance from prior year budget authority, net	511,208	491,869
Spending Authority from Offsetting Collections	3,131,179	2,876,503
Total Budgetary Resources	\$ 3,642,387	\$ 3,368,372
Status of Budgetary Resources:		
Obligations Incurred (Note 17)	\$ 2,937,553	\$ 2,861,633
Unobligated balance, end of year		
Apportioned	704,834	506,739
Total Budgetary Resources	\$ 3,642,387	\$ 3,368,372
Change in Obligated Balances:		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	\$ 280,018	\$ 198,438
Obligations Incurred (Note 17)	2,937,553	2,861,633
Gross Outlays	(2,898,791)	(2,762,475)
Recoveries of Prior Year Unpaid Obligations	(15,469)	(17,578)
Unpaid obligations, end of year	\$ 303,311	\$ 280,018
Uncollected Payments:		
Uncollected customer payments from Federal Sources, Brought Forward, October 1		
	\$ (5,984)	\$ (5,964)
Change in uncollected customer payments from Federal sources	5,984	(20)
Uncollected payments, Federal sources, end of year	\$ –	\$ (5,984)
Memorandum (non-add) entries:		
Obligated balance, start of year	\$ 274,034	\$ 192,474
Obligated Balance, end of year	\$ 303,311	\$ 274,034
Budget Authority and Outlays, Net:		
Budget Authority, gross	\$ 3,131,179	\$ 2,876,503
Actual offsetting collections	(3,137,163)	(2,852,186)
Change in uncollected customer payments from Federal Sources	5,984	(20)
Budget Authority, net	\$ –	\$ (24,297)
Outlays, gross	\$ 2,898,791	\$ 2,762,475
Actual offsetting collections	(3,137,163)	(2,852,186)
Distributed Offsetting Receipts	(1)	–
Outlays, Net	\$ (238,373)	\$ (89,711)

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

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY Established in 1792, the United States Mint (Mint) is a bureau of the Department of the Treasury (Treasury). The mission of the Mint is to serve the American people by manufacturing and distributing circulating, precious metal and collectible coins, national medals, and providing security over assets entrusted to us. Numismatic products include medals; proof coins; uncirculated coins; platinum, gold, and silver bullion coins; commemorative coins; and related products or accessories. Custodial assets consist of the United States gold and silver reserves. These custodial assets are often referred to as “deep storage” and “working stock,” and are reported on the Balance Sheet.

The production of numismatic products is financed through sales to the public. The production of circulating coinage is financed through sales of coins at face value to the Federal Reserve Banks (FRBs). Additionally, the Mint sells certain circulating products directly to the public as numismatic items. Activities related to protection of United States gold and silver reserves are funded by the Mint Public Enterprise Fund (PEF). Pursuant to Public Law 104-52, *Treasury, Postal Service, and General Government Appropriation Act for FY 1996*, as codified at 31 U.S.C. § 5136, the PEF was established to account for all receipts and expenses related to production and sale of numismatic items and circulating coinage, as well as protection activities. Expenses accounted for in the PEF include the entire cost of operating the bureau. Any amount in the PEF that is determined to be in excess of the amount required by the PEF is transferred to the Treasury General Fund.

Treasury’s Bullion Fund (Bullion Fund) is used to account for United States gold and silver reserves. Separate Schedules of Custodial Deep Storage Gold and Silver Reserves have been prepared for the deep storage portion of the United States gold and silver reserves for which the Mint serves as custodian.

BASIS OF ACCOUNTING AND PRESENTATION The accompanying financial statements were prepared based on the reporting format promulgated by Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, and in accordance with accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB). The Mint’s financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and budgetary resources, as required by 31 U.S.C. § 5134.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Accounts subject to estimates include, but are not limited to, depreciation, imputed costs, payroll and benefits, accrued worker’s compensation, allowance for uncollectible accounts receivable, and unemployment benefits.

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual method, revenues and other financing sources are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

EARNED REVENUES AND OTHER FINANCING SOURCES (SEIGNIORAGE)

Numismatic Sales: Revenue from numismatic sales to the public is recognized when products are shipped to customers. Prices for most numismatic products are based on the product cost plus a reasonable net margin. Bullion coins are priced based on the market price of the precious metals plus a premium to cover manufacturing, marketing, and distribution costs.

Numismatic Sales of Circulating Coins: Specially packaged products containing circulating coins are sold directly to the public rather than to the FRB. These products are treated as a circulating and numismatic hybrid product. Revenue is recognized when products are shipped to customers.

Circulating Sales: The PEF provides for the sale of circulating coinage at face value to the FRBs. Revenue from the sale of circulating coins is recognized when the product is shipped to the FRBs. Revenue from the sale of circulating coins to the FRBs and numismatic sales of circulating coins to the public is limited to the recovery of the cost of manufacturing and distributing those coins. Seigniorage is a financing source and not considered as revenue.

Other Financing Source (Seigniorage): Seigniorage equals the face value of newly minted coins, less the cost of production (which includes the cost of metal, manufacturing, and transportation). Seigniorage adds to the government's cash balance, but unlike the payment of taxes or other receipts, it does not involve a transfer of financial assets from the public. Instead, it arises from the exercise of the government's sovereign power to create money and the public's desire to hold financial assets in the form of coins. Therefore, the President's budget excludes seigniorage from receipts and treats it as a means of financing.

Rental Revenue: The Mint sublets office space at cost to other federal entities in a leased building in Washington, D.C. A commercial vendor subleases a portion of the first floor space of the same building.

FUND BALANCE WITH TREASURY All cash is maintained at the Treasury. Fund Balance with Treasury is the aggregate amount of the Mint's cash accounts with the United States government's central accounts and from which the bureau is authorized to make expenditures. It is an asset because it represents the Mint's claim to United States government resources.

ACCOUNTS RECEIVABLE Accounts receivable are amounts owed to the Mint from the public and other federal entities. An allowance for uncollectible accounts receivable is established for all accounts that are more than 120 days past due. However, the Mint will continue collection action on those accounts that are more than 120 days past due, as specified by the *Debt Collection Improvement Act of 1996*.

INVENTORIES Inventories of circulating and numismatic coinage are valued at the lower of either cost or market. Costs of the metal and fabrication components of the inventories are determined using a weighted average inventory methodology. Conversion costs (i.e., the cost to convert the fabricated blank into a finished coin) are valued using a standard cost methodology. The Mint uses three classifications for inventory: raw material (raw metal, unprocessed coil, or blanks), work-in-process (WIP – material being transformed to finished coins), and finished goods (coins that are packaged or bagged and ready for sale or shipment to the public or the FRB).

UNITED STATES CUSTODIAL GOLD AND SILVER RESERVES United States gold and silver reserves consist of both “deep storage” and “working stock” gold and silver.

Deep Storage is defined as that portion of the United States gold and silver reserves which the Mint secures in sealed vaults. Deep storage gold comprises the vast majority of the bullion reserve and consists primarily of gold bars. Deep storage silver is also primarily in bar form.

Working Stock is defined as that portion of the United States gold and silver bullion reserves which the Mint can use as the raw material for minting coins. Working stock gold comprises only about one percent of the gold bullion reserve and consists of bars, blanks, unsold coins, and condemned coins. Similarly, working stock silver consists of bars, blanks, unsold coins, and condemned coins.

Treasury allows the Mint to use some of its gold as working stock in the production of gold coins. This allows the Mint to avoid the market risk associated with buying gold in advance of the sales date of the gold coins. The Mint replenishes the Treasury gold working stock at or just prior to the time the coins are sold. Generally, the Mint does not deplete the working stock used in production. Instead, the Mint will purchase a like amount of gold on the open market to replace the working stock used.

Treasury also allows the Mint to use silver as working stock. However, Treasury does not have enough silver to fulfill all Mint manufacturing needs. Accordingly, for the purpose of avoiding market risk associated with owning silver, the Mint has entered into a silver hedging arrangement (see Note 20).

SUPPLIES Supplies are items that are not considered inventory and are not a part of the finished product. These items include plant engineering and maintenance supplies, as well as die steel and coin dies. Supplies are accounted for using the consumption method, in which supplies are recognized as assets upon acquisition and expensed as they are consumed.

ADVANCES AND PREPAYMENTS Payments in advance of the receipt of goods and services are recorded as an asset at the time of prepayment, and are expensed when related goods and services are received or used.

PROPERTY, PLANT, AND EQUIPMENT Property, plant, and equipment are valued at cost, less accumulated depreciation. The Mint’s threshold for capitalizing new property, plant, and equipment is \$25,000 for single purchases and \$500,000 for bulk purchases. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

Computer Equipment	3 to 5 years
Software	2 to 10 years
Machinery and Equipment	7 to 20 years
Structures, Facilities, and Leasehold Improvements	10 to 30 years

Major alterations and renovations are capitalized over a 20-year period, or the remaining useful life of the asset (whichever is shorter) and depreciated using the straight-line method, while maintenance and repair costs are charged to expense as incurred. There are no restrictions on the use or convertibility of general property, plant, and equipment.

