VI. Financial Statements and Notes

Office of the Comptroller of the Currency
Balance Sheets
As of September 30, 2006 and 2005

	FY 2006	FY 2005
Assets		
Intragovernmental:		
Fund balance with Treasury	$ 9,104,809	$ 1,724,161
Investments and related interest (Note 3)	713,281,888	611,975,767
Accounts receivable	-	13,300
Total intragovernmental	**722,386,697**	**613,713,228**
Cash	12,256	12,584
Accounts receivable, net	7,222	270,556
Property and equipment, net (Note 4)	43,165,142	46,190,939
Advances and prepayments	39,031	1,145,419
Total assets	**$ 765,610,348**	**$ 661,332,726**
Liabilities		
Intragovernmental:		
Other accrued liabilities	$ 275,033	$ 1,405,550
Total intragovernmental	**275,033**	**1,405,550**
Accounts payable	10,005,032	7,960,357
Accrued payroll and other employee benefits	18,050,476	17,555,891
Accrued annual leave	27,533,285	24,942,021
Other accrued liabilities	19,129,317	17,030,393
Deferred revenue	159,421,459	146,664,373
Post retirement benefits (Note 6)	12,839,288	11,352,850
Total liabilities	**247,253,890**	**226,911,435**
Net position (Note 7)	**518,356,458**	**434,421,291**
Total liabilities and net position	**$ 765,610,348**	**$ 661,332,726**

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

Office of the Comptroller of the Currency
Statements of Net Cost
For the Years Ended September 30, 2006 and 2005

		FY 2006		FY 2005
Program Costs				
Supervise National Banks				
Intragovernmental	$	68,025,152	$	57,553,452
With the public		418,553,951		362,769,983
Subtotal - Supervise National Banks	**$**	**486,579,103**	**$**	**420,323,435**
Regulate National Banks				
Intragovernmental	$	10,459,084	$	9,279,718
With the public		62,743,342		56,650,420
Subtotal - Regulate National Banks	**$**	**73,202,426**	**$**	**65,930,138**
Charter National Banks				
Intragovernmental	$	2,119,060	$	2,232,906
With the public		12,267,183		13,228,352
Subtotal - Charter National Banks	**$**	**14,386,243**	**$**	**15,461,258**
Total Program Costs	**$**	**574,167,772**	**$**	**501,714,831**
Less: Earned revenues not attributed to programs		(633,598,176)		(577,742,644)
Net Cost of Operations	**$**	**(59,430,404)**	**$**	**(76,027,813)**

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

Office of the Comptroller of the Currency
Statements of Changes in Net Position
For the Years Ended September 30, 2006 and 2005

	FY 2006	FY 2005
Beginning Balances	$ 434,421,291	$ 335,459,615
Other Financing Sources:		
Imputed financing from costs absorbed by others (Note 6)	24,504,763	22,933,863
Net Cost of Operations	59,430,404	76,027,813
Net Change	83,935,167	98,961,676
Ending Balances	**$ 518,356,458**	**$ 434,421,291**

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

Office of the Comptroller of the Currency
Statements of Budgetary Resources
For the Years Ended September 30, 2006 and 2005

		FY 2006		FY 2005
Budgetary Resources:				
Unobligated balance:				
Beginning of period	$	506,623,014	$	398,535,082
Spending authority from offsetting collections:				
Earned				
Collected		649,009,263		596,213,085
Receivable from Federal sources		(1,034,307)		(1,011,814)
Subtotal		647,974,956		595,201,271
Total Budgetary Resources	**$**	**1,154,597,970**	**$**	**993,736,353**
Status of Budgetary Resources				
Obligations incurred	$	556,825,650	$	487,113,339
Unobligated balance available		597,772,320		506,623,014
Total Status of Budgetary Resources	**$**	**1,154,597,970**	**$**	**993,736,353**
Relationship of Obligations to Outlays				
Obligated balance, net, beginning of period		94,271,481		80,658,172
Obligated balance, net, end of period:				
Accounts receivable		(3,644,462)		(4,678,768)
Undelivered orders		30,068,275		18,703,188
Accounts payable and accruals, net of assessments refunds		87,832,431		80,247,061
Outlays:				
Disbursements	$	537,875,194	$	474,511,844
Collections		(649,009,263)		(596,213,085)
Net Outlays	**$**	**(111,134,069)**	**$**	**(121,701,241)**

