

U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATED BALANCE SHEETS

As of September 30, 2004 and 2003

(In Millions)

| | 2004 | 2003 |
|---|------------------|------------------|
| ASSETS | | |
| Intragovernmental: | | |
| Fund Balance with Treasury [Note 2] | \$962 | \$922 |
| Investments, Net [Note 3] | 670,667 | 637,397 |
| Interest Receivable on Investments | 9,237 | 9,121 |
| Accounts Receivable [Note 4] | 1,222 | 1,272 |
| Total Intragovernmental | 682,088 | 648,712 |
| Accounts Receivable from the Public, Net [Note 4] | 946 | 962 |
| Assets Held by Insurance Carriers | 686 | 713 |
| General Property and Equipment, Net | 10 | 13 |
| TOTAL ASSETS | \$683,730 | \$650,400 |
| LIABILITIES | | |
| Intragovernmental | \$453 | \$465 |
| Federal Employee Benefits: | | |
| Benefits Due and Payable | 8,154 | 7,974 |
| Pension Liability [Note 5] | 1,174,500 | 1,136,100 |
| Postretirement Health Benefits Liability [Note 6] | 261,556 | 239,525 |
| Actuarial Life Insurance Liability [Note 7] | 30,830 | 29,349 |
| Total Federal Employee Benefits | 1,475,040 | 1,412,948 |
| Contingencies [Note 15] | 53 | 49 |
| Other [Note 8] | 949 | 966 |
| Total Liabilities | 1,476,495 | 1,414,428 |
| NET POSITION | | |
| Unexpended Appropriations | 49 | 64 |
| Cumulative Results of Operations | (792,814) | (764,092) |
| Total Net Position | (792,765) | (764,028) |
| TOTAL LIABILITIES AND NET POSITION | \$683,730 | \$650,400 |

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

U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATED STATEMENTS OF NET COST
For the Years Ended September 30, 2004 and 2003
(In Millions)

| | | 2004 | 2003 |
|------------------------|---|------------------|-----------------|
| | Intragovernmental Gross Costs [Note 1D] | - | - |
| | Gross Costs with the Public | \$68,626 | \$73,129 |
| | Total Gross Costs | 68,626 | 73,129 |
| <i>Provide</i> | Intragovernmental Earned Revenue | (29,070) | (29,338) |
| <i>CSRS Benefits</i> | Earned Revenue with the Public | (3,294) | (3,467) |
| | Total Earned Revenue | (32,364) | (32,805) |
| | Total Net Cost | \$36,262 | \$40,324 |
| | Intragovernmental Gross Costs [Note 1D] | - | - |
| | Gross Costs with the Public | \$21,913 | \$29,524 |
| | Total Gross Costs | 21,913 | 29,524 |
| <i>Provide</i> | Intragovernmental Earned Revenue | (22,912) | (21,200) |
| <i>FERS Benefits</i> | Earned Revenue with the Public | (883) | (812) |
| | Total Earned Revenue | (23,795) | (22,012) |
| | Total Net Cost | (\$1,882) | \$7,512 |
| | Intragovernmental Gross Costs [Note 1D] | - | - |
| | Gross Costs with the Public | \$49,453 | \$57,619 |
| | Total Gross Costs | 49,453 | 57,619 |
| <i>Provide</i> | Intragovernmental Earned Revenue | (13,967) | (12,652) |
| <i>Health Benefits</i> | Earned Revenue with the Public | (7,951) | (7,277) |
| | Total Earned Revenue | (21,918) | (19,929) |
| | Total Net Cost | \$27,535 | \$37,690 |
| | Intragovernmental Gross Costs [Note 1D] | - | - |
| | Gross Costs with the Public | \$3,640 | \$3,813 |
| | Total Gross Costs | 3,640 | 3,813 |
| <i>Provide</i> | Intragovernmental Earned Revenue | (1,645) | (1,740) |
| <i>Life Insurance</i> | Earned Revenue with the Public | (1,806) | (1,713) |
| <i>Benefits</i> | Total Earned Revenue | (3,451) | (3,453) |
| | Total Net Cost | \$189 | \$360 |
| | Intragovernmental Gross Costs | \$39 | \$59 |
| | Gross Costs with the Public | 577 | 468 |
| | Total Gross Costs | 616 | 527 |
| <i>Provide</i> | Intragovernmental Earned Revenue | (546) | (398) |
| <i>Human Resource</i> | Earned Revenue with the Public | (2) | (1) |
| <i>Services</i> | Total Earned Revenue | (548) | (399) |
| | Total Net Cost | \$68 | \$128 |
| | Intragovernmental Gross Costs | \$39 | \$59 |
| | Gross Costs with the Public | 144,209 | 164,553 |
| | Total Gross Costs | 144,248 | 164,612 |
| <i>Total</i> | Intragovernmental Earned Revenue | (68,140) | (65,328) |
| <i>Net Cost</i> | Earned Revenue with the Public | (13,936) | (13,270) |
| <i>of Operations</i> | Total Earned Revenue | (82,076) | (78,598) |
| | Total Net Cost | \$62,172 | \$86,014 |

U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended September 30, 2004 and 2003

(In Millions)

| | 2004 | | | 2003 | | |
|--------------------------------------|----------------------------------|---------------------------|--------------------|----------------------------------|---------------------------|--------------------|
| | Cumulative Results of Operations | Unexpended Appropriations | Net Position | Cumulative Results of Operations | Unexpended Appropriations | Net Position |
| BEGINNING BALANCES | (\$764,092) | \$64 | (\$764,028) | (\$706,948) | \$11 | (\$706,937) |
| FINANCING SOURCES | | | | | | |
| Budgetary: | | | | | | |
| Transfer-in from General Fund | 25,921 | - | 25,921 | 21,878 | - | 21,878 |
| Appropriations: | | | | | | |
| Received | - | 7,515 | 7,515 | - | 6,872 | 6,872 |
| Used | 7,483 | (7,483) | - | 6,801 | (6,801) | - |
| Cancelled | - | (32) | (32) | - | (33) | (33) |
| Other Financing Sources | 46 | (15) | 31 | 191 | 15 | 206 |
| Total Financing Sources | 33,450 | (15) | 33,435 | 28,870 | 53 | 28,923 |
| NET COST OF OPERATIONS | 62,172 | - | 62,172 | 86,014 | - | 86,014 |
| ENDING BALANCES | (\$792,814) | \$49 | (\$792,765) | (\$764,092) | \$64 | (\$764,028) |

U.S. OFFICE OF PERSONNEL MANAGEMENT
COMBINED STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2004 and 2003
(In Millions)

| | 2004 | 2003 |
|---|-----------|------------|
| | | [Restated] |
| BUDGETARY RESOURCES | | |
| Appropriations: | | |
| Received | \$7,515 | \$6,872 |
| Cancelled | (32) | (33) |
| Trust Fund Receipts: | | |
| Appropriated | 82,414 | 78,365 |
| Precluded from Obligation [Note 9] | (29,940) | (27,853) |
| Spending Authority from Offsetting Collections: | | |
| Collected | 33,307 | 30,512 |
| Changes in Receivables from Federal Sources and Unfilled Customer Orders | 151 | 272 |
| <i>Subtotal</i> | 33,458 | 30,784 |
| Recoveries of Prior-Year Obligations | 39 | |
| Unobligated Balance - Beginning of Period | 32,815 | 29,968 |
| Total Budgetary Resources | \$126,269 | \$118,103 |
| STATUS OF BUDGETARY RESOURCES | | |
| Obligations Incurred: [Note 11] | | |
| Direct | \$89,703 | \$84,762 |
| Reimbursable | 483 | 526 |
| <i>Subtotal</i> | 90,186 | 85,288 |
| Unobligated Balance: | | |
| Available | 222 | 171 |
| Not available | 35,861 | 32,644 |
| <i>Subtotal</i> | 36,083 | 32,815 |
| Total, Status of Budgetary Resources | \$126,269 | \$118,103 |
| RELATIONSHIP OF OBLIGATIONS TO OUTLAYS | | |
| Obligations Incurred | \$90,186 | \$85,288 |
| Plus: Obligated Balance, Net - Beginning of the Period | 7,785 | 7,462 |
| Less: Obligated Balance, Net - End of the Period: | | |
| Accounts Payable and Undelivered Orders | 9,885 | 9,621 |
| Accounts Receivable and Unfilled Customer Orders | (1,984) | (1,836) |
| <i>Subtotal</i> | 7,901 | 7,785 |
| Less: Changes in Receivables from Federal Sources and Unfilled Customer Orders | 151 | 272 |
| Disbursements | 89,919 | 84,693 |
| Collections | (33,307) | (30,512) |
| <i>Subtotal</i> | 56,612 | 54,181 |
| Less: Offsetting Receipts [Note 14] | 25,958 | 21,911 |
| Net Outlays | \$30,654 | \$32,270 |