HERITAGE ASSETS Heritage assets are items that are unique because of their historical, cultural, educational, or artistic importance. These items are collection-type assets that are maintained for exhibition and are preserved indefinitely.

LIABILITIES Liabilities represent actual and estimated amounts likely to be paid as a result of transactions or events that have already occurred. All liabilities covered by budgetary resources can be paid from revenues received by the PEF.

SURCHARGES Public laws authorizing commemorative coin and medal programs often require that the sales price of each coin include an amount called a surcharge. A surcharge is an authorized collection and payment of funds to a qualifying organization for the purposes specified. A surcharges payable account is established for surcharges collected, but not yet paid, to designated recipient organizations.

Recipient organizations cannot receive surcharge payments unless all of the Mint's operating costs for the coin program are fully recovered. The Mint may make interim surcharge payments during a commemorative program if the recipient organization meets the eligibility criteria in the authorizing public law, if the recovery of all costs of the program is determinable, and if the Mint is assured it is not at risk of a loss. Additionally, recipient organizations must demonstrate that they have raised from private sources an amount equal to or greater than the surcharges collected based on sales. Recipient organizations must also prove compliance with Title VI of the Civil Rights Act of 1964 and other applicable civil rights laws. A recipient organization has two years from the end of the program to meet the matching funds requirement.

FUNDS FROM DEDICATED COLLECTIONS Pursuant to 31 U.S.C. § 5136, the PEF was established as the sole funding source for Mint activities. The PEF meets the requirements of a fund from dedicated collections as defined in *Statement of Federal Financial Accounting Standard (SFFAS 43): Funds from Dedicated Collections: Amending SFFAS 27, Identifying and Reporting Earmarked Funds*. As non-entity and non-PEF assets, the United States gold and silver bullion reserves are not considered to be funds from dedicated collections.

UNEARNED REVENUES These are amounts received for numismatic orders which have not yet been shipped to the customer.

RETURN POLICY If for any reason a numismatic customer is dissatisfied, the entire product must be returned within seven days of receiving the order to receive a refund or replacement. Shipping charges are not refunded. Further, the Mint will not accept partial returns or issue partial refunds. Historically, the Mint receives few returns, which are immaterial. Therefore, no reserve for returns is considered necessary.

SHIPPING AND HANDLING The Mint reports shipping and handling costs of circulating coins and numismatic products as a cost of goods sold. General postage costs for handling administrative mailings are reported as part of the Mint's general and administrative expenses.

ANNUAL, SICK AND OTHER LEAVE Annual leave is accrued when earned and reduced as leave is taken. The balance in the accrued leave account is calculated using current pay rates. Sick leave and other types of non-vested leave are charged to operating costs as they are used.

ACCRUED WORKERS' COMPENSATION AND OTHER ACTUARIAL LIABILITIES The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to cover Federal civilian employees injured on the job or who have developed a work-related occupational disease, and to pay beneficiaries of employees whose deaths are attributable to job-related injuries or occupational disease. The FECA program is administered by the United States Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from the Mint for these paid claims. The FECA liability is based on two components. The first component is based on actual claims paid by DOL but not yet reimbursed by the Mint. There is generally a two- to three-year time period between payment by DOL and DOL's request for reimbursement from the Mint. The second component is the actuarial liability, which estimates the liability for future payments as a result of past events. The actuarial liability includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases.

PROTECTION COSTS United States gold and silver reserves are in the custody of the Mint, which is responsible for safeguarding the reserves. These costs are borne by the Mint, but are not directly related to the circulating or numismatic coining operations of the Mint. The Protection Department is a separate function from coining operations and is responsible for safeguarding the reserves, as well as Mint employees and facilities.

OTHER COSTS AND EXPENSES (MUTILATED AND UNCURRENT) Other costs and expenses consist primarily of returns of mutilated or uncurrent coins to the Mint. Coins that are chipped, fused, and/or not machine-countable are classified as mutilated. The Mint reimburses the entity that sent in the mutilated coins using weight formulas that estimate the face value of these coins. Uncurrent coins are worn, but machine-countable, and their genuineness and denominations are still recognizable. Uncurrent coins are replaced with new coins of the same denomination by the FRBs. The FRBs then seek replacement coins from the Mint. All mutilated or uncurrent coins received by the Mint are defaced and subsequently sold to its fabrication contractors to be processed into coils or blanks to be used in future coin production.

TAX EXEMPT STATUS As a bureau of the Federal Government, the Mint is exempt from all taxes imposed by any governing body, whether it is a federal, state, commonwealth, local, or foreign government.

CONCENTRATIONS The Mint purchases the coil and blanks used in the production of circulating coins from three vendors at competitive market prices. The Mint also purchases precious metal blanks from four different suppliers.

CONTINGENT LIABILITIES Certain conditions may exist as of the date of the financial statements that may result in a loss to the government, but which will be resolved only when one or more future events occur or fail to occur. The Mint recognizes a loss contingency when the future outflow or other sacrifice of resources is probable and reasonably estimable. Loss contingencies that are determined by management to have a reasonably possible chance of occurring or that cannot be estimated are included as a footnote to the financial statements. Contingent liabilities considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee is disclosed.

TRANSFERS TO THE TREASURY GENERAL FUND The Mint may transfer amounts determined to be in excess of the amounts required for bureau operations and programs to the Treasury General Fund periodically throughout the fiscal year. Seigniorage derived from the sale of circulating coins and the sale of numismatic products containing circulating coins is a non-budget receipt to the Treasury General Fund. Non-budget means that these funds cannot be used for currently funded programs or to reduce the annual budget deficit. Instead, they are used solely as a financing source (i.e., they reduce the amount of cash that Treasury has to borrow to pay interest on the national debt).

Revenue generated from the sale of numismatic products is transferred to the Treasury General Fund as a budget receipt. Unlike seigniorage, the numismatic transfer amount is available to the Federal Government as current operating cash or it can be used to reduce the annual budget deficit.

BUDGETARY RESOURCES The Mint does not receive an appropriation from the Congress. Instead, the bureau receives all financing from the public and the FRBs, and receives an apportionment of those funds from OMB. This apportionment is considered a budgetary authority, which allows the Mint to spend the funds. The Mint’s budgetary resources consist of unobligated balances, transfers, and spending authority from offsetting collections, which is net of amounts that are permanently not available. “Permanently not available” funds are budget transfers to the Treasury General Fund.

HEDGING The Mint engages in a hedging program to avoid the effects of fluctuating silver costs as a result of the changes in market prices. The Mint purchases silver in large quantities and sells an interest in that silver to a trading partner, while maintaining physical custody and title to the silver. Sales of silver to the trading partner are made at the same spot price that the Mint paid to obtain the silver on the open market. The partner’s interest in the Mint’s silver is reduced as finished silver bullion coins are sold to Authorized Purchasers (APs). Repurchases of the trading partner’s interest in the silver occurs upon sale of coins by the Mint. Repurchases are made on the same day as sales, in the same quantity sold, and using the same spot price as was used for the sale to the AP. Each sale to and from the trading partner carries a small transaction fee, the selling and buying fees net to a cost of one-half cent per ounce. The Mint incurred \$254 thousand in hedging fees in FY 2015, compared to \$181 thousand incurred in FY 2014.

2. NON-ENTITY ASSETS

Components of Non-entity Assets at September 30 are as follows:

(dollars in thousands)	2015	2014
Custodial Gold Reserves (Deep Storage)	\$ 10,355,539	\$ 10,355,539
Custodial Silver Reserves (Deep Storage)	9,148	9,148
Custodial Gold Reserves (Working Stock)	117,514	117,514
Custodial Silver Reserves (Working Stock)	11,539	11,539
Total Non-entity Assets	10,493,740	10,493,740
Total Entity Assets	1,645,682	1,548,695
Total Assets	<u>\$ 12,139,422</u>	<u>\$ 12,042,435</u>

Non-entity assets are those that are held and managed by the Mint on behalf of the U.S. government but are not available for use by the Mint. United States gold and silver bullion reserves, for which the Mint is custodian, are non-entity assets.

3. FUND BALANCE WITH TREASURY

Fund Balance with Treasury at September 30 consists of:

(dollars in thousands)	2015	2014
Revolving Fund	\$ 1,008,145	\$ 780,773
Other Fund Types	-	94
Total of Fund Balance with Treasury	<u>\$ 1,008,145</u>	<u>\$ 780,867</u>
Status of Fund Balance with Treasury		
Unobligated Balance	\$ 704,834	\$ 506,739
Obligated Balance, Not Yet Disbursed	303,311	274,034
Non-Budgetary FBWT	-	94
Total	<u>\$ 1,008,145</u>	<u>\$ 780,867</u>

The Mint does not receive appropriated budget authority. The Fund Balance with Treasury is entirely available for use to support Mint operations. At September 30, 2015 and 2014, the revolving fund balance included \$4.3 million and \$9.6 million, respectively, in restricted amounts for possible payment of surcharges to recipient organizations.

