



## Consolidated Financial Statements

**DEPARTMENT OF VETERANS AFFAIRS****CONSOLIDATED BALANCE SHEETS (dollars in millions)**As of September 30, 2007 2006**ASSETS****INTRAGOVERNMENTAL**

Fund Balance with Treasury (Note 3)	\$ 22,213	\$ 16,129
Investments (Note 5)	12,427	12,873
Accounts Receivable, Net (Note 6)	79	107
Other Assets	42	53
<b>TOTAL INTRAGOVERNMENTAL ASSETS</b>	<b>34,761</b>	<b>29,162</b>

**PUBLIC**

Investments (Note 5)	177	183
Accounts Receivable, Net (Note 6)	1,329	1,163
Loans Receivable, Net (Note 7)	2,858	2,337
Cash (Note 4)	34	28
Inventories and Related Properties, Net (Note 8)	54	69
General Property, Plant and Equipment, Net (Note 9)	12,176	11,638
Other Assets	28	30
<b>TOTAL PUBLIC ASSETS</b>	<b>16,656</b>	<b>15,448</b>

**TOTAL ASSETS****\$ 51,417** **\$ 44,610****LIABILITIES****INTRAGOVERNMENTAL**

Accounts Payable	\$ 115	\$ 92
Debt	1,052	983
Other Liabilities (Note 13)	2,140	1,992
<b>TOTAL INTRAGOVERNMENTAL LIABILITIES</b>	<b>3,307</b>	<b>3,067</b>

**PUBLIC**

Accounts Payable	3,938	835
Liabilities for Loan Guarantees (Note 7)	3,769	3,272
Federal Employee and Veterans Benefits Liability (Note 11)	1,129,527	1,155,612
Environmental and Disposal Liabilities (Note 12)	558	384
Insurance Liabilities (Note 15)	11,217	11,633
Other Liabilities (Note 13)	7,710	7,154
<b>TOTAL PUBLIC LIABILITIES</b>	<b>1,156,719</b>	<b>1,178,890</b>

**TOTAL LIABILITIES****1,160,026** **1,181,957****NET POSITION**

Unexpended Appropriations – Earmarked Funds (Note 17)	(9,184)	(6,965)
Unexpended Appropriations – All Other Funds	11,291	8,239
Cumulative Results of Operations – Earmarked Funds (Note 17)	10,076	7,849
Cumulative Results of Operations – All Other Funds	(1,120,792)	(1,146,470)
<b>TOTAL NET POSITION</b>	<b>(1,108,609)</b>	<b>(1,137,347)</b>

**TOTAL LIABILITIES AND NET POSITION****\$ 51,417** **\$ 44,610**

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



<b>DEPARTMENT OF VETERANS AFFAIRS</b>		
<b>CONSOLIDATED STATEMENTS OF NET COST (dollars in millions)</b>		
<b>for the Years Ended September 30,</b>	<b>2007</b>	<b>2006</b>
<b>NET PROGRAM COSTS (NOTE 19)</b>		
Medical Care	\$ 32,013	\$ 29,103
Medical Education	1,267	1,101
Medical Research	843	813
Compensation	34,897	31,879
Pension	3,902	3,752
Education	2,348	2,304
Vocational Rehabilitation and Employment	722	709
Loan Guaranty	(200)	(823)
Insurance	94	104
Burial	355	376
<b>NET PROGRAM COSTS BEFORE CHANGES IN VETERANS BENEFITS ACTUARIAL LIABILITIES</b>	<b>76,241</b>	<b>69,318</b>
Compensation	(26,000)	31,100
Burial	(100)	100
<b>SUBTOTAL</b>	<b>(26,100)</b>	<b>31,200</b>
<b>NET NON-PROGRAM COSTS</b>	<b>953</b>	<b>944</b>
<b>NET COST OF OPERATIONS (NOTE 19)</b>	<b>\$ 51,094</b>	<b>\$ 101,462</b>