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

Office of the Comptroller of the Currency
Statements of Financing
For the Years Ended September 30, 2006 and 2005

	FY 2006	FY 2005
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations incurred	$ 556,825,650	$ 487,113,339
Less: Spending authority from offsetting collections	(647,974,956)	(595,201,271)
Net obligations	(91,149,306)	(108,087,932)
Other Resources		
Imputed financing from costs absorbed by others (Note 6)	24,504,763	22,933,863
Total resources used to finance activities	**(66,644,543)**	**(85,154,069)**
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	(10,258,699)	(2,278,023)
Resources that finance the acquisition of assets	(13,105,666)	(17,874,784)
Other resources or adjustments to net obligated resources that do not affect net cost of operations	263,333	(158,355)
Total resources used to finance items not part of the net cost of operations	**(23,101,032)**	**(20,311,162)**
Total resources used to finance the net cost of operations	**(89,745,575)**	**(105,465,231)**
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods:		
Change in deferred revenue	12,757,084	21,648,766
Total components that will require or generate resources in future periods	12,757,084	21,648,766
Components not Requiring or Generating Resources:		
Depreciation and amortization	12,147,307	11,203,799
Net (increase) decrease in bond premium	1,426,622	(4,043,186)
Other	3,984,158	628,039
Total components that will not require or generate resources	17,558,087	7,788,652
Total components of net cost of operations that will not require or generate resources in the current period	**30,315,171**	**29,437,418**
Net Cost of Operations	**$ (59,430,404)**	**$ (76,027,813)**

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

Office of the Comptroller of the Currency
Statements of Custodial Activity
For the Years Ended September 30, 2006 and 2005

	FY 2006	FY 2005
Revenue Activity:		
Sources of Cash Collections		
Civil Money Penalties	$ 4,127,008	$ 31,264,157
Accrual Adjustments	(104,325)	234,072
Total Custodial Revenue	4,022,683	31,498,229
Disposition of Custodial Revenue		
Transferred to Treasury	(3,870,483)	(31,117,164)
(Increase)/Decrease in Amounts Yet to be Transferred	(152,200)	(381,065)
Total Disposition for Custodial Revenue	(4,022,683)	(31,498,229)
Net Custodial Activity	**$ -**	**$ -**

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

Notes to the Financial Statements

Note 1—Organization

The OCC was created as a bureau within the U.S. Department of the Treasury by an act of Congress in 1863. The OCC was created to establish and regulate a system of federally chartered national banks. The National Currency Act of 1863, rewritten and reenacted as the National Bank Act of 1864, authorized the OCC to supervise national banks and to regulate the lending and investment activities of federally chartered institutions.

The OCC's revenue is derived primarily from assessments and fees paid by national banks and income on investments in U.S. government securities. The OCC does not receive congressional appropriations to fund any of its operations. Therefore, the OCC does not have any unexpended appropriations.

By federal statute 12 USC 481, the OCC's funds are maintained in a U.S. government trust revolving fund. The funds remain available to cover the annual costs of the OCC's operations in accordance with policies established by the Comptroller.

Note 2—Significant Accounting Policies

2A. Basis of Accounting

(1) The OCC's financial statements are prepared from its accounting records in conformity with the generally accepted accounting principles (GAAP) in the United States of America. The financial statements consist of Balance Sheets, and the Statements of Net Cost, Changes in Net Position, Budgetary Resources, Financing, and Custodial Activity. These financial statements are presented on a comparative basis providing information for FYs 2006 and 2005.

(2) The financial statements reflect both the accrual and budgetary bases of accounting. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to cash receipt or payment. The budgetary method recognizes the obligation of funds according to legal requirements, which in many cases, is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds.

(3) In accordance with GAAP, the preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Such estimates and assumptions could change in the future as more information becomes known, which could affect the amounts reported and disclosed herein.

2B. Revenues and Other Financing Sources

(4) The OCC's revenue is derived primarily from assessments and fees paid by national banks and income on investments in U.S. government securities. The OCC does not receive congressional appropriations to fund any of its operations. Therefore, the OCC does not have any unexpended appropriations.