4. ACCOUNTS RECEIVABLE, NET

Components of accounts receivable are as follows:

(dollars in thousands)	September 30, 2015		
	Gross Receivables	Allowance	Net Receivables
Intragovernmental	\$ -	\$ -	\$ -
With the Public	19,750	(498)	19,252
Total Accounts Receivable	<u>\$ 19,750</u>	<u>\$(498)</u>	<u>\$ 19,252</u>

(dollars in thousands)	September 30, 2014		
	Gross Receivables	Allowance	Net Receivables
Intragovernmental	\$ 5,946	\$(5,946)	\$ -
With the Public	18,562	(340)	18,222
Total Accounts Receivable	<u>\$ 24,508</u>	<u>\$(6,286)</u>	<u>\$ 18,222</u>

In FY 2015, the Mint had no Intragovernmental accounts receivable. The FY 2014 Intragovernmental receivable and accompanying allowance of \$5.9 million was entirely written off the books in FY 2015, as it was determined to be uncollectible. This receivable represented an arrangement for the production and sale of a joint numismatic product with another federal agency.

Receivables with the public at September 30, 2015 are \$19.7 million, of which \$14.6 million is owed by fabricators for scrap, webbing, and mutilated coin. The remaining \$5.1 million is owed by the public for numismatic products. This compares to receivables with the public at September 30, 2014, of \$18.6 million, of which \$13.6 million was owed by fabricators for scrap and webbing, in addition to the \$5.0 million owed by the public for numismatic products. The allowance for doubtful accounts is the balance of the accounts receivable with the public that is past due by 120 days or more. Collection action continues on these accounts, but an allowance is recorded.

5. ADVANCES AND PREPAYMENTS

The components of advances and prepayments at September 30 are as follows:

(dollars in thousands)	2015	2014
Intragovernmental	\$ 1,207	\$ 1,530
With the Public	1	2
Total Other Assets	<u>\$ 1,208</u>	<u>\$ 1,532</u>

In FY 2015, the Mint had an Intragovernmental advances and prepayment balance of approximately \$1.2 million, which represented payments made to the United States Postal Service for product delivery services as of September 30, 2015, compared to approximately \$1.5 million paid at September 30, 2014. Advances with the public for both FY 2015 and 2014 are outstanding travel advances to Mint employees who were traveling on government business.

6. CUSTODIAL GOLD AND SILVER RESERVES

As custodian, the Mint is responsible for safeguarding much of the United States gold and silver reserves, which include deep storage and working stock. The asset and the custodial liability to Treasury are reported on the Balance Sheet at statutory rates. In accordance with 31 U.S.C. § 5117(b) and 31 U.S.C. § 5116(b)(2), statutory rates of \$42.2222 per fine troy ounce (FTO) of gold and no less than \$1.292929292 per FTO of silver are used to value the custodial assets held by the Mint.

The market values for gold and silver as of September 30 are determined by the London Gold Fixing (PM) rate. Amounts and values of gold and silver in custody of the Mint as of September 30 are as follows:

	2015	2014
Gold - Deep Storage:		
Inventories (FTO)	245,262,897	245,262,897
Market Value (\$ per FTO)	\$ 1,114.00	\$ 1,216.50
Market Value (\$ in thousands)	\$ 273,222,867	\$ 298,362,314
Statutory Value (\$ in thousands)	\$ 10,355,539	\$ 10,355,539
Gold - Working Stock:		
Inventories (FTO)	2,783,219	2,783,219
Market Value (\$ per FTO)	\$ 1,114.00	\$ 1,216.50
Market Value (\$ in thousands)	\$ 3,100,506	\$ 3,385,786
Statutory Value (\$ in thousands)	\$ 117,514	\$ 117,514
Silver - Deep Storage:		
Inventories (FTO)	7,075,171	7,075,171
Market Value (\$ per FTO)	\$ 14.65	\$ 17.11
Market Value (\$ in thousands)	\$ 103,651	\$ 121,056
Statutory Value (\$ in thousands)	\$ 9,148	\$ 9,148
Silver - Working Stock:		
Inventories (FTO)	8,924,829	8,924,829
Market Value (\$ per FTO)	\$ 14.65	\$ 17.11
Market Value (\$ in thousands)	\$ 130,749	\$ 152,704
Statutory Value (\$ in thousands)	\$ 11,539	\$ 11,539
Total Market Value of Custodial Gold and Silver Reserves (\$ in thousands)	\$ 276,557,773	\$ 302,021,860
Total Statutory Value of Custodial Gold and Silver Reserves (\$ in thousands)	\$ 10,493,740	\$ 10,493,740

7. INVENTORY

The components of inventories at September 30 are summarized below:

(dollars in thousands)	2015	2014
Raw Materials	\$ 262,350	\$ 350,772
Work-In-Process	58,455	77,018
Inventory held for current sale	92,313	119,988
Total Inventory	<u>\$ 413,118</u>	<u>\$ 547,778</u>

Raw materials consist of unprocessed materials and by-products of the manufacturing process and the metal value of unusable inventory, such as scrap or condemned coins, which will be recycled into a usable raw material. In addition, as of September 30, 2015 and 2014, the inventory includes \$218.9 million and \$301.9 million, respectively, which are the market values of the silver hedged. Additional information can be found in note 20. Work-in-process consists of semi-finished materials.

The Mint leases platinum to avoid the effects of fluctuating platinum costs as a result of the changes in market prices. The Mint leases platinum for a fee of 0.6 percent and takes physical possession of the metal to manufacture platinum bullion coins. Upon sale to the customer, the Mint purchases the platinum from the lessor on the same day for the same market price. In FY 2015 and FY 2014, the Mint paid \$222 thousand and \$373 thousand in leasing fees.

8. PROPERTY, PLANT, AND EQUIPMENT, NET

Components of property, plant and equipment are as follows:

(dollars in thousands)	Asset Cost	September 30, 2015 Accumulated Depreciation and Amortization	Total Property, Plant and Equipment, Net
Land	\$ 2,529	\$ –	\$ 2,529
Structures, Facilities and Leasehold Improvements	221,787	(144,446)	77,341
Computer Equipment	28,780	(23,261)	5,519
ADP Software	11,696	(11,249)	447
Construction-In-Progress	9,539	–	9,539
Machinery and Equipment	314,651	(219,759)	94,892
Total Property, Plant and Equipment, Net	<u>\$ 588,982</u>	<u>\$ (398,715)</u>	<u>\$ 190,267</u>

(dollars in thousands)	Asset Cost	September 30, 2014 Accumulated Depreciation and Amortization	Total Property, Plant and Equipment, Net
Land	\$ 2,529	\$ –	\$ 2,529
Structures, Facilities and Leasehold Improvements	215,603	(137,517)	78,086
Computer Equipment	26,527	(24,394)	2,133
ADP Software	15,101	(14,571)	530
Construction-In-Progress	23,020	–	23,020
Machinery and Equipment	295,472	(215,319)	80,153
Total Property, Plant and Equipment, Net	<u>\$ 578,252</u>	<u>\$ (391,801)</u>	<u>\$ 186,451</u>

The land and buildings used to manufacture circulating coinage and numismatic products are owned by the Mint and located in Philadelphia, Denver, San Francisco, and West Point. In addition, the Mint owns the land and buildings at the United States Bullion Depository at Fort Knox. Construction-in-progress (CIP) represents assets that are underway, such as in the process of being readied for use, or which are being tested for acceptability, but which are not yet being fully utilized by the Mint and, therefore, not being depreciated. Depreciation and amortization expenses charged to operations during FY 2015 and FY 2014 were \$25.6 million and \$25.3 million, respectively.

9. HERITAGE ASSETS

The Mint maintains collections of heritage assets, which are any property, plant, or equipment that are retained by the Mint for their historic, natural, cultural, educational, or artistic value, or significant architectural characteristics. For example, the Mint's historical artifacts include, among other things, examples of furniture and equipment used in the Mint's facilities over the years, as well as examples of the coin manufacturing process, such as plasters, galvanos, dies, punches, and actual finished coins. The coin collections include examples of the various coins produced by the Mint over the years, separated into collections of pattern pieces/prototypes, coin specimens, quality samples, and exotic metal coin samples. The buildings housing the Mint's facilities at Denver, West Point, San Francisco, and Fort Knox are all considered multi-use heritage assets. The Mint generally does not place a value on heritage assets, even though some of the coins and artifacts are priceless. However, the assets are accounted for, and controlled for, protection and conservation purposes. The following chart represents the Mint's various collections and historical artifacts.

