PRINCIPAL FINANCIAL STATEMENTS

Principal Financial Statements Included in This Report

The principal financial statements included in this report have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990 (P.L. 101-576), the Government Management Reform Act of 1994 and the Office of Management and Budget's (OMB) Circular A-136, "Financial Reporting Requirements." The responsibility for the integrity of the financial information included in these statements rests with management of the U.S. Department of Labor (DOL). The audit of DOL's principal financial statements for FY 2005 and 2004 was performed by R. Navarro & Associates, Inc., Certified Public Accountants. The auditors' report accompanies the principal statements.

The Department's principal financial statements for fiscal years (FY) 2005 and 2004 consisted of the following:

- The **Consolidated Balance Sheets**, which present as of September 30, 2005 and 2004 those resources owned or managed by DOL which are available to provide future economic benefits (assets); amounts owed by DOL that will require payments from those resources or future resources (liabilities) and residual amounts retained by DOL, comprising the difference (net position).

- The **Consolidated Statements of Net Cost**, which present the net cost of DOL operations for the years ended September 30, 2005 and 2004. DOL's net cost of operations includes the gross costs incurred by DOL less any exchange revenue earned from DOL activities. Due to the complexity of DOL's operations, the classification of gross cost and exchange revenues by major program and suborganization is presented in Note 14 to the consolidated financial statements.

- The **Consolidated Statements of Changes in Net Position**, which present the change in DOL's net position resulting from the net cost of DOL operations, budgetary financing sources other than exchange revenues and other financing sources for the years ended September 30, 2005 and 2004.

- The **Combined Statements of Budgetary Resources**, which present the budgetary resources available to DOL during FY 2005 and 2004, the status of these resources at September 30, 2005 and 2004, and the outlay of budgetary resources for the years ended September 30, 2005 and 2004.

- The **Consolidated Statements of Financing**, which reconcile the net cost of operations with the obligation of budgetary resources for the years ended September 30, 2005 and 2004.

- The **Consolidated Statements of Custodial Activity**, which present the sources and disposition of non-exchange revenues collected or accrued by DOL on behalf of other recipient entities for the years ended September 30, 2005 and 2004.

CONSOLIDATED BALANCE SHEETS
As of September 30, 2005 and 2004
(Dollars in Thousands)

	2005	2004
ASSETS		
Intra-governmental		
Funds with U.S. Treasury (Notes 1-C and 2)	$ 9,219,660	$ 9,700,757
Investments (Notes 1-D and 3)	54,952,644	45,446,510
Interest receivable from investments	637,443	580,180
Accounts receivable (Notes 1-E and 4)	3,991,270	3,916,674
Advances (Notes 1-F and 5)	10,812	-
Total intra-governmental	68,811,829	59,644,121
Accounts receivable, net of allowance (Notes 1-E and 4)	1,043,018	1,127,034
Advances (Notes 1-F and 5)	584,139	777,032
Property, plant and equipment, net of depreciation (Notes 1-G and 6)	1,023,422	876,269
Total assets	$ 71,462,408	$ 62,424,456
LIABILITIES AND NET POSITION		
Liabilities (Note 1-I)		
Intra-governmental		
Accounts payable	$ 16,429	$ 22,207
Advances from U.S. Treasury (Notes 1-J and 8)	9,186,557	8,740,557
Other liabilities (Note 11)	206,101	194,427
Total intra-governmental	9,409,087	8,957,191
Accounts payable	1,111,031	1,008,450
Accrued leave (Note 1-K)	94,852	99,676
Accrued benefits (Notes 1-L and 9)	1,147,658	1,344,009
Future workers' compensation benefits (Notes 1-M and 10)	564,305	528,068
Energy employees occupational illness compensation benefits (Note 1-N)	7,436,243	2,793,823
Other liabilities (Note 11)	263,233	239,333
Total liabilities	20,026,409	14,970,550
Net position (Note 1-R)		
Unexpended appropriations	8,115,461	8,299,897
Cumulative results of operations	43,320,538	39,154,009
Total net position	51,435,999	47,453,906
Total liabilities and net position	$ 71,462,408	$ 62,424,456

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF NET COST
For the Years Ended September 30, 2005 and 2004
(Dollars in Thousands)