(5) By federal statute 12 USC 481, the OCC's funds are maintained in a U.S. government trust revolving fund. The funds remain available to cover the annual costs of the OCC's operations in accordance with policies established by the Comptroller.

(6) The OCC collects CMPs due to the federal government that are assessed through court-enforced legal actions against a national bank and/or its officers. Outstanding CMPs at September 30, 2006, and 2005, amounted to $1,619,114 and $1,514,789, respectively.

2C. Earmarked Funds

(7) Earmarked funds are financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the government's general revenues. In accordance with SFFAS 27, Earmarked Funds, all of the OCC's revenue meets this criteria and constitutes an earmarked fund.

(8) The federal government does not set aside assets to pay future benefits or other expenditures associated with earmarked funds. Treasury securities are an asset to the OCC and a liability to the U.S. Treasury. Because the OCC and U.S. Treasury are both parts of the government, these assets and liabilities offset each other from the standpoint of the government as a whole. For this reason, they do not represent an asset or a liability in the U.S. government-wide financial statements.

(9) Treasury securities provide the OCC with authority to draw upon the U.S. Treasury to make future payments or expenditures. When the OCC requires redemption of these securities to make expenditures, the government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the government finances all other expenditures.

2D. Basis of Consolidation

The OCC's financial statement amounts are included in the consolidated financial statements of the U.S. Department of the Treasury (Treasury). Transactions and balances among the OCC and other Treasury entities are eliminated from the Treasury consolidated financial statements.

2E. Fund Balance with Treasury

The OCC's cash receipts and disbursements are processed by the U.S. Treasury. Sufficient funds are maintained in a U.S. government trust revolving fund and are available to pay current liabilities. The OCC invests available funds in U.S. government securities (Note 3). In accordance with SFFAS 1, *Accounting for Selected Assets and Liabilities,* the OCC has the ability and the intent to hold its government securities until maturity. Accordingly the OCC accounts for its government securities at acquisition cost adjusted for amortized premium or discount.

2F. Accounts Receivable

Accounts Receivable represent monies owed to the OCC for services and goods provided. If applicable, Accounts Receivable from the public are reduced by an Allowance for Doubtful Accounts. In accordance with SFFAS 1, the OCC updates its allowance for doubtful accounts annually or as needed to reflect the most current estimate of accounts that are more likely than not to be uncollectible.

2G. Property and Equipment

Property, equipment, and internal use software (Note 4) are accounted for in accordance with SFFAS 6, *Accounting for Property, Plant, and Equipment,* and SFFAS 10, *Accounting for Internal Use Software.*

2H. Liabilities

(10) Liabilities represent the amounts owing or accruing under contractual or other arrangements governing the transactions, including operating expenses incurred but not yet paid. Payments are made in a timely manner in accordance with the Prompt Payment Act. Interest penalties are paid when payments are late. Discounts are taken when cost effective, and the invoice is paid within the discount period. The OCC accounts for liabilities in accordance with SFFAS 5, *Accounting for Liabilities of the Federal Government.* In accordance with SFFAS 5, annual leave is accrued and funded by the OCC as it is earned, and the accrual is reduced as leave is taken or paid. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. Sick leave and other types of leave are expended as taken.

(11) The OCC's activities are primarily financed by assessments on assets held by national banks and the federal branches of foreign banks. These assessments are due March 31 and September 30 of each year based on asset balances as of call reports dated December 31 and June 30, respectively. Assessments are paid in mid-cycle and are recognized as earned revenue on a straight-line basis over the six months following the call date. The unearned portions are reduced accordingly.

2I. Effects of Recent Accounting Pronouncements

Presentation of the OCC's financial statement disclosures was affected by the publication of SFFAS 27, *Earmarked Funds.* All of the OCC's sources of revenue are characteristic of earmarked funds as outlined in SFFAS 27. Accordingly, Significant Accounting Policies Note 2C and its subparagraphs include the appropriate disclosures effective for FY 2006.

Note 3—Investments and Related Interest

Investments are U.S. Treasury securities stated at amortized cost and the related accrued interest. The OCC plans to hold these investments until maturity. Premiums and discounts are amortized over the term of the investment using the straight-line method, which approximates the effective yield method. The fair market value of investment securities was $703,712,750 at September 30, 2006, and $603,096,812 at September 30, 2005.