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

U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATED STATEMENTS OF FINANCING
For the Years Ended September 30, 2004 and 2003
(In Millions)

| | 2004 | 2003 |
|--|--------------|--------------|
| | | |
| <i>RESOURCES USED TO FINANCE ACTIVITIES</i> | | |
| Budgetary Resources Obligated: | | |
| Obligations Incurred | \$90,186 | \$85,288 |
| Spending Authority from Offsetting Collections | (33,458) | (30,784) |
| Appropriated Trust Fund Receipts | (82,414) | (78,365) |
| Net Budgetary Resources Obligated | (25,686) | (23,861) |
| Offsetting Receipts: | | |
| Transfer-in from the General Fund | 25,921 | 21,878 |
| Other | 37 | 33 |
| Subtotal | 25,958 | 21,911 |
| Other | (11) | 206 |
| Total Resources Used to Finance Activities | 261 | (1,744) |
| <i>RESOURCES USED TO FINANCE ITEMS NOT PART OF NET COST OF OPERATIONS</i> | 27 | 64 |
| <i>COMPONENTS OF NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD</i> | | |
| Components Requiring or Generating Resources in Future Periods: | | |
| Increase in Actuarial Liabilities | 61,912 | 87,600 |
| Increase (Decrease) in Contingent Liabilities | 4 | (156) |
| Exchange Revenue not in the Budget | (50) | 175 |
| Components not Requiring or Generating Resources | 18 | 75 |
| Total Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period | 61,884 | 87,694 |
| <i>NET COST OF OPERATIONS</i> | \$62,172 | \$86,014 |

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

U.S. Office of Personnel Management
NOTES TO FINANCIAL STATEMENTS
September 30, 2004 and 2003
[In Millions]

NOTE 1 — Summary Of Significant Accounting /Policies

A. Reporting Entity

The United States Office of Personnel Management (OPM) is the Federal government's human resources agency. It was created as an independent agency of the Executive Branch of government on January 1, 1979. Many of the functions of the former Civil Service Commission were transferred to OPM at that time.

The accompanying financial statements present OPM's financial position, net cost of operations, change in net position, status of budgetary resources, and a reconciliation of its net cost of operations to its budgetary obligations as required by the Chief Financial Officers Act of 1990 (CFO Act) and the Government Management Reform Act of 1994 (GMRA). The financial statements include all accounts — appropriation, trust, trust revolving and revolving funds — under OPM's control. The financial statements do not include the effect of any centrally-administered assets and liabilities related to the Federal government as a whole, which may in part be attributable to OPM.

The financial statements are comprised of the following major programs administered by OPM:

Retirement Program. The Program is comprised of two defined-benefit pension plans: the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). Together, the two plans cover substantially all full-time, permanent civilian Federal employees. The CSRS, implemented in 1921, is a stand-alone plan, providing benefits to most Federal employees hired before 1984. The FERS, established in 1986, uses Social Security as its base and provides an additional defined benefit and a voluntary thrift savings plan to most employees entering the Federal service after 1983; OPM does not administer the Thrift Savings Plan. Both plans are operated via the Civil Service Retirement and Disability Fund (CSRDF), a trust fund.

Health Benefits Program. The Program provides hospitalization and major medical protection to Federal employees, retirees, former employees, family members, and former spouses. The Program, implemented in 1960, is operated through two trust revolving funds: the Employees Health Benefits Fund and the Retired Employees Health Benefits Fund. To provide benefits, OPM contracts with two types of health benefits carriers: fee-for-service, whose participants or their health care providers are reimbursed for the cost of services, and health maintenance organizations (HMOs), which provide or arrange for services on a prepaid basis through designated providers. Most of the contracts of carriers that provide fee-for-service benefits are experience-rated, with the amount contributed by and for participants affected by, among other things, the number and size of claims. Most HMO contracts are community-rated, so that the amount paid by and for participants is essentially the same as that paid by and for participants in similarly-sized subscriber groups.

Life Insurance Program. The Program provides group term life insurance coverage to Federal employees and retirees. The Program was implemented in 1954 and significantly modified in 1980. It is operated through the Employees Group Life Insurance Fund, a revolving trust fund, and is

administered, virtually in its entirety, by the Metropolitan Life Insurance Company under contract with OPM. The Program provides Basic life insurance (which includes accidental death and dismemberment coverage) and three packages of optional coverage.

Other Programs. *The Revolving Fund Programs* provide a variety of human resource-related services to other Federal agencies, such as pre-employment testing, security investigations, and employee training. The Salaries and Expenses Funds (*Salaries and Expenses*) provide the resources used by OPM for the administrative costs of the agency.

B. Basis of Accounting and Presentation

These financial statements have been prepared to report the financial position, net cost, changes in net position, budgetary resources and reconciliation of net cost to budgetary obligations of OPM as required by the CFO Act and GMRA. These financial statements have been prepared from the books and records of OPM in accordance with accounting principles generally accepted in the United States of America (GAAP), Office of Management Budget (OMB) Bulletin No. 01-09, "Form and Content of Agency Financial Statements." GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard-setting body for the federal government. These financial statements present proprietary and budgetary information. OPM, pursuant to OMB directives, prepares additional financial reports that are used to monitor and control the OPM's use of budgetary resources.

OPM has presented comparative FY 2004 financial statements for the Consolidated Balance Sheet, Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, the Combined Statement of Budgetary Resources and Consolidated Statement of Financing, in accordance with OMB financial statement reporting guidelines. Certain prior year amounts have been reclassified to conform to current year presentation.

The financial statements should be read with the realization that they are for a component of the United States Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources and legal authority to do so.

The accounting structure of Federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds.

C. Use of Management's Estimates

The preparation of financial statements in accordance with GAAP requires management to make certain estimates. These estimates affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of earned revenues and costs during the reporting period. Actual results could differ from those estimates.

D. Financial Statement Classifications

Entity vs. Non-entity Assets. Entity assets are those that the reporting entity has the legal authority to use in its operations. Accordingly, all of OPM's assets are entity assets.

Intragovernmental and Other Balances. Throughout these financial statements, intragovernmental assets, liabilities, revenues and costs have been classified according to the type of entity with which the transactions are associated. OPM classifies as intragovernmental, those transactions with other Federal entities, including the U.S. Postal Service (USPS). In accordance with Federal accounting standards, OPM classifies employee contributions to the Retirement, Health Benefits and Life Insurance Programs as exchange revenues “from the public.” OPM’s entire gross cost to provide Retirement, Health and Life Insurance benefits, however, is classified as costs “with the public” because the recipients of these benefits are Federal employee, retirees, and their survivors and families. As a consequence, on the accompanying consolidated Statement of Net Cost and in other notes to OPM’s financial statements, OPM reports that there are no intragovernmental gross costs to provide retirement, health and life insurance benefits. The consolidated Statement of Net Cost provides its users with the ability to ascertain whether OPM’s exchange revenues are sufficient to cover the total cost it has incurred to provide retirement, health and life insurance benefits.

Exchange vs. Non-exchange Revenue. Exchange or earned revenue is an inflow of resources to a Government entity that the entity has earned; it arises when each party to transaction sacrifices value and receives value in return. All of OPM’s revenues are classified as exchange revenues. Federal reporting standards require that earnings on investments be classified in the same manner as the entity’s “predominant source of revenue;” OPM, therefore, classifies it as earned revenue. Employing agency and Participant Contributions to the Retirement, Health Benefits and Life Insurance Programs (as well as the special contributions by the USPS) are classified as exchange revenues, since they represent exchanges of money and services in return for current and future benefits.

Liabilities Covered by Budgetary Resources. OPM has no authority to liquidate a liability, unless budgetary resources have been made specifically available to do so. Where budgetary resources have not been made available, the liability is disclosed as being “not covered by budgetary resources.” Since no budgetary resources have been made available to liquidate the Pension, Postretirement Health Benefits, and Actuarial Life Insurance Liabilities, they are disclosed as being “not covered by budgetary resources.” With minor exception, all other OPM liabilities are disclosed as being “covered by budgetary resources.”

Net Position. OPM’s Net Position is classified into two separate balances. The Cumulative Results of Operations comprises OPM’s net results of operations since its inception. Unexpended Appropriations is the balance of appropriated authority granted to OPM against which no outlays have been made.

Obligated vs. Unobligated Balance. OPM’s Combined Statements of Budgetary Resources present its unobligated and obligated balances as of the end of the fiscal year. The obligated balance reflects the budgetary resources against which OPM has incurred obligations, but has not made outlays. The unobligated balance is the portion of budgetary resources against which OPM has not yet incurred obligations. OPM’s unexpended balance is the total of its obligated and unobligated balances.

Direct vs. Reimbursable Obligations. A reimbursable obligation reflects the costs incurred to perform services or provide goods that must be paid back by the recipients. OPM classifies all of its incurred obligations as direct, except those of the Revolving Fund Programs, against which only reimbursable obligations may be incurred.

E. Net Cost of Operations

To derive its net cost of operations, OPM deducts the earned revenues associated with its gross cost of providing benefits and services on the accompanying Consolidated Statements of Net Cost.

Gross Cost of Providing Benefits and Services. OPM’s gross cost of providing benefits and services is classified by responsibility segment. All Program costs (including Salaries and Expenses) are directly traced, assigned, or allocated on a reasonable and consistent basis to one of five responsibility segments. The following table associates OPM’s gross cost by Program to its responsibility segments:

| Program | Responsibility Segment |
|--|--|
| Retirement Program | Provide CSRS Benefits Provide FERS Benefits |
| Health Benefits Program | Provide Health Benefits |
| Life Insurance Program | Provide Life Insurance Benefits |
| Revolving Fund Programs Salaries and Expenses | Provide Human Resources Services |

F. Benefit Program Funding

Retirement Program

CSRS. The CSRS is contributory; both employing agencies and participants contribute a percentage of payroll to the CSRDF to fund coverage. Employee and employing agency contributions for most participants are approximately 7.0 percent of payroll in both fiscal years 2004 and 2003. In accordance with the Postal Civil Service Retirement System Funding Reform Act of 2003 (P.L. 108-18), the USPS must contribute to the CSRDF an amount equal to the service cost of the CSRS less the amount contributed by its participating employees.