Coin Collections	Quantity of Collections Held September 30,	
	2015	2014
Pattern Pieces/Prototypes	1	1
Coin Specimens	1	1
Quality Samples	1	1
Exotic Metal Coin Samples	1	1
Total	<u>4</u>	<u>4</u>

Historical Artifacts	Quantity of Collections Held September 30,	
	2015	2014
Antiques/Artifacts	1	1
Plasters	1	1
Galvanos	1	1
Dies	1	1
Punches	1	1
Historical Documents	1	1
Multi-use heritage assets	4	4
Total	<u>10</u>	<u>10</u>

10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Components of Liabilities Not Covered by Budgetary Resources at September 30 are as follows:

(dollars in thousands)	2015	2014
Custodial Gold Reserves (Deep Storage)	\$ 10,355,539	\$ 10,355,539
Custodial Silver Reserves (Deep Storage)	9,148	9,148
Working Stock Inventory - Gold	117,514	117,514
Working Stock Inventory - Silver	11,539	11,539
Other	—	94
Total Liabilities Not Covered by Budgetary Resources	<u>\$ 10,493,740</u>	<u>\$ 10,493,834</u>
Total Liabilities Covered by Budgetary Resources	<u>180,203</u>	<u>161,951</u>
Total Liabilities	<u>\$ 10,673,943</u>	<u>\$ 10,655,785</u>

Liabilities not covered by budgetary resources represent the Mint's custodial liabilities to the Treasury that are entirely offset by United States gold and silver reserves held by the Mint on behalf of the federal government.

11. RETIREMENT PLANS, OTHER POST-EMPLOYMENT COSTS AND OTHER IMPUTED COSTS

The Mint contributes seven percent of basic pay for employees participating in the Civil Service Retirement System (CSRS). Most employees hired after December 31, 1983, are automatically covered by the Federal Employees' Retirement System (FERS) and Social Security. A primary feature of FERS is that it offers a savings plan to which the Mint automatically contributes one percent of basic pay and matches employee contributions up to an additional four percent of basic pay. Employees can contribute a specific dollar amount or a percentage of their basic pay, as long as the annual dollar total does not exceed the Internal Revenue Code limit of \$18,000 for calendar year 2015 (a \$6,000 catch-up contribution can be given by participants age 50 and older in addition to the \$18,000 contribution). Employees participating in FERS are covered by the Federal Insurance Contribution Act (FICA), for which the Mint contributes a matching amount to the Social Security Administration.

Although the Mint contributes a portion for pension benefits and makes the necessary payroll deductions, it is not responsible for administering either CSRS or FERS. Administering and reporting on pension benefit programs are the responsibilities of the Office of Personnel Management (OPM).

OPM has provided the Mint with certain cost factors that estimate the cost of providing the pension benefit to current employees. The cost factors of 33.4 percent of basic pay for CSRS-covered employees and 14.8 percent of basic pay for FERS-covered employees were in use for FY 2015. The CSRS and FERS factors were 32.8 percent and 15.1 percent, respectively, in FY 2014.

The amounts that the Mint contributed to the retirement plans and Social Security for the year ended September 30 are as follows:

(dollars in thousands)	2015	2014
Social Security System	\$ 7,680	\$ 7,431
Civil Service Retirement System	811	882
Federal Employees Retirement System (Retirement and Thrift Savings Plan)	14,906	13,247
Total Retirement Plans and Other Post-Employment Cost	<u>\$ 23,397</u>	<u>\$ 21,560</u>

The Mint also recognizes its share of the future cost of pension payments and post-retirement health and life insurance benefits for employees while they are still working with an offset classified as imputed financing. OPM continues to report the overall liability of the Federal Government and make direct recipient payments. OPM has provided certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The cost factors relating to health benefits are \$5,469 and \$5,169 per employee enrolled in the Federal Employees Health Benefits Program in FY 2015 and FY 2014, respectively. The cost factor relating to life insurance is two-one hundredths percent (.02 percent) of basic pay for employees enrolled in the Federal Employees Group Life Insurance Program for both FY 2015 and FY 2014.

The amount of imputed cost related to retirement plans and other post-employment costs incurred by the Mint for the year ended September 30 is as follows (before the offset for imputing financing):

(dollars in thousands)	2015	2014
Health Benefits	\$ 8,288	\$ 7,654
Life Insurance	23	20
Pension Expense	3,145	5,049
Total Imputed Retirement and Post-Employment Costs	<u>\$ 11,456</u>	<u>\$ 12,723</u>

In addition to the pension and retirement benefits described above, the Mint records imputed costs and financing for Treasury Judgment Fund payments made on behalf of the Mint. Entries are made in accordance with FASAB Interpretation No. 2. For FY 2015, there were no payments by the Judgment Fund on behalf of the Mint. Also during FY 2015, the Mint received unreimbursed services (imputed financing) from another federal agency in the amount of \$407 thousand. During FY 2014, entries for Judgment Fund payments totaled approximately \$165 thousand.

12. LEASE COMMITMENTS

THE MINT AS LESSEE: The Mint leases office and warehouse space from commercial vendors, the General Services Administration (GSA), and the Bureau of Engraving and Printing. In addition, the Mint leases copiers and other office equipment from commercial vendors and vehicles from GSA. With the exception of the commercial lease on an office building in Washington, D.C., all leases are one-year, or one-year with renewable option years. The Headquarters building lease in Washington, D.C. has a term of 20 years with renewal options. Because all of the Mint's leases can be canceled, there are no minimum lease payments due.

THE MINT AS LESSOR: The Mint sublets office space at cost to several other federal entities in the leased Headquarters building in Washington, D.C. As of September 30, 2015, the Mint sublet in excess of 56,000 square feet in the leased building. Tenants include the Internal Revenue Service, Treasury Executive Institute, and U.S. Marshals Service. Starting September 30, 2015, the Treasury Executive

Institute lease of approximately 4,600 square feet was canceled. All of the subleases are operating leases and subject to annual availability of funding. The Mint has also entered into an agreement to sublet space in the Headquarters building to a commercial tenant.

Future Projected Receipts:	Building Sub-lease
Year 6 (FY 2016)	\$ 404,460
Year 7 (FY 2017)	404,460
Year 8 (FY 2018)	404,460
Year 9 (FY 2019)	404,460
Total Future Operating Lease Receipts	<u>\$1,617,840</u>

13. CONTINGENCIES

The Mint is subject to legal proceedings and claims which arise in the ordinary course of its business. Judgments, if any, resulting from pending litigation against the Mint generally would be satisfied from the PEF. Likewise, under the *Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002* (No FEAR Act, P. L. 107-174), settlements and judgments related to acts of discrimination and retaliation for whistle blowing will be paid from the PEF. In the opinion of management, the ultimate resolution of these actions will not significantly affect the Mint's financial position or the results of its operations.

The Chief Counsel of the Mint provided a Legal Representation Letter reflecting the outcome of other legal actions, whether individually or in the aggregate, will not have a significant impact on the Mint's financial statements, except for the pending legal action described below. The pending legal case may have a material impact on the Mint's financial statements depending on the outcome of the case.

Pending Legal Action

- *Langbord v. United States*: The plaintiffs in this case, filed a complaint for return of the property (ten 1933 Double Eagle gold coins) or, in the alternative, damages in the amount of \$40 million. On April 17, 2015, a three-judge panel of the Third Circuit Court of Appeals returned a decision vacating a 2011 jury verdict, and declaratory judgement order, which were both in the Government's favor, and ordered that the Double Eagles be returned to the Langbord family. The Government since filed a petition before the Third Circuit for rehearing *en banc* to reconsider the decision of the three-judge panel. On July 28, 2015, the court granted the Government's petition for rehearing *en banc* and vacated the April 17 opinion and judgment. There is a reasonable possibility that the matter will be resolved against the Government, and the estimated potential loss is between \$0 and \$40 million.

14. FUNDS FROM DEDICATED COLLECTIONS (FORMERLY EARMARKED FUNDS)

Pursuant to 31 U.S.C. § 5136, all receipts from Mint operations and programs, including the production and sale of numismatic items, the production and sale of circulating coinage at face value to the FRB, the protection of government assets, and gifts and bequests of property, real or personal shall be deposited into the PEF and shall be available to fund its operations without fiscal year limitations. The PEF meets the requirements of funds from dedicated collections as defined in *Statement of Federal Financial Accounting Standards (SFFAS) 43 Funds from Dedicated Collections: Amending SFFAS 27, Identifying and Reporting Earmarked Funds*. As non-entity and non-PEF assets, the United States gold and silver reserves are not included in the funds from dedicated collections.