	2005	2004
NET COST OF OPERATIONS (Notes 1-S and 14)		
CROSSCUTTING PROGRAMS		
Income maintenance		
Gross cost	$ 45,380,694	$ 51,437,650
Less earned revenue	(3,144,410)	(3,274,386)
Net program cost	42,236,284	48,163,264
Employment and training		
Gross cost	6,027,121	6,434,017
Less earned revenue	(17,737)	(17,140)
Net program cost	6,009,384	6,416,877
Labor, employment and pension standards		
Gross cost	724,211	700,428
Less earned revenue	(9,860)	(11,475)
Net program cost	714,351	688,953
Worker safety and health		
Gross cost	798,110	801,890
Less earned revenue	(3,690)	(5,207)
Net program cost	794,420	796,683
OTHER PROGRAMS		
Statistics		
Gross cost	531,675	538,105
Less earned revenue	(6,664)	(5,504)
Net program cost	525,011	532,601
Costs not assigned to programs	95,244	98,721
Less earned revenue not attributed to programs	(10,800)	(20,643)
Net cost not assigned to programs	84,444	78,078
Net cost of operations	$ 50,363,894	$ 56,676,456

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2005 and 2004
(Dollars in Thousands)

	2005		2004	
	Cumulative Results of Operations	**Unexpended Appropriations**	**Cumulative Results of Operations**	**Unexpended Appropriations**
Beginning balances	$ 39,154,009	$ 8,299,897	$ 42,260,590	$ 8,587,666
Budgetary financing sources (Note 1-T)				
Appropriations received		11,100,600		11,510,488
Appropriations transferred		(622,286)		(646,727)
Appropriations not available	-	(326,001)	-	(153,632)
Appropriations used	10,336,749	(10,336,749)	10,997,898	(10,997,898)
Nonexchange revenue (Note 15)				
Employer taxes	40,571,621		37,376,035	
Interest	2,593,415		2,525,135	
Assessments	145,315		145,564	
Reimbursement of unemployment benefits	1,857,193		2,411,887	
Total nonexchange revenue	45,167,544		42,458,621	
Transfers without reimbursement (Note 16)	3,000		3,000	
Other financing sources (Note 1-U)				
Donations	41,760		-	
Imputed financing from costs absorbed by others	108,742		110,344	
Transfers without reimbursement (Note 16)	(1,127,372)		12	
Total financing sources	54,530,423	(184,436)	53,569,875	(287,769)
Net cost of operations	(50,363,894)		(56,676,456)	
Ending balances	$ 43,320,538	$ 8,115,461	$ 39,154,009	$ 8,299,897

The accompanying notes are an integral part of these statements.

COMBINED STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2005 and 2004
(Dollars in Thousands)

	2005	2004
BUDGETARY RESOURCES		
Budget authority		
Appropriations received	$ 57,248,865	$ 58,039,574
Borrowing authority	446,000	497,000
Net transfers	(387,115)	(516,879)
Unobligated balance		
Beginning of period	3,577,791	3,173,996
Net transfers	(215)	(37,592)
Spending authority from offsetting collections		
Earned		
Collected	2,545,382	2,645,532
Receivable from Federal sources	57,700	(24,109)
Change in unfilled customer orders		
Advance received	10,756	(5,534)
Transfers from trust funds	3,873,716	3,884,725
Total spending authority from offsetting collections	6,487,554	6,500,614
Recoveries of prior year obligations	408,672	463,631
Temporarily not available pursuant to public law	(9,296,717)	(22,661)
Permanently not available	(496,197)	(207,353)
Total budgetary resources	$ 57,988,638	$ 67,890,330
STATUS OF BUDGETARY RESOURCES		
Obligations incurred (Note 17)		
Direct	$ 51,333,636	$ 61,566,245
Reimbursable	2,782,927	2,746,299
Total obligations incurred	54,116,563	64,312,544
Unobligated balances available		
Apportioned	2,093,925	2,344,404
Exempt from apportionment	-	(5)
Other available	175,310	212,708
Unobligated balances not available	1,602,840	1,020,679
Total status of budgetary resources	$ 57,988,638	$ 67,890,330
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS		
Obligated balance, net, beginning	$ 8,511,826	$ 9,364,834
Obligated balance, net, ending		
Accounts receivable	(1,473,474)	(1,344,626)
Undelivered orders	5,879,080	6,227,548
Accounts payable	3,603,546	3,628,904
Outlays		
Disbursements	54,081,511	64,693,879
Collections	(6,358,706)	(6,492,578)
Total outlays	47,722,805	58,201,301
Offsetting receipts	(829,392)	(1,549,472)
Net outlays	$ 46,893,413	$ 56,651,829

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF FINANCING
For the Years Ended September 30, 2005 and 2004
(Dollars in Thousands)