Accordingly, the USPS began to contribute approximately 18.0 and 17.4 percent of payroll in 2004 and 2003, respectively. P.L. 108-18 also repeals the provisions of law that required the USPS to amortize over 15 years the increases in future CSRS annuities resulting from annual employee pay raises and retiree cost-of-living adjustments (COLAs). Instead, beginning in fiscal year 2004, the USPS must amortize over 40 years a “supplemental liability” that has arisen as a result of CSRS benefits earned by USPS employees.

FERS. The FERS is also contributory; both employing agencies and participants must contribute a percentage of payroll to the CSRDF to fund coverage. The participant contribution is set by law

to be equal to the CSRS participant contribution rate less the Old Age Survivor and Disability Insurance deduction rate. Total contributions by and for most FERS participants are 11.5 percent of payroll for both fiscal years 2004 and 2003. The service cost for these participants is 12.0 percent of payroll for fiscal years 2004 and 2003.

Health Benefits Program. The Program is contributory; both participants and their employing agency or retirement system must make contributions. The law provides a formula for computing a percentage of premiums negotiated with each carrier that the employing agency will pay; the participant pays the remainder. For Retirement Program annuitants, the employing agency share is drawn from an OPM appropriation account.

Life Insurance Program. Both participants and their employing agencies or retirement systems are required to make contributions to Basic life insurance coverage, generally on a two-thirds to one-third basis. For Retirement Program annuitants, the employing agency share is drawn from an OPM appropriation account. For optional coverage, the entire contribution is borne by the participant.

G. Financing Sources Other than Earned Revenue

OPM receives inflows of assets from financing sources other than earned revenue. These financing sources are not deducted from OPM's gross cost of providing benefits and services on the Consolidated Statements of Net Cost, but added to its net position on the Consolidated Statements of Changes in Net Position. OPM's major financing sources other than earned revenue are:

Transfer-in from the General Fund. Since the contributions by and for participants do not cover the service cost of the CSRS, the U.S. Treasury is required by law to transfer an amount annually to the Retirement Program from the General Fund of the U.S. to subsidize in part this under-funding.

Appropriations Used. By an act of Congress, OPM receives appropriated authority allowing it to incur obligations and make expenditures to cover the operating costs of the agency ("Salaries and Expenses") and the Government's share of the cost of health and life insurance benefits for Retirement Program annuitants. OPM recognizes appropriations as "used" at the time it incurs these obligations against its appropriated authority.

H. Budgetary Resources

Budgetary resources reflect OPM's authority to incur obligations that will result in the outlay of monies. OPM receives new budgetary resources each fiscal year in the form of appropriations, trust fund receipts, and spending authority from offsetting collections. In addition, OPM normally carries-over a balance of unobligated budgetary resources from the prior fiscal year, which is generally unavailable for obligation, but may be drawn-upon should new budgetary resources be insufficient to cover obligations incurred.

Appropriations. By act of Congress, OPM receives budgetary resources in the form of appropriations that allow it to incur obligations to pay (1) the Government's share of the cost of health and life insurance benefits for Retirement Program annuitants and (2) in part, the administrative and operating expenses of the Agency. OPM's appropriations are "definite," in that the amount of the authority is stated at the time it is granted, and "annual," in that the authority

is available for obligation only during the current fiscal year. At fiscal year-end, any unobligated balances in the appropriations that fund the Government's share of the cost of health and life insurance benefits are cancelled.

Trust Fund Receipts. Collections by OPM that are credited to the CSRDF generate budgetary resources in the form of trust fund receipts. Trust fund receipts are considered to be immediately appropriated and available to cover the valid obligations of the Retirement Program as they are incurred. At the end of each fiscal year, the amount by which OPM's collections have exceeded its incurred obligations are temporarily precluded from obligation and added to OPM's trust fund balance [see Note 9].

Spending Authority from Offsetting Collections. The amount collected by OPM and credited to the Health Benefits, Life Insurance and Revolving Fund Programs generate budgetary resources in the form of "spending authority from offsetting collections" (SAOC). During the fiscal year, the obligations incurred by OPM for these Programs may not exceed their SAOC or the amounts apportioned by OMB, whichever is less. At year-end, the balance of SAOC in excess of obligations incurred is brought forward into the subsequent fiscal year, but is generally unavailable for obligation.

I. Fund Balance with Treasury

Fund Balance with Treasury (FBWT) comprises the aggregate total of OPM's unexpended, uninvested balances in its appropriation, trust, revolving, and trust revolving accounts. All of OPM's collections are deposited into and its expenditures paid from one of its FBWT accounts. OPM invests FBWT balances associated with the Retirement, Health Benefits, and Life Insurance Program that are not immediately needed to cover expenditures.

J. Investments, Net

OPM invests the excess FBWT for the Retirement, Health Benefits, and Life Insurance Programs in securities guaranteed by the United States as to principal and interest. Retirement Program monies are invested initially in Certificates of Indebtedness ("Certificates"), which are issued by the Treasury at par value and mature on the following June 30. The Certificates are routinely redeemed at face value to pay for authorized Program expenditures. Each June 30, all outstanding Certificates are "rolled over" into special government account series (GAS) securities that are issued by the Treasury at par-value, with a yield equaling the average of all marketable Public Debt securities with four or more years to maturity. The Retirement Program also carries, but does not routinely invest in, securities issued by the Federal Financing Bank (FFB) and a small amount of other securities.

Health Benefits and Life Insurance Programs monies are invested in "market-based" securities that mirror the terms of marketable Treasury securities. In addition, OPM invests Health Benefits and Life Insurance Program monies that are immediately needed for expenditure in "overnight" market-based securities, with a yield equal to the overnight repurchase agreement rate calculated by the Federal Reserve Bank of New York. Investments are stated at original acquisition cost net of amortized premium and discount. Premium and discount are amortized into interest income over the term of the investment, using the interest method. The market-based securities

are valued using the quoted market prices for the securities upon which they are based. There are no quoted market prices for the remaining securities: the market value of the special GAS securities held by the Retirement Program, the Certificates, and the FFB securities is equal to their par values.

K. Accounts Receivable

Accounts receivable consists of amounts owed to OPM by Federal entities (“intragovernmental”) and amounts owed by the public (“from the public”). The balance of accounts receivable from the public is stated net of an allowance for uncollectible amounts, which is based on past collection experience and an analysis of outstanding amounts. OPM regards its intragovernmental accounts receivable balance as fully collectible.

L. Assets Held by Insurance Carriers

This represents the balance of assets held by the experience-rated carriers participating in the Health Benefits Program and by the Life Insurance Program carriers, pending disposition on behalf of OPM.

M. General Property and Equipment

OPM capitalizes major long-lived software and equipment. Software costing over \$10 thousand is capitalized at the cost of either purchase or development, and is amortized using a straight-line method over a useful life of five years. Equipment costing over \$10 thousand is capitalized at purchase cost and depreciated using the straight-line method over five years. The cost of minor purchases repairs and maintenance is expensed as incurred.

N. Benefits Due and Payable

Benefits due and payable is comprised of two categories of accrued expenses. The first reflects claims filed by participants in the Retirement, Health Benefits and Life Insurance Programs that are unpaid in the current reporting period and includes an estimate of health benefits and life insurance claims incurred but not yet reported. The second is a liability for the amount owed as premiums to community-rated carriers participating in the Health Benefits Program that are unpaid in the current reporting period.

O. Actuarial Liabilities and Associated Expenses

OPM records actuarial liabilities [the Pension Liability, Postretirement Health Benefits Liability, and the Actuarial Life Insurance Liability] and associated expenses. These liabilities are measured as of the first day of the year, with a “roll-forward” or projection to the end of the year. The “roll-forward” considers all major factors that affect the measurement that occurred during the reporting year, including pay raises, cost of living allowances, and material changes in the number of participants.

P. Cumulative Results of Operations

The balance of OPM’s Cumulative Results of Operations is negative because of the recognition of actuarial liabilities that will be liquidated in future periods.

Q. Tax Status

As an agency of the Federal government, OPM is generally exempt from all income taxes imposed by any governing body, whether it be a Federal, state, commonwealth, local, or foreign government.