Investments and Related Interest Receivable

	FY 2006	FY 2005
Par Value	$ 705,164,000	$ 600,379,000
Net Unamortized Discount/Premium	4,473,426	6,931,298
Net Unamortized Value	709,637,426	607,310,298
Interest Receivable	3,644,462	4,665,469
Total	**$ 713,281,888**	**$ 611,975,767**

FY 2006 Investment Portfolio

Maturity	Par Value	Coupon Rate
Overnight	$ 327,164,000	5.030%
During 2006	30,000,000	3.500%
During 2007	30,000,000	4.380%
	50,000,000	3.250%
	30,000,000	3.000%
During 2008	30,000,000	2.630%
	21,000,000	3.380%
During 2009	21,000,000	3.880%
	35,000,000	3.500%
During 2010	35,000,000	5.750%
During 2011	32,000,000	5.000%
	32,000,000	5.000%
During 2012	32,000,000	4.880%
Total	**$ 705,164,000**	

FY 2005 Investment Portfolio

Maturity		Par Value	Coupon Rate
Overnight	$	218,379,000	3.460%
During 2006		29,000,000	5.750%
		25,000,000	6.875%
During 2007		30,000,000	3.500%
		30,000,000	4.375%
During 2008		30,000,000	3.000%
		30,000,000	2.625%
During 2009		21,000,000	3.375%
		21,000,000	3.875%
During 2010		35,000,000	3.500%
		35,000,000	5.750%
During 2011		64,000,000	5.000%
During 2012		32,000,000	4.875%
Total	**$**	**600,379,000**	

Note 4—Property and Equipment, net

Property and equipment purchased at a cost greater than or equal to the noted thresholds below with useful lives of five years or more are capitalized at cost and depreciated or amortized, as applicable. Leasehold improvements are amortized on a straight-line basis over the lesser of the terms of the related leases or their estimated useful lives. All other property and equipment are depreciated or amortized, as applicable, on a straight-line basis over their estimated useful lives. During FY 2006, a comprehensive review of the Internal Use Software program, internal controls, and assets was accomplished to validate the proper identification, capture, and capitalization or expensing of costs related to software development. Significant development costs were subsequently expensed, along with an impaired software asset written off during FY 2006. The tables presented below summarize property and equipment balances as of September 30, 2006, and 2005.

FY 2006 Property and Equipment, net

Class of Assets	Capitalization Threshold/ Useful Life			Cost		Accumulated Depreciation		Net Book Value
Leasehold Improvements	$ 50,000	5-20	$	27,794,731	$	(20,971,319)	$	6,823,412
Equipment	$ 50,000	5-10		20,615,740		(12,885,585)		7,730,155
Furniture and Fixtures	$ 50,000	5-10		1,336,778		(1,035,196)		301,582
Internal Use Software	$500,000	5		38,631,354		(20,764,024)		17,867,330
Internal Use Software-Dev	$500,000	N/A		9,298,819		-		9,298,819
Leasehold Improvements-Dev	$ 50,000	N/A		1,143,844		-		1,143,844
Total			**$**	**98,821,266**	**$**	**(55,656,124)**	**$**	**43,165,142**

FY 2005 Property and Equipment, net

Class of Assets	Capitalization Threshold/ Useful Life			Cost		Accumulated Depreciation		Net Book Value
Leasehold Improvements	$ 50,000	5-20	$	26,429,648	$	(19,271,689)	$	7,157,959
Equipment	$ 50,000	5-10		15,075,850		(9,379,463)		5,696,387
Furniture and Fixtures	$ 50,000	5-10		1,336,778		(971,877)		364,901
Internal Use Software	$500,000	5		31,383,723		(14,199,259)		17,184,464
Internal Use Software-Dev	$500,000	N/A		15,317,047		-		15,317,047
Leasehold Improvements-Dev	$ 50,000	N/A		470,181		-		470,181
Total			**$**	**90,013,227**	**$**	**(43,822,288)**	**$**	**46,190,939**

Note 5—Leases

The OCC leases office space for headquarters operations in Washington, D.C., and for district and field operations. The lease agreements expire at various dates. In FY 2006, the OCC entered into a 54-month occupancy agreement with the General Services Administration for headquarters expansion and a 2-year lease for temporary office space for the headquarters staff. These leases are treated as operating leases. As part of the extensive A-123 review of internal controls and processes, all OCC leases were reviewed and tested, and it was determined that all leases are properly classified as operating leases.