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**DEPARTMENT OF VETERANS AFFAIRS**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION (dollars in millions)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Earmarked Funds	All Other Funds	Eliminations	FY 2007 Consolidated Total
<b>Cumulative Results of Operations</b>				
Beginning Balance	\$ 7,887	\$ (1,146,470)	\$ (38)	\$ (1,138,621)
<b>Budgetary Financing Sources</b>				
Appropriations Used	-	78,983	-	78,983
Nonexchange Revenue	-	9	-	9
Donations	27	-	-	27
Transfer without Reimbursement	42	-	(42)	-
<b>Other Financing Sources (Non-Exchange)</b>				
Donations of Property	19	1	-	20
Transfers In/Out Reimbursement	-	(1,448)	1,206	(242)
Imputed Financing	-	1,408	-	1,408
Other	-	-	(1,206)	(1,206)
Total Financing Sources	88	78,953	(42)	78,999
Net Cost of Operations	(2,181)	53,275	-	51,094
<b>Net Change</b>	<b>2,269</b>	<b>25,678</b>	<b>(42)</b>	<b>27,905</b>
Ending Balance – Cumulative Results	\$ 10,156	\$ (1,120,792)	\$ (80)	\$ (1,110,716)
<b>Unexpended Appropriations</b>				
Beginning Balance	\$ (6,965)	\$ 8,201	\$ 38	\$ 1,274
<b>Budgetary Financing Sources</b>				
Appropriations Received	-	79,817	-	79,817
Appropriations Transferred In/Out	(2,219)	2,210	42	33
Other Adjustments	-	(35)	-	(35)
Appropriations Used	-	(78,982)	-	(78,982)
Total Budgetary Financing Sources	(2,219)	3,010	42	833
<b>Total Unexpended Appropriations</b>	<b>\$ (9,184)</b>	<b>\$ 11,211</b>	<b>\$ 80</b>	<b>\$ 2,107</b>
<b>Total Net Position</b>	<b>\$ 972</b>	<b>\$ (1,109,583)</b>	<b>\$ -</b>	<b>\$ (1,108,609)</b>

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**DEPARTMENT OF VETERANS AFFAIRS**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION (dollars in millions)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Earmarked Funds	All Other Funds	Eliminations	FY 2006 Consolidated Total
<b>Cumulative Results of Operations</b>				
Beginning Balance	\$ 781	\$ (1,115,470)	\$ 4,971	\$ (1,109,718)
<b>Budgetary Financing Sources</b>				
Appropriations Used	-	72,561	-	72,561
Nonexchange Revenue	-	9	-	9
Donations	28	-	-	28
Transfer without Reimbursement	5,009	-	(5,009)	-
<b>Other Financing Sources (Non-Exchange)</b>				
Donations of Property	25	1	-	26
Transfers In/Out Reimbursement	1	(1,369)	1,156	(212)
Imputed Financing	-	1,303	-	1,303
Other	-	-	(1,156)	(1,156)
Total Financing Sources	5,063	72,505	(5,009)	72,559
Net Cost of Operations	(2,043)	103,505	-	101,462
<b>Net Change</b>	<b>7,106</b>	<b>(31,000)</b>	<b>(5,009)</b>	<b>(28,903)</b>
Ending Balance – Cumulative Results	\$ 7,887	\$ (1,146,470)	\$ (38)	\$ (1,138,621)
<b>Unexpended Appropriations</b>				
Beginning Balance	\$ -	\$ 7,277	\$ (4,971)	\$ 2,306
<b>Budgetary Financing Sources</b>				
Appropriations Received	-	71,747	-	71,747
Appropriations Transferred In/Out	(6,965)	1,971	5,009	15
Other Adjustments	-	(234)	-	(234)
Appropriations Used	-	(72,560)	-	(72,560)
Total Budgetary Financing Sources	(6,965)	924	5,009	(1,032)
<b>Total Unexpended Appropriations</b>	<b>\$ (6,965)</b>	<b>\$ 8,201</b>	<b>\$ 38</b>	<b>\$ 1,274</b>
<b>Total Net Position</b>	<b>\$ 922</b>	<b>\$ (1,138,269)</b>	<b>\$ -</b>	<b>\$ (1,137,347)</b>

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**DEPARTMENT OF VETERANS AFFAIRS**  
**COMBINED STATEMENT OF BUDGETARY RESOURCES (NOTE 20) (dollars in millions)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