Note 2 -- Fund Balance with Treasury

Fund Balances. FBWT balances by account type at the end of fiscal years 2004 and 2003 are:

| 2004 | Retirement Program | Health Benefits Program | Life Insurance Program | Other | Total |
|-----------------------|--------------------|-------------------------|------------------------|-------|-------|
| Revolving Fund | - | - | - | \$77 | \$77 |
| Trust Fund | \$13 | - | - | - | 13 |
| Trust Revolving Funds | - | \$1 | \$1 | - | 2 |
| Appropriated Funds | - | 760 | 4 | 106 | 870 |
| <i>Total</i> | \$13 | \$761 | \$5 | \$183 | \$962 |
| 2003 | | | | | |
| Revolving Fund | - | - | - | \$109 | \$109 |
| Trust Fund | \$28 | - | - | - | 28 |
| Trust Revolving Funds | - | \$12 | \$3 | - | 15 |
| Appropriated Funds | - | 675 | 4 | 91 | 770 |
| <i>Total</i> | \$28 | \$687 | \$7 | \$200 | \$922 |

Status of Unexpended Balances. OPM's unexpended balances are comprised of its FBWT and its investments, (at par, net of original discount). The following table presents the portions of OPM's unexpended balances that are obligated, unobligated and precluded from obligation at the end of fiscal years 2004 and 2003:

| 2004 | Retirement Program | Health Benefits Program | Life Insurance Program | Other | Total |
|--|--------------------|-------------------------|------------------------|-----------|-----------|
| UNEXPENDED BALANCE | | | | | |
| FBWT | \$13 | \$761 | \$5 | \$183 | \$962 |
| Investments | 631,858 | 10,757 | 27,679 | - | 670,294 |
| <i>Total, Unexpended Balance</i> | \$631,871 | \$11,518 | \$27,684 | \$671,256 | |
| STATUS OF UNEXPENDED BALANCE | | | | | |
| Obligated | \$4,599 | \$3,110 | \$314 | (\$122) | \$7,901 |
| Unobligated: | | | | | |
| Available | - | - | - | 222 | 222 |
| Unavailable | - | 8,408 | 27,370 | 83 | 35,861 |
| Precluded (Note 9) | 627,272 | - | - | - | 627,272 |
| <i>Total, Status of Unexpended Balance</i> | \$631,871 | \$11,518 | \$27,684 | \$183 | \$671,256 |
| 2003 | | | | | |
| 2003 | Retirement Program | Health Benefits Program | Life Insurance Program | Other | Total |
| UNEXPENDED BALANCE | | | | | |

| | | | | | |
|----------------------------------|------------------|----------------|-----------------|--------------|------------------|
| FBWT | \$28 | \$687 | \$7 | \$200 | \$922 |
| Investments | 601,706 | 9,025 | 26,279 | - | 637,010 |
| <i>Total, Unexpended Balance</i> | <i>\$601,734</i> | <i>\$9,712</i> | <i>\$26,286</i> | <i>\$200</i> | <i>\$637,932</i> |

**STATUS OF UNEXPENDED
BALANCE**

| | | | | | |
|--|------------------|----------------|-----------------|--------------|------------------|
| Obligated | \$4,402 | \$3,158 | \$247 | \$(22) | \$7,785 |
| Unobligated: | | | | | |
| Available | - | - | - | 171 | 171 |
| Unavailable | - | 6,554 | 26,039 | 51 | 32,644 |
| Precluded (Note 9) | 597,332 | - | - | - | 597,332 |
| <i>Total, Status of Unexpended Balance</i> | <i>\$601,734</i> | <i>\$9,712</i> | <i>\$26,286</i> | <i>\$200</i> | <i>\$637,932</i> |

Note 3 – Investments, Net

All of OPM investments are in securities issued by other Federal entities and are therefore classified as intragovernmental. The following tables summarize OPM's investments by Program at the end of fiscal years 2004 and 2003:

| 2004 | Cost | Amortized Discount/ (Premium) | Investments Net | Market Value |
|---------------------------------|------------------|-------------------------------------|--------------------|------------------|
| Retirement Program: | | | | |
| Par-value GAS securities | \$600,162 | - | \$600,162 | \$600,162 |
| Certificates of Indebtedness | 31,587 | - | 31,587 | 31,587 |
| Other | 110 | - | 110 | 114 |
| Total Retirement Program | 631,859 | - | 631,859 | 631,863 |
| Health Benefits Program | 10,826 | (\$6) | 10,820 | 10,828 |
| Life Insurance Program | 27,781 | 207 | 27,988 | 28,365 |
| Total Investments | \$670,466 | \$201 | \$670,667 | \$671,056 |
| <hr/> <hr/> | | | | |
| 2003 | | | | |
| Retirement Program: | | | | |
| Par-value GAS securities | \$577,442 | - | \$577,442 | \$577,442 |
| Certificates of Indebtedness | 23,987 | - | 23,987 | 23,987 |
| Other | 280 | - | 280 | 280 |
| Total Retirement Program | 601,709 | - | 601,709 | 601,709 |
| Health Benefits Program | 9,088 | 0 | 9,088 | 9,196 |
| Life Insurance Program | 26,412 | \$188 | 26,600 | 27,754 |
| Total Investments | \$637,209 | \$188 | \$637,397 | \$638,659 |

Note 4 – Accounts Receivable, Net

Intragovernmental. The balances comprising OPM’s intragovernmental accounts receivable as of September 30, 2004 and 2003 are:

| 2004 | Retirement Program | Health Benefits Program | Life Insurance Program | Other | Total |
|-----------------------------------|--------------------|-------------------------|------------------------|--------------|---------------|
| Employer contributions receivable | \$624 | \$438 | \$14 | - | \$1076 |
| Other | - | - | - | \$146 | 146 |
| <i>Total</i> | <i>\$624</i> | <i>\$438</i> | <i>\$14</i> | <i>\$146</i> | <i>\$1222</i> |
| 2003 | | | | | |
| Employer contributions receivable | \$624 | \$445 | \$14 | - | \$1154 |
| Other | - | - | - | \$118 | 118 |
| <i>Total</i> | <i>\$695</i> | <i>\$445</i> | <i>\$14</i> | <i>\$118</i> | <i>\$1272</i> |

From the Public. The balances comprising the accounts receivable OPM classifies as “from the public” at September 30, 2004 and 2003 are presented in the following tables:

| 2004 | Retirement Program | Health Benefits Program | Life Insurance Program | Other | Total |
|--|--------------------|-------------------------|------------------------|-------------|--------------|
| Participant contributions receivable | \$143 | \$484 | \$91 | - | \$718 |
| Overpayment of benefits (net of allowance of \$54) | 115 | - | - | - | 115 |
| Due from carriers (net of allowance of \$5) | - | 27 | - | - | 27 |
| Other | - | - | - | \$86 | 86 |
| <i>Total</i> | <i>\$258</i> | <i>\$511</i> | <i>\$91</i> | <i>\$86</i> | <i>\$946</i> |
| 2003 | | | | | |
| Employer contributions receivable | \$170 | \$464 | \$91 | - | \$725 |
| Overpayment of benefits (net of allowance of \$55) | 110 | - | - | - | 110 |
| Due from carriers (net of allowance of \$1) | - | 35 | - | - | 35 |
| Other | - | - | - | \$92 | 92 |
| <i>Total</i> | <i>\$280</i> | <i>\$499</i> | <i>\$91</i> | <i>\$92</i> | <i>\$962</i> |

Note 5 – Pension Liability

In computing the Pension Liability and associated expense, OPM’s actuary applies economic assumptions to historical cost information to estimate the government’s future cost to provide CSRS and FERS benefits to current and future retirees. The estimate is adjusted by the time value of money and the probability of having to pay benefits due to assumed decrements for mortality, morbidity, and terminations. Actuarial gains or losses occur to the extent that actual experience differs from these assumptions.

Economic Assumptions. The Board of Actuaries of the Civil Service Retirement System approved a revised set of economic assumptions for use in calculating the Pension Liability and related expense for fiscal year 2003. These assumptions were adopted after the Board reviewed

statistical data prepared by the OPM's actuaries and considered trends that may affect future experience. The economic assumptions were not revised for fiscal year 2004. The following table presents the significant economic assumptions used to compute the Pension Liability in fiscal years 2004 and 2003:

| | 2004 | 2003 |
|-----------------------------|-------|-------|
| Interest rate | 6.25% | 6.25% |
| Rate of inflation | 3.25% | 3.25% |
| Rate of increases in salary | 4.00% | 4.00% |

Pension Expense. The following tables present Pension Expense by cost component for fiscal years 2004 and 2003:

| 2004 | CSRS | FERS | TOTAL |
|------------------------|-----------------|-----------------|------------------|
| Service cost | \$11,707 | \$12,733 | \$24,440 |
| Interest cost | 59,059 | 11,082 | 70,141 |
| Actuarial gain | (2,140) | (1,902) | (4,042) |
| <i>Pension Expense</i> | <i>\$68,626</i> | <i>\$21,913</i> | <i>\$90,539</i> |
| 2003 | CSRS | FERS | TOTAL |
| Service cost | \$12,150 | \$11,572 | \$23,722 |
| Interest cost | 57,541 | 9,323 | 66,864 |
| Actuarial loss | 3,438 | 8,629 | 12,067 |
| <i>Pension Expense</i> | <i>\$73,129</i> | <i>\$29,524</i> | <i>\$102,653</i> |

Pension Liability. The following table presents the Pension Liability at the September 30 measurement date:

| 2004 | CSRS | FERS | TOTAL |
|--|------------------|------------------|--------------------|
| Pension Liability at October 1, 2003 | \$964,100 | \$172,000 | \$1,136,100 |
| Plus: Pension Expense | 68,626 | 21,912 | 90,538 |
| Less: Costs applied to Pension Liability | 50,026 | 2,112 | 52,138 |
| <i>Pension Liability at September 30, 2004</i> | <i>\$982,700</i> | <i>\$191,800</i> | <i>\$1,174,500</i> |
| 2003 | CSRS | FERS | TOTAL |
| Pension Liability at October 1, 2002 | \$ 938,200 | \$ 144,300 | \$1,082,500 |
| Plus: Pension Expense | 73,129 | 29,524 | 102,653 |
| Less: Costs applied to Pension Liability | 47,229 | 1,824 | 49,053 |
| <i>Pension Liability at September 30, 2003</i> | <i>\$964,100</i> | <i>\$172,000</i> | <i>\$1,136,100</i> |

Costs Applied to the Pension Liability. In accordance with Federal accounting standards, the Pension Liability is reduced by the total operating costs of the Retirement Program. The following table presents the costs applied to the Pension Liability in fiscal years 2004 and 2003:

| | 2004 | 2003 |
|---|-----------------|-----------------|
| Annuities | \$51,695 | \$49,751 |
| Refunds of contributions | 303 | 287 |
| Administrative and other expenses | 140 | 149 |
| Gain on Sale of Investments | - | (1,134) |
| <i>Costs applied to the Pension Liability</i> | <u>\$52,138</u> | <u>\$49,053</u> |

Imputed Costs. Each fiscal year, OPM’s actuaries compute the Government’s actual cost to provide a future CSRS and FERS benefit to participating employees. This “service cost” is an estimate of the amount that would need to be contributed by and for participating employees over their working careers in order to pay fully for these benefits. Federal accounting standards require that employing agencies incur an imputed cost for the difference between the amount contributed by and for their participating employees and the service cost of the CSRS and FERS.