15. INTRAGOVERNMENTAL COSTS AND EARNED REVENUE

Intragovernmental costs and earned revenue reflect transactions in which both the buyer and seller are federal entities. Revenue with the public reflects transactions for goods or services with a non-federal entity. The purpose for this classification is to enable the federal government to prepare consolidated financial statements. The following table provides earned revenues, gross cost, and net program revenue:

(dollars in thousands)	2015	2014
Numismatic Production and Sales		
Cost:		
Intragovernmental:		
Cost of Goods Sold	\$ 18,743	\$ 18,124
Selling, General and Administrative	19,518	18,632
Imputed Costs	5,347	6,086
Total Intragovernmental Costs	<u>43,608</u>	<u>42,842</u>
Public:		
Cost of Goods Sold	2,331,927	2,115,540
Selling, General and Administrative	70,368	72,964
Total Public Cost	<u>2,402,295</u>	<u>2,188,504</u>
Gross Cost	<u>2,445,903</u>	<u>2,231,346</u>
Revenue:		
Intragovernmental:		
Rent Revenues	2,919	2,866
Other Intragovernmental Revenues	15	27
Total Intragovernmental Revenues	<u>2,934</u>	<u>2,893</u>
Public	2,544,794	2,279,057
Total Earned Revenue	<u>2,547,728</u>	<u>2,281,950</u>
Net Program Cost (Revenue)	<u>\$ (101,825)</u>	<u>\$ (50,604)</u>
Numismatic Production and Sales of Circulating Coins		
Cost:		
Intragovernmental:		
Selling, General and Administrative	\$ 171	\$ 264
Total Intragovernmental Costs	<u>171</u>	<u>264</u>
Public:		
Cost of Goods Sold	4,813	7,500
Selling, General and Administrative	615	1,035
Total Public Cost	<u>5,428</u>	<u>8,535</u>
Gross Cost	<u>5,599</u>	<u>8,799</u>
Revenue:		
Public	5,599	8,799
Total Earned Revenue	<u>5,599</u>	<u>8,799</u>
Net Program Cost (Revenue)	<u>\$ -</u>	<u>\$ -</u>
Circulating Production and Sales		
Cost:		
Intragovernmental:		
Cost of Goods Sold	\$ 4,027	\$ 3,415
Selling, General and Administrative	13,508	12,279
Imputed Costs	6,517	7,219
Total Intragovernmental Costs	<u>24,052</u>	<u>22,913</u>
Public:		
Cost of Goods Sold	500,995	398,665
Selling, General and Administrative	39,585	46,235
Other Costs and Expenses (Mutilated and Uncurrent)	8,510	26,118
Total Public Cost	<u>549,090</u>	<u>471,018</u>
Gross Cost	<u>573,142</u>	<u>493,931</u>
Revenue:		
Other Intragovernmental Revenues	7	31
Public	573,135	493,900
Total Earned Revenue	<u>573,142</u>	<u>493,931</u>
Net Program Cost (Revenue)	<u>\$ -</u>	<u>\$ -</u>
Net Cost (Revenue) Before Protection of Assets	<u>\$ (101,825)</u>	<u>\$ (50,604)</u>

	2015	2014
Protection of Assets		
Cost:		
Intragovernmental:		
Protection Cost	\$ 7,878	\$ 7,965
Public:		
Protection Cost	32,846	31,597
Net Cost of Protection of Assets	<u>\$ 40,724</u>	<u>\$ 39,562</u>
Net Cost (Revenue) from Operations	<u>\$ (61,101)</u>	<u>\$ (11,042)</u>

16. EARNED REVENUE AND OTHER FINANCING SOURCE (SEIGNIORAGE)

The Statement of Net Cost reflects the earned revenue and corresponding gross costs for Circulating Production and Sales and for Numismatic Production and Sales of Circulating Coins. Circulating Production and Sales represents coin sales to the FRB, and Numismatic Production and Sales of Circulating Coins represents sales of circulating coins to the public (i.e., numismatic customers).

SFFAS Number 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, limits the amount of net program revenue from production of circulating coins to the cost of metal, manufacturing and transportation. OMB Circular A-136 defines the treatment of other financing sources on the Statement of Changes in Net Position, particularly as it relates to seigniorage. Therefore, on the Statement of Net Cost, earned revenue is recognized only to the extent of the gross cost of production. The difference between those costs and the face value of the coin is an “Other Financing Source” referred to as seigniorage. Any revenue over face value for circulating coins sold as numismatic items is considered earned revenue and included in the category Numismatic Production and Sales on the Statement of Net Cost.

The following chart reflects the two components of the receipts from the sale of circulating coin – the earned revenue from the Statement of Net Costs and Seigniorage from the Statement of Changes in Net position for the year ended September 30:

(dollars in thousands)	2015	2014
Revenue-FRB	\$ 573,142	\$ 493,931
Seigniorage-FRB	540,908	289,103
Total Circulating Coins	<u>\$ 1,114,050</u>	<u>\$ 783,034</u>
Revenue-with the public	\$ 5,599	\$ 8,799
Seigniorage-with the public	25,957	28,098
Total Numismatic sales of Circulating Coins	<u>\$ 31,556</u>	<u>\$ 36,897</u>
Total Seigniorage	<u>\$ 566,865</u>	<u>\$ 317,201</u>

17. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

The Mint receives apportionments of its resources from OMB. An apportionment is an OMB-approved plan to use budgetary resources. An apportionment typically limits the obligations an agency may incur for specified time periods, programs, activities, projects, objects, or any combination thereof. All Mint obligations are classified as reimbursable, as they are financed by offsetting collections received in return for goods and services provided. OMB uses several categories to distribute budgetary resources. Category A apportions budgetary resources by fiscal quarters. Category B apportions budgetary resources by program, project, activities, objects or a combination of these categories. The Mint had only category B apportionments in FY 2015.

The following chart reflects the amount of reimbursable obligations incurred against amounts apportioned under categories B and category AB apportionments.

(dollars in thousands)	2015	2014
Category B		
Total Operating Expenses	\$2,910,728	\$2,787,590
Numismatic Capital	11,270	10,974
Circulating and Protection Capital	15,555	18,085
Category AB		
Order Management System	–	44,984
Total Apportionment		
Categories of Obligations Incurred	\$2,937,553	\$2,861,633

18. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between the Statement of Budgetary Resources (SBR) and the related actual balances published in the Budget of the United States Government (President’s Budget). The President’s Budget for FY 2015 is expected to be published in February 2016 and made available through OMB. Therefore, the analysis presented here is for the prior year (FY 2014) “actual” figures published in the President’s budget in February 2015. The following chart displays the comparison of the FY 2014 SBR and the actual FY 2014 balances included in the FY 2016 President’s Budget.

(rounded to millions)	September 30, 2014	
	Statement of Budgetary Resources	President’s Budget
United States Mint Public Enterprise Fund		
Total Budgetary Resources	\$ 3,368	\$ 3,368
Status of Budgetary Resources:		
Obligations Incurred	\$ 2,862	\$ 2,862
Unobligated Balances-available	506	506
Total Status of Budgetary Resources	\$ 3,368	\$ 3,368
Net Outlays	\$ 90	\$ 90

19. LEGAL ARRANGEMENTS AFFECTING USE OF UNOBLIGATED BALANCES

The PEF statute establishes that all receipts from Mint operations and programs, including the production and sale of numismatic items, the production and sale of circulating coinage, the protection of government assets, and gifts and bequests of property, real or personal, shall be deposited into the PEF and shall be available without fiscal year limitations. Any amount that the Secretary of the Treasury determines to be in excess of the amount required by the PEF shall be transferred to the Treasury for deposit as miscellaneous receipts. At September 30, 2015 and 2014, the Mint transferred excess receipts to the Treasury General Fund of \$561 million and \$272 million, respectively.

20. HEDGING PROGRAM

At September 30, 2015 and 2014, the market value of the silver sold to the trading partner and not yet sold by the Mint and, therefore, not repurchased from the trading partner, was \$218.9 million and \$301.9 million, respectively. At September 30, 2015, the trading partner owed the Mint \$3.0 million in unpaid realized gains, while at September 30, 2014, the trading partner owed the Mint \$4.4 million in unpaid realized gains. In FY 2015, the Mint recorded an unrealized gain of \$7.7 million compared to an unrealized loss of \$5.7 million in FY 2014.

21. RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

(dollars in thousands)	For The Years Ended September 30,	
	2015	2014
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 2,937,553	\$ 2,861,633
Less: Spending Authority from		
Offsetting Collections and Recoveries	3,146,648	2,869,784
Less: Offsetting Receipts	1	-
Net Obligations	<u>(209,096)</u>	<u>(8,151)</u>
Other Resources		
Transfers to the Treasury General Fund Budget	(11,000)	(22,000)
Transfers to the Treasury General Fund Non-Budget	(550,000)	(250,000)
Imputed Financing from Costs Absorbed by Others	11,863	13,302
Other Financing Sources (Seigniorage)	566,865	317,201
Net Other Resources Used to Finance Activities	<u>17,728</u>	<u>58,503</u>
Total Resources Used to Finance Activities	<u>(191,368)</u>	<u>50,352</u>
Resources Used to Finance Items Not Part of the Net Cost of Operations:		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but Not Yet Provided	(484)	10,485
Resources that fund Expenses Recognized in Prior Periods	(24)	-
Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations - Other	(1)	-
Resources that Finance the Acquisition of Assets or Liquidation of Liabilities	702,665	596,218
Other	(11,597)	(22,000)
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	<u>690,559</u>	<u>584,703</u>
Total Resources Used to Finance the Net Cost of Operations	<u>(881,927)</u>	<u>(534,351)</u>
Components Requiring or Generating Resources in Future Periods		
Increase in Exchange Revenue Receivable from the Public	-	(1,385)
Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods	<u>-</u>	<u>(1,385)</u>
Components not Requiring or Generating Resources in the Current Period		
Depreciation and Amortization	25,585	25,288
Revaluation of Assets	(5,295)	5,838
Other	800,536	493,568
Total Components of Net Revenue from Operations that will not require or Generate Resources	<u>820,826</u>	<u>524,694</u>
Total Components of Net Revenue from Operations that will not require or Generate Resources in the Current Period	<u>820,826</u>	<u>523,309</u>
Net Cost (Revenue) from Operations	<u>\$ (61,101)</u>	<u>\$ (11,042)</u>

22. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2015 and 2014 were \$137,324 and \$132,107 respectively.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

INTRODUCTION

This section provides the Required Supplementary Information as prescribed by the Office of Management and Budget (OMB) Circular A-136, "Financial Reporting Requirements" and Statement of Federal Financial Accounting Standards (SFFAS) #29 Heritage Assets and Stewardship Land.

HERITAGE ASSETS

The Mint is steward of a large, unique and diversified body of heritage assets that demonstrate the social, educational, and cultural heritage of the Mint. These items include a variety of rare and semi-precious coin collections and historical artifacts, and are held at various Mint locations. Some of these items are placed in locked vaults within the Mint, where access is limited to only special authorized personnel. Other items are on full display to the public, requiring little if any authorization to view.

Included in the heritage assets are the buildings housing the Mint at Denver, West Point, San Francisco, and Fort Knox. The Mint generally does not place a value on heritage assets, even though some of the coins and artifacts are priceless. However, the assets are accounted for and controlled for protection and conservation purposes. Heritage assets held by the Mint are generally in acceptable physical condition.

DEFERRED MAINTENANCE

Deferred maintenance and repairs is maintenance and repair activity that was not performed when it should have been, or was scheduled to be, and is put off or delayed for a future period. In fiscal years 2015 and 2014, the Mint had no deferred maintenance costs to report on vehicles, buildings, structures, and equipment owned by the Mint. There is also no deferred maintenance on heritage assets, which includes the Denver, West Point, San Francisco, and Fort Knox buildings.

OTHER INFORMATION

DEPARTMENT OF THE TREASURY UNITED STATES MINT SCHEDULE OF SPENDING

	For The Years Ended September 30,	
	2015	2014
	(dollars in thousands)	
What Money is Available to Spend?		
Total Resources	\$3,642,387	\$3,368,372
Less Amount Not Agreed to be Spent	(704,834)	(506,739)
Total Amounts Agreed to be Spent	<u>\$2,937,553</u>	<u>\$2,861,633</u>
How was the Money Spent?		
Personnel Compensation	143,435	139,544
Personnel Benefits	44,590	44,347
Benefits for Former Personnel	200	(260)
Travel and transportation of persons	1,616	1,603
Transportation of things	34,747	29,504
Rent, Communications, and utilities	27,583	27,393
Printing and reproduction	1,382	869
Other contractual services	73,808	66,654
Supplies and materials	2,578,794	2,519,979
Equipment	22,031	26,634
Land and structures	9,328	5,356
Insurance claims and indemnities	0	2
Interest	39	8
Total Amounts Agreed to be Spent	<u>\$2,937,553</u>	<u>\$2,861,633</u>
Who did the Money go to?		
Federal	57,182	67,032
Non-Federal	2,880,371	2,794,601
Total Amounts Agreed to be Spent	<u>\$2,937,553</u>	<u>\$2,861,633</u>



KPMG LLP
Suite 12000
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Washington, DC 20006

Independent Auditors' Report on Internal Control Over Financial Reporting

Inspector General
Department of the Treasury

Principal Deputy Director
United States Mint:

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the United States Mint, which comprise the balance sheets as of September 30, 2015 and 2014, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2015, we considered the United States Mint's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United States Mint's internal control. Accordingly, we do not express an opinion on the effectiveness of the United States Mint's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the United States Mint's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United States Mint's internal control. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

December 9, 2015



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report on Compliance and Other Matters

Inspector General
Department of the Treasury

Principal Deputy Director
United States Mint:

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the United States Mint, which comprise the balance sheets as of September 30, 2015 and 2014, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2015.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the United States Mint's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 15-02.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the result of that testing, and not to provide an opinion on the United States Mint's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United States Mint's compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

December 9, 2015

KPMG LLP is a Delaware limited liability partnership,
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("KPMG International"), a Swiss entity.

APPENDIX I: FY 2015 COIN AND MEDAL PRODUCTS

CONGRESSIONAL GOLD MEDALS

WORLD WAR II MEMBERS OF THE CIVIL AIR PATROL CONGRESSIONAL GOLD MEDAL

Medal Awarded: December 10, 2014

Description: During the Second World War, civilians with their own airplanes were eligible to join the Civil Air Patrol (CAP). An estimated 100,000 unpaid civilians participated in the CAP and between March 1942 and August 1943, 40,000 civilian pilots aged 18 to 80 looked for enemy submarines and wreckage in the Gulf of Mexico and the Atlantic coasts. As a result, submarine attacks moved away from the United States. After the CAP was dismissed from coastal missions, the Navy took over patrolling the coastline and CAP fliers transitioned to civilian rescue operations for natural disasters and other emergencies. In 1946, the CAP became an auxiliary of the U.S. Air Force. After it was presented, this gold medal was given to the Smithsonian Institution for display.



THE FIRST SPECIAL SERVICE FORCE CONGRESSIONAL GOLD MEDAL

Medal Awarded: February 2, 2015

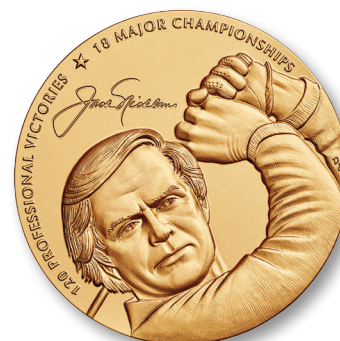
Description: This gold medal honors the only joint American-Canadian volunteer unit for special operations in Europe during World War II. Trained in Helena, Montana, this highly specialized unit was deployed to the Aleutian Islands, Italy, and France and disbanded in 1944. This single gold medal was given to the First Special Service Force Association in Helena to display. The obverse (heads) highlights the mountaineering, silent landings and amphibious combat abilities of the First Special Service Force. The reverse (tails) features the First Special Service Force's insignia, with crossed arrows at the bottom of the design, and a banner in the eagle's beak that reads "USA" and "CANADA."



JACK NICKLAUS CONGRESSIONAL GOLD MEDAL

Medal Awarded: March 24, 2015

Description: Jack Nicklaus, the world-famous golfer, amassed 120 victories in professional national and international competitions, and won each major championship at least three times. He is the only player to complete a career "Grand Slam" on both the regular and senior tours and holds the record for most major championships as a senior. He helped design more than 290 golf courses worldwide, including one specifically for wounded and disabled veterans, and was instrumental in the decision to include golf as a sport in the 2016 Olympics. In addition to his numerous awards and honors, Nicklaus was awarded the Presidential Medal of Freedom in 2005. In his personal life, he and his wife have supported various charitable causes for children. The Congressional Gold Medal was awarded to him in recognition of his service to the United States in promoting excellence, good sportsmanship, and philanthropy.



DOOLITTLE TOKYO RAIDERS CONGRESSIONAL GOLD MEDAL

Medal Awarded: April 15, 2015

Description: The Doolittle Tokyo Raiders were a group of 80 aircraft crewmen who volunteered for a dangerous mission in April 1942. Sixteen B-25 bombers took off from the deck of the USS Hornet, led by Lt. Col. James Doolittle. They planned to fly over Japan, drop their bombs, and then land in a part of China that was still free. Dwindling fuel supplies prevented the crews from reaching their rendezvous points, forcing them to ditch their aircrafts at sea, bail out, or crash in China. One crew flew to the Soviet Union, where they were held as prisoners until they escaped 13 months later. The Chinese people helped most of the Doolittle Raiders evade capture, but of the 80 men on the mission, eight were captured and four executed, two died in the crash and one died on bailout, and 13 died later in the war. This raid made Japan shift resources to better defend from future attacks, which resulted in an American victory at the Battle of Midway, which turned the tide in the Pacific War. This gold medal was given to the National Museum of the United States Air Force.