FY 2006 Future Lease Payments

Year		Amount
2007	$	25,665,528
2008		25,887,021
2009		24,739,474
2010		24,060,079
2011		18,921,229
2012 and beyond		18,905,173
Total	**$**	**138,178,504**

FY 2005 Future Lease Payments

Year		Amount
2006	$	22,789,699
2007		24,954,737
2008		23,774,977
2009		22,589,732
2010		21,751,178
2011 and beyond		34,436,469
Total	**$**	**150,296,792**

Note 6—Retirement Plans and Other Benefits

Retirement

OCC employees are eligible to participate in one of two retirement plans. Employees hired prior to January 1, 1984, are covered by the CSRS, unless they elected to join the FERS and Social Security during the election period. Employees hired after December 31, 1983, are automatically covered by FERS and Social Security. The distribution of the OCC's workforce by retirement plan is 72 percent FERS and 27 percent CSRS. The remaining 1 percent of employees qualifies only for Social Security benefits. For employees covered by CSRS, the OCC contributes 7 percent of their adjusted base pay to the plan. OCC contributions to CSRS were $6,942,291 in FY 2006 and $6,219,879 in FY 2005. For employees covered by FERS, the OCC contributes 11.2 percent of their adjusted base pay. OCC contributions totaled $19,368,843 in FY 2006 and $17,001,247 in FY 2005.

Furthermore, OPM contributed an additional $24,504,763 toward these retirement plans during FY 2006, and $22,933,863 in FY 2005. The OCC recognized these contributions as "Imputed costs absorbed by others" and an offset in equal amount to "Imputed financing from costs absorbed by others" as a result of not having to reimburse OPM.

The OCC does not report in its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts, such as plan assets, accumulated plan benefits, or unfunded liabilities, if any, are presently the responsibility of the OPM.

Other Benefits

Thrift Savings Plan

OCC employees are eligible to participate in the Federal Thrift Savings Plan (TSP). For those employees under FERS, a TSP account is automatically established, and the OCC contributes a mandatory 1 percent of adjusted base pay to this account. In addition, the OCC matches employee contributions up to an additional 4 percent of pay, for a maximum OCC contribution amounting to 5 percent of adjusted base pay. Employees under CSRS may participate in the TSP, but do not receive the automatic (1 percent) and matching employer contributions. TSP contributions by the OCC totaled $7,633,767 in FY 2006 and $6,890,694 in FY 2005. The OCC also contributed a total of $14,495,366 for Social Security and Medicare benefits for all eligible employees in FY 2006, and $12,632,597 in FY 2005.

OCC 401(k) Plan

Employees can elect to contribute up to 10 percent of their adjusted base pay in the OCC 401(k) Plan, subject to Internal Revenue regulations. Prudential Financial Incorporated administers the plan. Currently, the OCC contributes a fixed 2 percent of the adjusted base pay to the plan for all qualified employees, regardless of whether they contribute to the plan or not. In addition, the OCC matches the first 1 percent of an employee's contribution to the Plan, for a total agency contribution of 3 percent. Approximately 2,503 employees receive the maximum of 3 percent contribution and 383 employees benefit from the basic 2 percent contribution. In both FY 2005 and FY 2006, the OCC funded a special lump sum contribution of $1,000 to be deposited in the 401(k) accounts of all permanent employees. The total cost of the OCC's employer biweekly and special lump sum contributions plus associated administration fees amounted to $10,840,966 during FY 2006, and $9,227,442 in FY 2005. The OCC contracted with the independent audit firm of Clifton, Gunderson, LLP to perform an audit of the plan and related financial statements for the year ended December 31, 2005. The financial statements for the plan received an unqualified opinion.

Post-Retirement Life Insurance

The OCC sponsors a life insurance benefit plan for current and retired employees. This plan is a defined benefit plan. Premium payments made during FY 2006 totaled $297,121 and $289,348 in FY 2005.

The weighted-average discount rate used in determining the accumulated post-retirement benefit obligation was 5.75 percent. Gains or losses due to changes in actuarial assumptions are amortized over the service life of the plan.