The following are the service costs for the CSRS and FERS for fiscal years 2004 and 2003, respectively, stated as a percentage of payroll:

| | 2004 | 2003 |
|-------------|-------|-------|
| CSRS | 25.0% | 24.4% |
| FERS | 12.0% | 12.0% |

Note 6 – Postretirement Health Benefits Liability

In computing the Postretirement Health Benefits (PRHB) Liability and associated expense, OPM’s actuary applies economic assumptions to historical cost information to estimate the government’s future cost of providing postretirement health benefits to current employees and retirees. The estimate is adjusted by the time value of money and the probability of having to pay benefits due to assumed decrements for mortality, morbidity, and terminations. Actuarial gains or losses will occur to the extent that actual experience differs from the assumptions used to compute the PRHB Liability and associated expense.

Economic Assumptions. The following table presents the significant economic assumptions used to compute the PRHB Liability as of the September 30 measurement date:

| | 2004 | 2003 |
|--|--------------|--------------|
| Interest rate | 6.25% | 6.25% |
| Increase in per capita cost of covered benefits | 7.00% | 7.00% |

PRHB Expense. The following presents the PRHB Expense by cost component for fiscal years 2004 and 2003:

| | 2004 | 2003 |
|---------------------|-----------------|-----------------|
| Service cost | \$10,288 | \$9,170 |
| Interest cost | 15,337 | 14,069 |
| Actuarial loss | 5,865 | 17,769 |
| <i>PRHB Expense</i> | <u>\$31,490</u> | <u>\$41,008</u> |

PRHB Liability. The following table presents the PRHB Liability at the September 30 measurement date:

| | 2004 | 2003 |
|--|------------------|------------------|
| PRHB Liability at the beginning of the year | \$239,525 | \$207,331 |
| Plus: PRHB Expense | 31,490 | 41,008 |
| Less: Costs applied to the PRHB Liability | 9,459 | 8,814 |
| <i>PRHB Liability at the end of the year</i> | <u>\$261,556</u> | <u>\$239,525</u> |

Costs Applied to PRHB Liability. In accordance with Federal accounting standards, the PRHB Liability is reduced by certain operating costs incurred by the Health Benefits Program. The following table presents the costs that have been applied to the PRHB Liability in fiscal years 2004 and 2003:

| | 2004 | 2003 |
|--|----------------|----------------|
| <i>Current benefits</i> | \$6,866 | \$6,416 |
| Premiums | 1,861 | 1,663 |
| Administrative and other expenses | 732 | 735 |
| <i>Total costs applied to the PRHB Liability</i> | <u>\$9,459</u> | <u>\$8,814</u> |

Effect of Assumptions. The assumed health care cost trend rate has a significant effect on the amounts reported as the PRHB Liability and associated expense. A one percentage point change in the assumed health care cost trend rate would have the following effects in fiscal years 2004 and 2003:

| | 2004 | | 2003 | |
|--------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 8.0% [One Percent Increase] | 6.0% [One Percent Decrease] | 8.0% [One Percent Increase] | 6.0% [One Percent Decrease] |
| <i>Interest cost component</i> | \$17,547 | \$13,490 | \$16,081 | \$12,386 |
| Service cost component | 12,870 | 8,270 | 11,455 | 7,378 |
| PRHB Liability | \$301,640 | \$228,209 | \$275,955 | \$209,190 |

Imputed Cost. Since neither active employees or their employing agencies (other than the USPS) make contributions on a current basis for their post-retirement health benefits coverage, employing agencies must recognize the Government’s entire cost to provide post-retirement health benefits to their employees as an imputed cost. The cost, in whole dollars per participant, is \$4,420 and \$3,766 per participant in the FEHB in fiscal years 2004 and 2003, respectively.

Note 7—Actuarial Life Insurance Liability

The Actuarial Life Insurance Liability (ALIL) is the expected present value (EPV) of future benefits to be paid to, or on behalf of, existing Life Insurance Program participants, less the EPV of future contributions to be collected from those participants. In calculating it, OPM’s actuary uses assumptions that are consistent with those used in computing the Pension Liability [Note 5].

The Life Insurance Program is funded by means of the “level premium” method. That is, the contributions paid by and for participants remain fixed until age 65, but are set at a level that overcharges during early years of coverage to compensate for higher rates of expected outflows at later years.

ALIL. The following table presents the ALIL as of the September 30 measurement date:

| | 2004 | 2003 |
|---|-----------------|-----------------|
| EPV of future benefits | \$63,505 | \$60,283 |
| EPV of future contributions by participants | (32,675) | (30,934) |
| <i>ALIL</i> | <u>\$30,830</u> | <u>\$29,349</u> |

Future Life Insurance Benefits Expense. The Future Life Insurance Benefits Expense for fiscal years 2004 and 2003 is:

| | 2004 | 2003 |
|---|----------------|----------------|
| ALIL at the end of the year | \$30,830 | \$29,349 |
| ALIL at the beginning of the year | (29,349) | (27,543) |
| <i>Future Life Insurance Benefits Expense</i> | <u>\$1,481</u> | <u>\$1,806</u> |

Imputed Cost. Since neither active employees nor their employing agencies make contributions on a current basis for their post-retirement life insurance benefits coverage, employing agencies must recognize the Government’s cost to provide these benefits to their employees as an imputed cost. The cost is 0.02 percent of the payroll paid to participating employees for both fiscal years 2004 and 2003.

Note 8 -- Other Liabilities

The following liabilities, all current and “with the public”, are classified as “other” on the accompanying Consolidated Balance Sheets as of September 30, 2004 and 2003:

| | Program | 2004 | 2003 |
|---|--|-------|-------|
| Withheld from benefits | Retirement | \$487 | \$442 |
| Accrued carrier liabilities other than benefits | Health Benefits | 369 | 403 |
| Accrued administrative expenses | Revolving Fund and Salaries and Expenses | 93 | 121 |

Total Other Liabilities

| | | |
|--|-------|-------|
| | \$949 | \$966 |
|--|-------|-------|

Note 9 – Trust Fund Balance Precluded from Obligation

The following table presents the balance in the CSRDF that has been precluded from obligation as of September 30, 2004 and 2003:

| | 2004 | 2003 |
|---|------------------|------------------|
| Precluded from obligation at the beginning of the year | \$597,332 | \$569,479 |
| Plus: Trust fund receipts during the year | 82,414 | 78,365 |
| Less: Obligations incurred | 52,474 | 50,512 |
| Excess of trust fund receipts over obligations incurred | 29,940 | 27,853 |
| Precluded from Obligation at the End of the Year | <u>\$627,272</u> | <u>\$597,332</u> |

Note 10 -- Health Benefits/Life Insurance Program Concentrations

During fiscal years 2004 and 2003, approximately half of the Health Benefits Program’s benefits were administered by the Blue Cross and Blue Shield Association, an experience-rated plan. Virtually all of the Life Insurance Program’s benefits were administered by the principal life insurance carrier, Metropolitan Life Insurance Company.