AMERICAN FIGHTER ACES CONGRESSIONAL GOLD MEDAL

Medal Awarded: May 20, 2015

Description: Since World War I, the United States has put more than 60,000 military fighter pilots in the air, but less than 1,500 of them became Fighter Aces. American Fighter Aces are one of the most decorated military groups in American history. These fighter pilots have served honorably in a U.S. military service and have destroyed five or more confirmed enemy aircraft in aerial combat during a war or conflict in which American armed forces have participated. They represent every state in the union. This gold medal honors their service, and after it was presented to the American Fighter Aces it will be displayed at the Smithsonian Institution.



NATIVE AMERICAN CODE TALKER CONGRESSIONAL GOLD MEDALS – CROW NATION, FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA, AND THE ROSEBUD SIOUX TRIBE

Medals Awarded: December 4, 2014, June 26, and August 18, 2015

Under the Code Talkers Recognition Act of 2008, the United States Mint was authorized to create 33 Congressional Medals in honor of Native Americans who served as code talkers in the U.S. Armed Services during World War I and World War II. These Native Americans served in the U.S. Armed Forces and transmitted secret coded messages for tactical military operations in World War I and World War II. Because the language used by the code talkers was not based on a European language or on a mathematical progression, enemies were unable to understand any of the transmissions. Gold medals were struck for each Native American tribe with a member who served as a code talker. Silver duplicate medals were presented to the code talkers or their relatives or representatives. Congress awarded 26 medals last year and three medals in FY 2015.



AMERICA THE BEAUTIFUL QUARTERS® PROGRAM

EVERGLADES NATIONAL PARK – FLORIDA

Coin Released: November 3, 2014

Description: With 1.5 million acres of tropical and subtropical habitat, Everglades National Park is one of the world’s most diverse ecosystems and draws about a million visitors a year. Established as a National Park in 1934, it has since been designated as an International Biosphere Reserve, a Wetland of International Importance and a World Heritage Site. It provides important habitat for numerous rare and endangered species like the manatee, American crocodile and the elusive Florida panther. The reverse design, inspired by the bird population in the Everglades, features an anhinga with outstretched wings on a willow tree and a roseate spoonbill. Both birds are found throughout the Everglades National Park.



HOMESTEAD NATIONAL MONUMENT OF AMERICA – NEBRASKA

Coin Released: February 9, 2015

Description: President Lincoln signed the Homestead Act of 1862, which granted a 160-acre parcel of land to anyone willing to settle it, improve it, and live on it for five years, provided the settler had not taken up arms against the United States and was either 21 years old or the head of a family. This language meant that women, former slaves, and immigrants were eligible to own land for the first time, and between 1862 and 1934, the federal government granted 1.6 million homesteads and distributed approximately 10 percent of all land in the United States to private ownership. The first land parcel claimed was the Freeman property, in Nebraska, which is depicted on the coin along with the three fundamentals of survival common to all homesteaders: food, shelter, and water.



KISATCHIE NATIONAL FOREST – LOUISIANA

Coin Released: April 20, 2015

Description: Louisiana’s only national forest is 604,000 acres of bayous, bald cypress groves and old growth pine. Wild orchids and carnivorous plants make the forest their home, as do Louisiana pine snakes, red-cockaded woodpeckers, Louisiana black bears and Louisiana pearlshell mussels. Birds winter at the Kisatchie National Forest, making it a popular place for birdwatchers and photographers. Designated in 1930, the area is spread across seven parishes and is divided into five Ranger Districts. The quarter features a wild turkey in flight over blue stem grass with long leaf pine.



BLUE RIDGE PARKWAY – NORTH CAROLINA

Coin Released: June 22, 2015

Description: Construction on the Blue Ridge Parkway started in September 1935 as part of President Roosevelt’s New Deal program, which gave jobs to the unemployed during the Great Depression. Linking the Shenandoah National Park to the edge of the Great Smoky Mountain National Park, the Blue Ridge Parkway is 469 miles of scenic road through Virginia and North Carolina. Hiking, camping, and fishing are popular activities, and thousands of people a year visit the area. The coin shows the road hugging the side of a mountain and the North Carolina state flower.



BOMBAY HOOK NATIONAL WILDLIFE REFUGE – DELAWARE

Coin Released: September 14, 2015

Description: Bombay Hook National Wildlife Refuge protects one of the largest remaining unaltered expanses of tidal salt marsh in the mid-Atlantic region. Located along the coast of Delaware, the 16,000 acre refuge is mostly marsh, but also includes freshwater impoundments and upland habitats for other wildlife. Bombay Hook was established in 1937 as a link in the chain of refuges extending from Canada to the Gulf of Mexico. It is primarily a refuge and breeding ground for migrating birds and other wildlife. This coin features a great blue heron and a great egret.



PRESIDENTIAL \$1 COIN PROGRAM

HARRY S. TRUMAN PRESIDENTIAL \$1 COIN 33RD PRESIDENT, 1945-1953

Coin Released: November 17, 2014

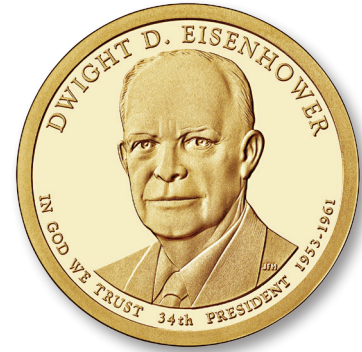
Description: Harry S. Truman was vice president when President Roosevelt died in office. Truman characterized his first year in office as a “year of decisions.” He authorized the atomic bombing of Japan, ending World War II. During his first term, the United States and the Soviet Union transitioned from being allies during the war to being adversaries as the Cold War gained momentum. His foreign policy initiatives reflected this: The Truman Doctrine, the Marshall Plan, the Berlin airlift, and the Korean War provided assistance to countries threatened by communism. Domestically, Truman was stymied by a Republican Congress in expanding the New Deal policies begun by Roosevelt, but he expanded Social Security and developed a full-employment program, a permanent Fair Employment Practices Act, and public housing and slum clearance, known as the Fair Deal. He also ended segregation in the civil service and armed forces. Truman was expected to lose the 1948 election; before all the votes were counted, newspapers printed that his opponent, Dewey, won. But Truman’s extensive country-wide whistle-stop campaign paid off, and he won the election. When Truman retired in 1953, he spent his time writing and lecturing. He died in 1972.



DWIGHT D. EISENHOWER PRESIDENTIAL \$1 COIN
34TH PRESIDENT, 1953-1961

Coin Released: April 13, 2015

Description: A graduate of West Point Academy, five-star general Dwight D. Eisenhower spent his career in the military serving under Generals Fox Conner, John J. Pershing, Walter Krueger, Douglas MacArthur and George Marshall, all of whom helped prepare him for World War II, where he commanded the Allied Forces in North Africa in 1942 and planned and carried out the invasion of Normandy in 1944. In 1948, he became president of Columbia University, but took leave to become the Supreme Commander of NATO. With the slogan, “I like Ike,” he was elected President of the United States in 1952 by a wide margin. His military background influenced his Cold War negotiating with the Soviet Union, and he concentrated on maintaining world peace. Domestically, he continued most of the New Deal and Fair Deal programs, and supported desegregation, sending troops into Little Rock, Arkansas, to ensure states complied with Federal court orders, and integrating the Armed Forces. He left office in 1961, retired to Pennsylvania, and died in 1969.



JOHN F. KENNEDY PRESIDENTIAL \$1 COIN
35TH PRESIDENT, 1961-1963

Coin Released: June 18, 2015

Description: John F. Kennedy was the youngest man elected president, and the youngest to die in office, assassinated in Dallas in 1963. In his inaugural address, he asked Americans to “ask not what your country can do for you – ask what you can do for your country,” and when the Peace Corps was created, people signed up in droves to promote peace in developing countries. Domestically, Kennedy is best-known for laying the groundwork to end privation and poverty, actively supporting human and civil rights, and developing economic programs that launched the longest sustained expansion since World War II. His foreign policy was focused on preventing the expansion of communism, which included opposing the Soviet Union in installing nuclear missiles in Cuba. War was narrowly avoided, and the Soviets agreed to recall the missiles. A test ban treaty in 1963 further strengthened the uneasy peace between countries with nuclear weapons. Kennedy is also associated with the space race. In an address to Congress in 1961, he challenged America to put a man on the Moon before the end of the decade, a goal realized in July of 1969, when Neil Armstrong and Edwin “Buzz” Aldrin became the first men to walk on the Moon.