Federal Employees Health Benefits and Federal Employees Group Life Insurance

Employees and retirees of the OCC are eligible to participate in Federal Employees Health Benefits (FEHB) and Federal Employees Group Life Insurance (FEGLI) plans that involve a cost sharing of bi-weekly coverage premiums by employee and employer. Both of these employee benefit plans are administered by OPM. Total OCC contributions for active employees who participate in the FEHB plans were $17,088,453 for FY 2006, and $14,567,345 for FY 2005. OCC contributions for active employees who participate in the FEGLI plan were $256,700 for FY 2006, and $213,267 for FY 2005.

Federal Employees' Compensation Act

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for OCC employees under FECA are administered by the U.S. Department of Labor (DOL) and later billed to the OCC. The OCC accrued $4,316,129 of workers' compensation costs as of September 30, 2006, and $5,260,569 as of September 30, 2005. These amounts include unbilled costs of $168,585 in FY 2006 and $280,603 in FY 2005 and an actuarial estimated liability of $4,147,544 in FY 2006 and $4,979,966 in FY 2005 based on calculations provided by the DOL at year-end.

Accrued Post-Retirement Benefit Cost and Net Periodic Post-Retirement Benefit Cost

Component		FY 2006		FY 2005
Accumulated Post-Retirement Benefit Obligation	$	(17,354,262)	$	(16,272,887)
Unrecognized Transition Obligation		1,037,034		1,209,871
Unrecognized Net Gain		3,477,940		3,710,166
Total	**$**	**(12,839,288)**	**$**	**(11,352,850)**
Service Cost	$	583,972	$	509,425
Interest Cost		923,884		844,237
Amortization of Transition Obligation		172,837		172,837
Amortization of Unrecognized Loss		273,864		186,069
Total	**$**	**1,954,557**	**$**	**1,712,568**

Note 7—Net Position

The OCC sets aside a portion of its net position as contingency, asset replacement, and special reserves to be used at the discretion of the Comptroller. In addition, funds are set aside to cover the cost of on-going operations.

The contingency reserve supports the OCC's ability to accomplish its mission in the case of foreseeable but rare events. Foreseeable but rare events are beyond the control of the OCC, such as a major change in the national banking system or for instance, a fire, flood, or significant impairment of its information technology systems.

The asset replacement reserve funds the replacement of IT equipment, leasehold improvements, and furniture replacements for future years. The target level in the replacement reserve is established annually based on the gross value of existing property and equipment plus a growth rate factor and a margin for market cost adjustments.

The special reserve supplements revenue from assessments and other sources that are made available to fund the OCC's annual budget. The special reserve reduces the effect on operations of unforecasted revenue shortfalls or unbudgeted and unanticipated requirements or opportunities.

Net Position Availability

Components		FY 2006		FY 2005
Contingency Reserve	$	291,689,618	$	280,828,551
Asset Replacement Reserve		104,000,000		38,709,695
Special Reserve		15,000,000		15,000,000
Earmarked for On-going Operations:				
Undelivered Orders		30,068,275		18,703,188
Consumption of Assets		49,930,100		55,488,907
Capital Investments		27,668,465		25,690,950
Net Position	**$**	**518,356,458**	**$**	**434,421,291**

Note 8—Expenses by Budget Object Classification

The following table illustrates the OCC's costs by major budget object class for FYs 2006 and 2005.

Budget Object Class		FY 2006		FY 2005
Personnel Compensation	$	282,267,100	$	256,653,020
Personnel Benefits		94,091,970		85,542,831
Benefits to Former Employees		191,232		626,059
Travel and Transportation of Persons		35,570,767		31,160,567
Travel and Transportation of Things		1,992,797		1,446,824
Rent, Communication, and Utilities		34,417,329		33,530,892
Printing and Reproduction		880,900		859,851
Other Contractual Services		70,932,468		44,696,702
Supplies and Materials		5,236,152		3,382,594
Equipment		5,247,447		5,452,810
Land and Structures - Leasehold Improvements		2,281,116		3,521,380
Insurance Claims and Indemnities		422,267		75,601
Depreciation		12,147,306		11,203,799
Loss on Asset Disposal		3,984,158		628,038
Imputed Costs		24,504,763		22,933,863
Total	**$**	**574,167,772**	**$**	**501,714,831**