Note 11 -- Apportionment Categories of Incurred Obligations

All of OPM’s accounts are apportioned by OMB, either on a quarterly [Category A] or annually [Category B] basis. For OPM, the Revolving Fund and Salaries and Expense account are apportioned on a quarterly basis [Category A]. All other accounts under OPM’s control are apportioned annually [Category B]. The following chart details the direct and reimbursable obligations that have been incurred against each apportionment category during fiscal years 2004 and 2003:

| FY 2004 | | Direct | Reimbursable | Total |
|-----------------------|---|-----------------|--------------|-----------------|
| Retirement | B | \$52,474 | - | \$52,474 |
| Health Benefits | B | 34,692 | - | 34,692 |
| Life Insurance | B | 2,203 | - | 2,203 |
| Revolving Fund | A | - | \$483 | 483 |
| Salaries and Expenses | A | 334 | - | 334 |
| <i>Total</i> | | <u>\$89,703</u> | <u>\$483</u> | <u>\$90,186</u> |
| FY 2003 | | Direct | Reimbursable | Total |
| Retirement | B | \$50,512 | - | \$50,512 |
| Health Benefits | B | 31,953 | - | 31,953 |

| | | | | |
|-----------------------|---|-----------------|--------------|-----------------|
| Life Insurance | B | 2,056 | - | 2,056 |
| Revolving Fund | A | - | \$526 | 526 |
| Salaries and Expenses | A | 241 | - | 241 |
| <i>Total</i> | | <i>\$84,762</i> | <i>\$526</i> | <i>\$85,288</i> |

Note 12 – Gross Cost and Earned Revenues by Budget Function

The President’s budget classifies financial data according to major function. The gross cost and associated earned revenues of OPM’s programs are classified into three budget functions, as follows:

| Program | Budget Function | Budget Function Code |
|--------------------------------------|--|----------------------|
| Retirement Life Insurance | Federal Employee Retirement and Disability | 602 |
| Health Benefits | Health Care Services | 551 |
| Revolving Fund Salaries and Expenses | Central Personnel Management | 805 |

Total Gross Cost. The following table presents OPM’s gross cost and associated earned revenue by budget function for fiscal years 2004 and 2003:

| Budget Function Code | 2004 | | | 2003 | | |
|----------------------|------------------|-----------------|-----------------|------------------|-----------------|-----------------|
| | Gross Costs | Earned Revenue | Net Cost | Gross Costs | Earned Revenue | Net Cost |
| 602 | \$94,179 | \$59,610 | \$34,569 | \$106,466 | \$58,270 | \$48,196 |
| 551 | 49,453 | 21,918 | 27,535 | 57,619 | 19,929 | 37,690 |
| 805 | 616 | 548 | 68 | 527 | 399 | 128 |
| <i>Total OPM</i> | <i>\$144,248</i> | <i>\$82,076</i> | <i>\$62,172</i> | <i>\$164,612</i> | <i>\$78,598</i> | <i>\$86,014</i> |

Intragovernmental Gross Cost. The following table presents OPM’s intragovernmental gross cost and associated earned revenue by budget function for fiscal years 2004 and 2003:

| Budget Function Code | 2004 | | | 2003 | | |
|--------------------------|-------------|-----------------|-------------------|-------------|-----------------|-------------------|
| | Gross Costs | Earned Revenue | Net Cost | Gross Costs | Earned Revenue | Net Cost |
| 602 | - | \$53,627 | (\$53,627) | - | \$52,278 | (\$52,278) |
| 551 | - | 13,967 | (13,967) | - | 12,652 | (12,652) |
| 805 | \$39 | 546 | (507) | \$59 | 398 | (339) |
| Total Intra-governmental | <i>\$39</i> | <i>\$68,140</i> | <i>(\$68,101)</i> | <i>\$59</i> | <i>\$65,328</i> | <i>(\$65,269)</i> |

Note 13 – Dedicated Collections

OPM collects and credits monies to the CSRDF for the purpose of paying retirement benefits to employees and their survivors after they establish entitlement. As the CSRDF is a trust fund, the

monies collected and credited to it are considered to be “dedicated collections”. For financial reporting purposes, the CSRDF and Retirement Program are interchangeable; the financial position and results of the Retirement Program are presented separately in the accompanying Consolidating Balance Sheet and Statement of Net Cost.

Note14 – Restatement of Statement of Budgetary Resources

Federal reporting standards require that “offsetting receipts” be disclosed as a reduction to outlays on the Statement of Budgetary Resources. In fiscal year 2003, the Retirement Program collected offsetting receipts of \$21,911, comprised largely of the transfer from the General Fund [see Note 1]. OPM, however, did not report these offsetting receipts on its Statement of Budgetary Resources for the year ended September 30, 2003.

As a consequence, OPM’s total net outlays and those of the Retirement Program reported for the year ended September 30, 2003 were overstated by \$21,911. Accordingly, OPM has restated the Statement of Budgetary Resources for the year ended September 30, 2003 to reduce total net outlays and those for the Retirement Program by \$21,911.

The total effect of the restatement is as follows:

| OPM Combined Statement of Budgetary Resources | As Published | Adjustment | As Restated |
|---|---------------------|-------------------|--------------------|
| Disbursements | \$84,693 | - | \$84,693 |
| Collections | (30,512) | - | (30,512) |
| Subtotal | 54,181 | - | 54,181 |
| Less: Offsetting Receipts | - | \$21,911 | 21,911 |
| Net Outlays | \$54,181 | \$21,911 | \$32,270 |
| <i>RETIREMENT PROGRAM Statement of Budgetary Resources</i> | | | |
| Disbursements | \$50,368 | - | \$50,368 |
| Less: Offsetting Receipts | - | | 21,911 |
| Net Outlays | \$50,368 | \$21,911 | \$28,457 |

Note 15 – Contingencies

NTEU v. The United States. A class of present and former Federal employees filed suit against OPM regarding the process by which annual pay increases were applied to certain “special rate” employees. In fiscal year 2003, I U.S. Court of Federal Claims approved a settlement to resolve the remaining issues in the case, with approximately \$178 paid to the plaintiffs. Although the payment was from the Treasury Judgment Fund (TJF), OPM is not required to reimburse the TJF. Accordingly, OPM recognized \$178 as an imputed financing source for Salaries and Expenses in fiscal year 2003.

Health Benefits Program Carriers. OPM is a party to litigation in which certain Health Benefits Program carriers are seeking relief for alleged underpayments of premiums. Although OPM is contesting these allegations, any underpayments that have occurred will have stemmed from inaccuracies in the amount of contributions by and for participants remitted to OPM by employing agencies and retirement systems. OPM has recorded a liability of \$53 and \$49 at September 30, 2004 and 2003, respectively for the estimated amount of losses it will probably incur from this litigation. In addition, OPM has determined that it is reasonably possible that an additional \$5 will result in losses in fiscal year 2004. All losses involving this litigation will be paid from the TJF; OPM, however, has not the budgetary resources to and is precluded by law from reimbursing the TJF. Although it is impossible to ascertain the ultimate legal liability with respect to contingent liabilities, OPM believes that the outcome of this litigation, both pending or known to be threatened, will not have a material adverse effect on OPM’s financial position or results of operations.

Other Litigation. OPM is often involved in other legal and administrative proceedings that arise in the ordinary course of business. OPM management, based upon the opinion of its General Counsel, believes that the combined outcome of all such proceedings, both pending or known to be threatened, will have no material adverse effect on OPM’s financial position or results of operations.

Note 16 – Comparison of Combined Statements of Budgetary Resources to the President’s Budget

OPM prepares the accompanying Combined Statements of Budgetary Resources so that the amounts reported thereon agree materially with the corresponding amounts reported in the Budget of the U.S. Government (“President’s Budget”). The actual amounts for fiscal year 2004 will be included in the President’s Budget for fiscal year 2006. The President’s Budget for fiscal year 2006 has not been published at the time these financial statements were prepared; it is expected to be published in January 2005 and will be available from the U.S. Government Printing Office. The President’s Budget for fiscal year 2005, containing the actual amounts for fiscal year 2003, was released on February 3, 2004. Since OPM did not report offsetting receipts for the Retirement Program in its Combined Statement of Budgetary Resources for fiscal year 2003, OPM’s net outlays for fiscal year 2003 were overstated by \$21,911; as such, it did not agree with the President’s Budget. [See Note 14 – Restatement of Statement of Budgetary Resources for additional information.] With this aforementioned exception, there are no material differences between the actual amounts for fiscal year 2003 published in the President’s Budget and those reported in the accompanying fiscal year 2003 Combined Statement of Budgetary Resources.

Note 17 – Net Cost by Strategic Goal

The following tables present a cross-walk of OPM’s net cost by responsibility segment to its net cost by strategic goal for fiscal years 2004 and 2003:

| Strategic Goals 2004 | | Provide CSRS Benefits | Provide FERS Benefits | Provide Health Benefits | Provide Life Insurance Benefits | Provide Human Resource Services | Total |
|-------------------------|---------------------|-----------------------------|-----------------------------|-------------------------------|---------------------------------------|--|-----------|
| I | Total program cost | - | - | - | - | \$26 | \$26 |
| | Less earned revenue | - | - | - | - | \$17 | \$17 |
| | Net program cost | - | - | - | - | \$9 | \$9 |
| II | Total program cost | - | - | - | - | \$40 | \$40 |
| | Less earned revenue | - | - | - | - | \$26 | \$26 |
| | Net program cost | - | - | - | - | \$14 | \$14 |
| III | Total program cost | \$68,626 | \$21,913 | \$49,453 | \$3,640 | \$439 | \$144,071 |
| | Less earned revenue | \$32,364 | \$ 23,795 | \$21,918 | \$3,451 | \$432 | \$ 81,960 |
| | Net program cost | \$36,262 | (\$1,882) | \$27,535 | \$189 | \$7 | \$62,111 |
| Management Strategy | Total program cost | - | - | - | - | \$111 | \$111 |
| | Less earned revenue | - | - | - | - | \$73 | \$73 |
| | Net program cost | - | - | - | - | \$38 | \$38 |
| Total | Total program cost | \$68,626 | \$21,913 | \$49,453 | \$3,640 | \$616 | \$144,248 |
| | Less earned revenue | \$32,364 | \$23,795 | \$21,918 | \$3,451 | \$548 | \$ 82,076 |
| | Net program cost | \$36,262 | (\$1,882) | \$27,535 | \$189 | \$ 68 | \$ 62,172 |