		<b>Non-Budgetary Budgetary Credit Program</b>
<b>Budgetary Resources</b>		
Unobligated Balance at the Beginning of the Period	\$ 16,958	\$ 3,560
Recoveries of Prior Year Obligations	6	-
Budget Authority		
Appropriations Received	82,630	-
Borrowing Authority	-	590
Spending Authority from Offsetting Collections		
Earned	5,261	1,522
Change in Unfilled Customer Orders	(250)	-
Subtotal	87,641	2,112
Nonexpenditure Transfers, net	33	-
Permanently Not Available	(77)	(521)
<b>Total Budgetary Resources</b>	<b>\$ 104,561</b>	<b>\$ 5,151</b>
<b>Status of Budgetary Resources</b>		
Obligations Incurred	\$ 86,249	\$ 2,201
Unobligated Balance Available	15,702	-
Unobligated Balance Not Yet Available	2,610	2,950
<b>Total Status of Budgetary Resources</b>	<b>\$ 104,561</b>	<b>\$ 5,151</b>
<b>Change in Obligated Balance</b>		
Obligated Balance, Net Beginning of Period	\$ 8,109	\$ 127
Obligations Incurred	86,249	2,201
Less Gross Outlays	(81,747)	(2,267)
Less Recoveries of Prior Year Unpaid Obligations, Actual	(6)	-
Change in Uncollected Customer Payments from Federal Sources	306	26
<b>Obligated Balance, Net End of Period</b>	<b>\$ 12,911</b>	<b>\$ 87</b>
<b>Net Outlays</b>		
Gross Outlays	\$ 81,747	\$ 2,267
Less Offsetting Collections	(5,317)	(1,548)
Less Distributed Offsetting Receipts	(2,560)	(1,050)
<b>Net Outlays</b>	<b>\$ 73,870</b>	<b>\$ (331)</b>

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**DEPARTMENT OF VETERANS AFFAIRS**  
**COMBINED STATEMENT OF BUDGETARY RESOURCES (NOTE 20) (dollars in millions)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<b>Non-Budgetary Budgetary Credit Program</b>	
<b>Budgetary Resources</b>		
Unobligated Balance at the Beginning of the Period	\$ 16,135	\$ 5,707
Recoveries of Prior Year Obligations	3	-
Budget Authority		
Appropriations Received	74,577	-
Borrowing Authority	-	522
Spending Authority from Offsetting Collections		
Earned	5,404	1,792
Change in Unfilled Customer Orders	1,087	-
Subtotal	<u>81,068</u>	<u>2,314</u>
Nonexpenditure Transfers, net	15	-
Permanently Not Available	<u>(315)</u>	<u>(1,733)</u>
<b>Total Budgetary Resources</b>	<b><u>\$ 96,906</u></b>	<b><u>\$ 6,288</u></b>
<b>Status of Budgetary Resources</b>		
Obligations Incurred	\$ 79,948	\$ 2,728
Unobligated Balance Available	13,966	-
Unobligated Balance Not Yet Available	<u>2,992</u>	<u>3,560</u>
<b>Total Status of Budgetary Resources</b>	<b><u>\$ 96,906</u></b>	<b><u>\$ 6,288</u></b>
<b>Change in Obligated Balance</b>		
Obligated Balance, Net Beginning of Period	\$ 8,230	\$ 77
Obligations Incurred	79,948	2,728
Less Gross Outlays	(78,911)	(2,653)
Less Recoveries of Prior Year Unpaid Obligations, Actual	(3)	-
Change in Uncollected Customer Payments from Federal Sources	<u>(1,155)</u>	<u>(25)</u>
<b>Obligated Balance, Net End of Period</b>	<b><u>\$ 8,109</u></b>	<b><u>\$ 127</u></b>
<b>Net Outlays</b>		
Gross Outlays	\$ 78,911	\$ 2,653
Less Offsetting Collections	(5,336)	(1,767)
Less Distributed Offsetting Receipts	<u>(3,065)</u>	<u>(1,369)</u>
<b>Net Outlays</b>	<b><u>\$ 70,510</u></b>	<b><u>\$ (483)</u></b>

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