**LYNDON B. JOHNSON PRESIDENTIAL \$1 COIN
36TH PRESIDENT, 1963-1969**

Coin Released: August 18, 2015

Description: Lyndon B. Johnson took the oath of office on the airplane carrying John F. Kennedy’s body back to Washington, D.C. Kennedy had been working on a number of issues, namely a new civil rights bill and a tax cut, which Johnson quickly enacted and which paved the way for Johnson’s Great Society program, an idealistic vision of what America could be. Under his guidance, Congress passed legislation to improve education; fight disease; establish Medicare and Medicaid; reform immigration; establish Head Start; promote urban renewal, beautification, and conservation; develop depressed regions and fight against poverty; control and prevent crime and delinquency; and ensure all Americans had the right to vote. But his presidency was also marked by unrest and unease at home and abroad. Racial tension and prolonged conflict in Vietnam divided the country. By the spring of 1968, he decided to devote his full efforts to peace rather than run for another term. He died at his ranch in the Hill Country in Texas of a heart attack in 1973, and today is remembered for the Civil Rights Act of 1964, which outlawed discrimination based on race, color, religion, sex, or national origin, ended unequal application of voter registration requirements and racial segregation in schools, work, and public facilities.



FIRST SPOUSE GOLD BULLION COIN AND BRONZE MEDAL PROGRAM

BESS TRUMAN FIRST SPOUSE GOLD BULLION COIN AND BRONZE MEDAL -- FIRST LADY, 1945-1953

Coin Released: April 16, 2015

Description: When Harry Truman was elected United States Senator in 1934, the family began splitting their time between Independence, Missouri, and Washington, D.C. By the time he became president, Bess Truman was familiar enough with the Washington social scene to be able to quickly resume social events which had been suspended during World War II. An incredibly busy and energetic first lady, she directed all social events, including formal state receptions, teas, and musicales, and sometimes had several engagements in one day. She was a down-to-earth woman who answered her own mail and continued her association with various charitable and political clubs throughout her tenure as first lady. The reverse of her coin features a locomotive wheel moving along railroad tracks, representing Mrs. Truman’s support for her husband on his 1948 whistle stop campaign trip for re-election as president.



MAMIE EISENHOWER FIRST SPOUSE GOLD BULLION COIN AND BRONZE MEDAL – FIRST LADY, 1953-1961

Coin Released: May 7, 2015

Description: As first lady, Mamie Eisenhower entertained unprecedented numbers of heads of state and leaders of foreign governments, but in many ways, she was a typical Army wife. She estimated once that she had moved house 27 times in 37 years, as she and Ike Eisenhower moved around the world for his career. The first home they owned was their retirement home in Pennsylvania, which they purchased in 1948 but didn't actually live in full-time until they left the White House. The reverse of her coin features a woman's hand holding up a political campaign button with the slogan "I Like Mamie," referring to Ms. Eisenhower's popularity as first lady, her involvement in her husband's presidential campaigns and the popular campaign slogan, "I Like Ike."



JACQUELINE KENNEDY FIRST SPOUSE GOLD BULLION COIN AND BRONZE MEDAL – FIRST LADY, 1961-1963

Coin Released: June 2015

Description: Jacqueline Kennedy is credited with bringing culture to the White House. Her first project as first lady was to restore and preserve the White House, which at the time was a hodge-podge of miscellaneous furniture that did not do justice to the historic home. She realized the White House was a symbol not only to Americans but to foreign visitors, and she established the White House Fine Arts Committee to showcase American art and furniture. Once complete, she led CBS Television on a tour, which 80 million Americans watched. Always a supporter of the arts, she made sure official dinners and events also included artists, actors, singers, dancers, writers, poets, and musicians. She accompanied her husband on more international trips than any of her predecessors, and her charm, poise, attention to detail, and intelligence assisted him in his interactions with foreign leaders. She was perhaps the first person to realize how important her husband, and his legacy, would be. Even before he was president, she encouraged him to write a book ("Profiles in Courage," for which he won a Pulitzer) and when he was assassinated, she orchestrated every detail of his funeral service and later, his presidential library. The reverse of this coin features the saucer magnolia, planted near the eternal flame at her husband's grave at Arlington National Cemetery. The petals stretch across the globe, its tips connecting the points of some of her most notable diplomatic visits.



**CLAUDIA TAYLOR “LADY BIRD” JOHNSON FIRST SPOUSE
GOLD BULLION COIN AND BRONZE MEDAL – FIRST LADY,
1963-1969**

Coin Released: August 2015

Description: Lady Bird Johnson got her nickname from a family servant, who said the little girl was as “pretty as a lady bird.” The name stuck throughout her Texas childhood and followed her into adulthood, when she graduated from the University of Texas with degrees in history and journalism. Initially, she thought she would be a journalist, but after a quick courtship, she married Lyndon B. Johnson instead. They moved to Washington D.C., where he was a congressman, and she became actively involved with politics. When he served in the Pacific during World War II, Mrs. Johnson learned to run his office, responding to correspondence and taking care of issues in his district. She campaigned with him as he ran for vice president, and after Kennedy’s death, she consulted with Mrs. Kennedy on many decisions about the White House restoration. Throughout her life she supported education, particularly Head Start, but she is best known for her beautification efforts in Washington, D.C., and throughout the country, establishing the National Wildflower Research Center after she left the White House. The reverse of her coin depicts the Jefferson Memorial, Washington Monument and flowers in reference to Mrs. Johnson’s efforts in the beautification and conservation of America.



2015 NATIVE AMERICAN \$1 COIN

Coin Released: March 19, 2015

Description: The 2015 Native American \$1 Coin commemorates the contributions of the Kahnawake Mohawk and Mohawk Akwesasne communities to “high iron” construction work. Starting in 1886, Mohawk Ironworkers built prominent landmarks, mostly in New York City. They worked on the Empire State Building, the Chrysler Building, the George Washington Bridge, and the World Trade Center. The Mohawk Ironworkers have a reputation as top-notch workers on high steel who do not fear heights or dangerous conditions. The coin shows a Mohawk ironworker reaching for an I-beam swinging into position, with rivets on the left and right sides of the border, and a high elevation view of the city skyline in the background.



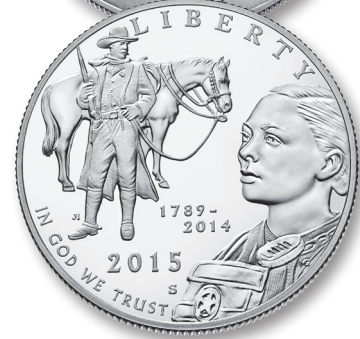
COMMEMORATIVES

UNITED STATES MARSHALS 225TH ANNIVERSARY

Coins Released: January 29, 2015

Mintage Limits: 100,000 \$5 gold coins, 500,000 \$1 silver coins and 750,000 half-dollar clad coins

Description: The United States Marshals Service is the oldest federal law enforcement agency, formed when President George Washington signed the Judiciary Act into law in 1789. It is responsible for protecting the federal judiciary, apprehending federal fugitives, managing and selling seized assets illegally acquired by criminals, housing and transporting federal prisoners and operating the Witness Security Program. But it is perhaps best known by the general public for enforcing the law during the 1800s as Americans moved West, often into hostile or lawless territory. This commemorative coin has three designs. The gold coin features the U.S. Marshals Service star and a mountain range. The silver coin shows deputies in pursuit of a fugitive and a marshal holding a “wanted” poster. The clad coin has contrasting images of the Old West and modern day Deputy U.S. Marshals. Sales prices include surcharges of \$35 for each gold coin, \$10 for each silver coin, and \$3 for each clad coin. The first \$5 million in surcharges received from coin sales is authorized to be paid to the U.S. Marshals Museum, Inc., for the preservation, maintenance, and display of artifacts and documents. The remainder of the surcharge funds will be divided among the National Center for Missing and Exploited Children, the Federal Law Enforcement Officers Association Foundation, and the National Law Enforcement Officers Memorial Fund.



MARCH OF DIMES SILVER DOLLAR

Coins Released: March 13, 2015

Mintage Limit: 500,000

Description: Authorized by Public Law 112-209, these proof and uncirculated quality silver dollar coins recognize and celebrate the 75th anniversary of the establishment of the March of Dimes Foundation. President Franklin D. Roosevelt and Dr. Jonas Salk, two leaders in the fight against polio, are on the obverse of the coin, and on the reverse, a premature baby held by an adult represents the foundation’s dedication to infant health. Sales prices include a \$10 surcharge, which will be paid to the March of Dimes Foundation to help finance research, education, and services to improve the health of women, infants, and children.



2014 AMERICAN EAGLE PLATINUM PROOF COIN PROGRAM

Coin Released: October 20, 2014

Description: In 2009, the Mint introduced a six-year platinum proof coin program highlighting the six principles embodied in the Preamble to the U.S. Constitution. The reverse designs in the Preamble Series are inspired by narratives prepared by the Chief Justice of the United States at the request of the United States Mint. In 2014, we produced the final coin in the series, which commemorated the principle, “To Secure the Blessings of Liberty to Ourselves and our Posterity.” The obverse (heads) depicts the “Portrait of Liberty,” which looks to the future in this modern interpretation of the Statue of Liberty. The reverse (tails) features a young Lady Liberty carrying her torch, symbolizing the hope and promise of America.



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