| Strategic Goals 2003 | | Provide CSRS Benefits | Provide FERS Benefits | Provide Health Benefits | Provide Life Insurance Benefits | Provide Human Resource Services | Total |
|-------------------------|---------------------|-----------------------------|-----------------------------|-------------------------------|---------------------------------------|--|-----------|
| I | Total program cost | - | - | - | - | \$33 | \$33 |
| | Less earned revenue | - | - | - | - | \$17 | \$17 |
| | Net program cost | - | - | - | - | \$16 | \$16 |
| II | Total program cost | - | - | - | - | \$18 | \$18 |
| | Less earned revenue | - | - | - | - | \$9 | \$9 |
| | Net program cost | - | - | - | - | \$9 | \$9 |
| III | Total program cost | \$73,129 | \$29,524 | \$57,619 | \$3,813 | \$404 | \$164,489 |
| | Less earned revenue | \$32,805 | \$22,012 | \$19,929 | \$3,453 | \$335 | \$ 78,534 |
| | Net program cost | \$40,324 | \$7,512 | \$37,690 | \$360 | \$69 | \$85,955 |
| Management Strategy | Total program cost | - | - | - | - | \$72 | \$72 |
| | Less earned revenue | - | - | - | - | \$38 | \$38 |
| | Net program cost | - | - | - | - | \$34 | \$34 |
| Total | Total program cost | \$73,129 | \$29,524 | \$57,619 | \$3,813 | \$527 | \$164,612 |
| | Less earned revenue | \$32,805 | \$22,012 | \$19,929 | \$3,453 | \$399 | \$78,598 |
| | Net program cost | \$40,324 | \$7,512 | \$37,690 | \$360 | \$128 | \$86,014 |

- Strategic Goal I:** Federal agencies adopt human resources management systems that improve their ability to build successful, high-performance organizations.
- Strategic Goal II:** Federal agencies use effective merit-based human capital strategies to create a rewarding work environment that accomplishes the mission.
- Strategic Goal III:** Meet the needs of Federal agencies, employees, and annuitants through the delivery of efficient and effective products and services.
- Management Strategy:** OPM creates an environment that fosters the delivery of services to our customers and employees through effective communication and management of human capital, technology, financial resources, and business processes.

**U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATING BALANCE SHEET**

As of September 30, 2004

(In Millions)

| | Retirement Program | Health Benefits Program | Life Insurance Program | Revolving Fund Programs | Salaries and Expenses | Eliminations | 2004 |
|--|-----------------------|-------------------------------|------------------------------|-------------------------------|-----------------------------|--------------|------------------|
| <i>ASSETS</i> | | | | | | | |
| Intragovernmental: | | | | | | | |
| Fund Balance with Treasury [Note 2] | \$13 | \$761 | \$5 | \$77 | \$106 | - | \$962 |
| Investments, Net [Note 3] | 631,859 | 10,820 | 27,988 | - | - | - | 670,667 |
| Interest Receivable on Investments | 8,901 | 33 | 303 | - | - | - | 9,237 |
| Accounts Receivable [Note 4] | 624 | 438 | 14 | 147 | 3 | (\$4) | 1,222 |
| Total Intragovernmental | 641,397 | 12,052 | 28,310 | 224 | 109 | (4) | 682,088 |
| Accounts Receivable from the Public, Net [Note 4] | 258 | 511 | 91 | 85 | 1 | - | 946 |
| Assets Held by Insurance Carriers | - | 45 | 641 | - | - | - | 686 |
| General Property and Equipment, Net | - | - | - | 1 | 9 | - | 10 |
| TOTAL ASSETS | \$641,655 | \$12,608 | \$29,042 | \$310 | \$119 | (\$4) | \$683,730 |

**U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATING BALANCE SHEET**

As of September 30, 2004

(In Millions)

| | Retirement Program | Health Benefits Program | Life Insurance Program | Revolving Fund Programs | Salaries and Expenses | Eliminations | 2004 |
|---|-----------------------|-------------------------------|------------------------------|-------------------------------|-----------------------------|--------------|------------------|
| LIABILITIES | | | | | | | |
| Intragovernmental | \$2 | \$199 | - | \$251 | \$5 | (\$4) | \$453 |
| Federal Employee Benefits: | | | | | | | |
| Benefits Due and Payable | 4,114 | 3,410 | 630 | - | - | - | 8,154 |
| Pension Liability [Note 5] | 1,174,500 | - | - | - | - | - | 1,174,500 |
| Postretirement Health Benefits Liability [Note 6] | - | 261,556 | - | - | - | - | 261,556 |
| Actuarial Life Insurance Liability [Note 7] | - | - | 30,830 | - | - | - | 30,830 |
| Total Federal Employee Benefits | 1,178,614 | 264,966 | 31,460 | - | - | - | 1,475,040 |
| Contingencies [Note 15] | - | 53 | - | - | - | - | 53 |
| Other [Note 8] | 487 | 369 | - | 28 | 65 | - | 949 |
| Total Liabilities | 1,179,103 | 265,587 | 31,460 | 279 | 70 | (4) | 1,476,495 |
| NET POSITION | | | | | | | |
| Unexpended Appropriations | - | - | - | - | 49 | - | 49 |
| Cumulative Results of Operations | (537,448) | (252,979) | (2,418) | 31 | - | - | (792,814) |
| Total Net Position | (537,448) | (252,979) | (2,418) | 31 | 49 | - | (792,765) |
| TOTAL LIABILITIES AND NET POSITION | \$641,655 | \$12,608 | \$29,042 | \$310 | \$119 | (\$4) | \$683,730 |

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

**U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATING BALANCE SHEET**

As of September 30, 2003

(In Millions)

| | Retirement Program | Health Benefits Program | Life Insurance Program | Revolving Fund Programs | Salaries and Expenses | Eliminations | 2003 |
|--|-------------------------------|--|---------------------------------------|--|--------------------------------------|---------------------|------------------|
| <i>ASSETS</i> | | | | | | | |
| Intragovernmental: | | | | | | | |
| Fund Balance with Treasury [Note 2] | \$28 | \$687 | \$7 | \$109 | \$91 | - | \$922 |
| Investments, Net [Note 3] | 601,709 | 9,088 | 26,600 | - | - | - | 637,397 |
| Interest Receivable on Investments | 8,768 | 32 | 321 | - | - | - | 9,121 |
| Accounts Receivable [Note 4] | 695 | 445 | 14 | 114 | 12 | (\$8) | 1,272 |
| Total Intragovernmental | 611,200 | 10,252 | 26,942 | 223 | 103 | (8) | 648,712 |
| Accounts Receivable from the Public, Net [Note 4] | 280 | 499 | 91 | 91 | 1 | - | 962 |
| Assets Held by Insurance Carriers | - | 81 | 632 | - | - | - | 713 |
| General Property and Equipment, Net | - | - | - | 1 | 12 | - | 13 |
| TOTAL ASSETS | \$611,480 | \$10,832 | \$27,665 | \$315 | \$116 | (\$8) | \$650,400 |

**U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATING BALANCE SHEET**

As of September 30, 2003

(In Millions)

| | Retirement Program | Health Benefits Program | Life Insurance Program | Revolving Fund Programs | Salaries and Expenses | Eliminations | 2003 |
|---|-----------------------|-------------------------------|------------------------------|-------------------------------|-----------------------------|--------------|------------------|
| LIABILITIES | | | | | | | |
| Intragovernmental | (\$8) | \$207 | - | \$271 | \$3 | (\$8) | \$465 |
| Federal Employee Benefits: | | | | | | | |
| Benefits Due and Payable | 3,971 | 3,423 | 580 | - | - | - | 7,974 |
| Pension Liability [Note 5] | 1,136,100 | - | - | - | - | - | 1,136,100 |
| Postretirement Health Benefits Liability [Note 6] | - | 239,525 | - | - | - | - | 239,525 |
| Actuarial Life Insurance Liability [Note 7] | - | - | 29,349 | - | - | - | 29,349 |
| Total Federal Employee Benefits | 1,140,071 | 242,948 | 29,929 | - | - | - | 1,412,948 |
| Contingencies [Note 15] | - | 49 | - | - | - | - | 49 |
| Other [Note 8] | 442 | 403 | - | 52 | 69 | - | 966 |
| Total Liabilities | 1,140,505 | 243,607 | 29,929 | 323 | 72 | (8) | 1,414,428 |
| NET POSITION | | | | | | | |
| Unexpended Appropriations | - | - | - | - | 64 | - | 64 |
| Cumulative Results of Operations | (529,025) | (232,775) | (2,264) | (8) | (20) | - | (764,092) |
| Total Net Position | (529,025) | (232,775) | (2,264) | (8) | 44 | - | (764,028) |
| TOTAL LIABILITIES AND NET POSITION | \$611,480 | \$10,832 | \$27,665 | \$315 | \$116 | (\$8) | \$650,400 |

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

**U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATING STATEMENT OF NET COST**

For the Year Ended September 30, 2004

(In Millions)

| | Retirement Program CSRS | FERS | Total | Health Benefits Program | Life Insurance Program | Revolving Fund Programs | Salaries and Expenses | Eliminations | 2004 |
|--|-------------------------------|------------------|-----------------|-------------------------------|------------------------------|-------------------------------|-----------------------------|----------------|-----------------|
| GROSS COSTS | | | | | | | | | |
| Intragovernmental [Note 1D] | - | - | - | - | - | \$24 | \$199 | (\$184) | \$39 |
| With the Public: | | | | | | | | | |
| Pension Expense [Note 5] | \$68,626 | \$21,913 | \$90,539 | - | - | - | - | - | 90,539 |
| Postretirement Health Benefits [Note 6] | - | - | - | 31,490 | - | - | - | - | 31,490 |
| Future Life Insurance Benefits [Note 7] | - | - | - | - | 1,481 | - | - | - | 1,481 |
| Current Benefits and Premiums | - | - | - | 17,196 | 2,158 | - | - | - | 19,354 |
| Other | - | - | - | 767 | 1 | 476 | 101 | - | 1,345 |
| Total Gross Costs with the Public | 68,626 | 21,913 | 90,539 | 49,453 | 3,640 | 476 | 101 | - | 144,209 |
| Total Gross Costs | 68,626 | 21,913 | 90,539 | 49,453 | 3,640 | \$500 | \$300 | (\$184) | 144,248 |
| EARNED REVENUE | | | | | | | | | |
| Intragovernmental: | | | | | | | | | |
| Employer Contributions | 4,581 | 11,628 | 16,209 | 13,697 | 400 | - | - | - | 30,306 |
| Earnings on Investments | 24,489 | 11,284 | 35,773 | 270 | 1,245 | - | - | - | 37,288 |
| Other | - | - | - | - | - | 534 | 196 | (184) | 546 |
| Total Intragovernmental Earned Revenue | 29,070 | 22,912 | 51,982 | 13,967 | 1,645 | 534 | 196 | (184) | 68,140 |
| With the Public: | | | | | | | | | |
| Participant Contributions | 3,294 | 883 | 4,177 | 7,951 | 1,806 | - | - | - | 13,934 |
| Other | - | - | - | - | - | 2 | - | - | 2 |
| Total Earned Revenue with the Public | 3,294 | 883 | 4,177 | 7,951 | 1,806 | 2 | - | - | 13,936 |
| Total Earned Revenue | 32,364 | 23,795 | 56,159 | 21,918 | 3,451 | 536 | 196 | (184) | 82,076 |
| <i>Net Cost of Operations (Excess of Earned Revenue over Cost)</i> | \$36,262 | (\$1,882) | \$34,380 | \$27,535 | \$189 | (\$36) | \$104 | - | \$62,172 |

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

U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATING STATEMENT OF NET COST
For the Year Ended September 30, 2003
(In Millions)

| | CSRS | Retirement Program FERS | Total | Health Benefits Program | Life Insurance Program | Revolving Fund Programs | Salaries and Expenses | Eliminations | 2003 |
|--|-----------------|-------------------------------|-----------------|-------------------------------|------------------------------|-------------------------------|-----------------------------|----------------|-----------------|
| GROSS COSTS | | | | | | | | | |
| Intragovernmental [Note 1D] | - | - | - | - | - | \$50 | \$182 | (\$173) | \$59 |
| With the Public: | | | | | | | | | |
| Pension Expense [Note 5] | \$73,129 | \$29,524 | \$102,653 | - | - | - | - | - | 102,653 |
| Postretirement Health Benefits [Note 6] | - | - | - | \$41,008 | - | - | - | - | 41,008 |
| Future Life Insurance Benefits [Note 7] | - | - | - | - | \$1,806 | - | - | - | 1,806 |
| Current Benefits and Premiums | - | - | - | 15,882 | 2,007 | - | - | - | 17,889 |
| Other | - | - | - | 729 | - | 376 | 92 | - | 1,197 |
| Total Gross Costs with the Public | 73,129 | 29,524 | 102,653 | 57,619 | 3,813 | 376 | 92 | - | 164,553 |
| Total Gross Costs | 73,129 | 29,524 | 102,653 | 57,619 | 3,813 | \$426 | \$274 | (\$173) | 164,612 |
| EARNED REVENUE | | | | | | | | | |
| Intragovernmental: | | | | | | | | | |
| Employer Contributions | 4,044 | 10,607 | 14,651 | 12,393 | 394 | - | - | - | 27,438 |
| Earnings on Investments | 25,294 | 10,593 | 35,887 | 259 | 1,346 | - | - | - | 37,492 |
| Other | - | - | - | - | - | 428 | 143 | (173) | 398 |
| Total Intragovernmental Earned Revenue | 29,338 | 21,200 | 50,538 | 12,652 | 1,740 | 428 | 143 | (173) | 65,328 |
| With the Public: | | | | | | | | | |
| Participant Contributions | 3,467 | 812 | 4,279 | 7,277 | 1,712 | - | - | - | 13,268 |
| Other | - | - | - | - | 1 | 1 | - | - | 2 |
| Total Earned Revenue with the Public | 3,467 | 812 | 4,279 | 7,277 | 1,713 | 1 | - | - | 13,270 |
| Total Earned Revenue | 32,805 | 22,012 | 54,817 | 19,929 | 3,453 | 429 | 143 | (173) | 78,598 |
| Net Cost of Operations <i>(Excess of Earned Revenue over Cost)</i> | \$40,324 | \$7,512 | \$47,836 | \$37,690 | \$360 | (\$3) | \$131 | - | \$86,014 |

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

**U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION**

For the Year Ended September 30, 2004

(In Millions)

| | Retirement Program | Health Benefits Program | Life Insurance Program | Revolving Fund Programs | Salaries and Expenses | 2004 |
|--|-------------------------------|--|---------------------------------------|--|--------------------------------------|--------------------|
| <i>CUMULATIVE RESULTS OF OPERATIONS</i> | | | | | | |
| Beginning Balance | (\$529,025) | (\$232,775) | (\$2,264) | (\$8) | (\$20) | (\$764,092) |
| Budgetary Financing Sources: | | | | | | |
| Appropriations Used | - | 7,326 | 35 | - | 122 | 7,483 |
| Transfers-in from General Fund | 25,921 | - | - | - | - | 25,921 |
| Other Financing Sources | 36 | 5 | - | 3 | 2 | 46 |
| Total Financing Sources | 25,957 | 7,331 | 35 | 3 | 124 | 33,450 |
| Net Cost of Operations (Excess of Earned Revenue over Cost) | 34,380 | 27,535 | 189 | (36) | 104 | 62,172 |
| Ending Balance | (\$537,448) | (\$252,979) | (\$2,418) | \$31 | - | (\$792,814) |
| <i>UNEXPENDED APPROPRIATIONS</i> | | | | | | |
| Beginning Balance | - | - | - | - | \$64 | \$64 |
| Budgetary Financing Sources: | | | | | | |
| Appropriations Received | - | \$7,358 | \$35 | - | 122 | 7,515 |
| Appropriations Used | - | (7,326) | (35) | - | (122) | (7,483) |
| Appropriations Cancelled | - | (32) | - | - | - | (32) |
| Other | - | - | - | - | (15) | (15) |
| Total Financing Sources | - | - | - | - | (15) | (15) |
| Ending Balance | - | - | - | - | \$49 | \$49 |
| <i>NET POSITION, END OF THE YEAR</i> | (\$537,448) | (\$252,979) | (\$2,418) | \$31 | \$49 | (\$792,765) |

**U.S. OFFICE OF PERSONNEL MANAGEMENT
CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION**

For the Year Ended September 30, 2003

(In Millions)

| | Retirement Program | Health Benefits Program | Life Insurance Program | Revolving Fund Programs | Salaries and Expenses | 2003 |
|--|-------------------------------|--|---------------------------------------|--|--------------------------------------|--------------------|
| <i>CUMULATIVE RESULTS OF OPERATIONS</i> | | | | | | |
| Beginning Balance | (\$503,067) | (\$201,759) | (\$1,938) | (\$14) | (\$170) | (\$706,948) |
| Budgetary Financing Sources: | | | | | | |
| Appropriations Used | - | 6,674 | 34 | - | 93 | 6,801 |
| Transfers-in from General Fund | 21,878 | - | - | - | - | 21,878 |
| Other Financing Sources | - | - | - | 3 | 188 | 191 |
| Total Financing Sources | 21,878 | 6,674 | 34 | 3 | 281 | 28,870 |
| Net Cost of Operations (Excess of Earned Revenue over Cost) | 47,836 | 37,690 | 360 | (3) | 131 | 86,014 |
| Ending Balance | (\$529,025) | (\$232,775) | (\$2,264) | (\$8) | (\$20) | (\$764,092) |
| <i>UNEXPENDED APPROPRIATIONS</i> | | | | | | |
| Beginning Balance | - | - | - | - | \$11 | \$11 |
| Budgetary Financing Sources: | | | | | | |
| Appropriations Received | - | \$6,707 | \$34 | - | 131 | 6,872 |
| Appropriations Used | - | (6,674) | (34) | - | (93) | (6,801) |
| Appropriations Cancelled | - | (33) | - | - | - | (33) |
| Other | - | - | - | - | 15 | 15 |
| Total Financing Sources | - | - | - | - | 53 | 53 |
| Ending Balance | - | - | - | - | \$64 | \$64 |
| <i>NET POSITION, END OF THE YEAR</i> | (\$529,025) | (\$232,775) | (\$2,264) | (\$8) | \$44 | (\$764,028) |