	2005	2004
RESOURCES USED TO FINANCE ACTIVITIES		
Budgetary resources obligated		
Obligations incurred	$ 54,116,563	$ 64,312,544
Recoveries of prior year obligations	(408,672)	(463,631)
Less spending authority from offsetting collections	(6,487,554)	(6,500,614)
Obligations, net of offsetting collections and recoveries	47,220,337	57,348,299
Other resources		
Imputed financing from costs absorbed by others	108,742	110,344
Transfers, net	(1,124,372)	3,012
Exchange revenue not in budget	(6,874)	(71,873)
Trust fund exchange revenue	(783,657)	(823,315)
Total resources used to finance activities	45,414,176	56,566,467
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 received or provided	536,240	583,394
Resources that finance the acquisition of assets	(167,252)	(102,862)
Allocation transfers to other agencies	(198,524)	(77,215)
Other resources that do not affect net cost of operations	1,128,086	(800,760)
Total resources used to finance items not part of the net cost of operations	1,298,550	(397,443)
Total resources used to finance the net cost of operations	46,712,726	56,169,024
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		
Increase (decrease) in annual leave liability	(4,823)	1,763
Increase in employee benefits and retirement liabilities	3,556,208	495,628
Other	26,183	(28,273)
Total	3,577,568	469,118
Components not requiring or generating resources		
Depreciation and amortization	54,645	50,106
Revaluation of assets and liabilities	403,376	678,954
Benefit overpayments	(384,421)	(690,746)
Total	73,600	38,314
Total components of the net cost of operations that will not require or generate resources in the current period	3,651,168	507,432
Net cost of operations	$ 50,363,894	$ 56,676,456

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CUSTODIAL ACTIVITY
For the Years Ended September 30, 2005 and 2004
(Dollars in Thousands)

	2005	2004
SOURCES OF CUSTODIAL REVENUE (Notes 1-V and 18)		
Cash collection of fines, penalties, assessments and related interest	$ 130,885	$ 131,639
Less refunds	(214)	(2,206)
Net cash collections	130,671	129,433
Increase (decrease) in amounts to be collected	10,951	(1,964)
Total sources of custodial revenue	141,622	127,469
DISPOSITION OF CUSTODIAL REVENUE (Note 1-V)		
Net transfers to U.S. Treasury general fund	130,671	129,433
Increase (decrease) in amounts to be transferred	10,951	(1,964)
Total disposition of custodial revenue	141,622	127,469
Net custodial activity	$ -	$ -

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The U.S. Department of Labor (DOL), a cabinet level agency of the Executive Branch of the United States Government, was established in 1913, to promote the welfare of the wage earners of the United States. Today the Department's mission remains the same: to foster and promote the welfare of the job seekers, wage earners and retirees of the United States by improving their working conditions, advancing their opportunities for profitable employment, protecting their retirement and health care benefits, helping employers find workers, strengthening free collective bargaining, and tracking changes in employment, prices, and other economic measurements.

DOL is organized into major program agencies, which administer the various statutes and programs for which the Department is responsible. Through the execution of its congressionally approved budget, DOL conducts operations in five major Federal program areas, under three major budget functions: *education, training, employment and social services, health (occupational health and safety),* and *income security.* DOL's major program agencies, and the major programs in which they operate, are shown below.

1. **Major program agencies**

- *Employment and Training Administration (ETA)*
- *Employment Standards Administration (ESA)*
- *Occupational Safety and Health Administration (OSHA)*
- *Bureau of Labor Statistics (BLS)*
- *Mine Safety and Health Administration (MSHA)*
- *Employee Benefits Security Administration (EBSA)*
  (Formerly Pension and Welfare Benefits Administration)
- *Veterans' Employment and Training (VETS)*
- *Other Departmental Programs*
  - *Office of the Assistant Secretary for Administration and Management*
  - *Office of the Solicitor*
  - *Office of the Chief Financial Officer*
  - *Office of the Inspector General*
  - *Bureau of International Labor Affairs*
  - *Women's Bureau*
  - *Office of Disability Employment Policy*

2. **Major programs**

- *Income maintenance*
- *Employment and training*
- *Labor, employment, and pension standards*
- *Worker safety and health*
- *Statistics*

The Pension Benefit Guaranty Corporation (PBGC), a wholly owned Federal government corporation under the chairmanship of the Secretary of Labor, has been designated by the Office of Management and Budget (OMB) as a separate reporting entity for financial statement purposes and has been excluded from the DOL reporting entity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity - Continued

3. Fund accounting structure

DOL's financial activities are accounted for by Federal account symbol, utilizing individual funds and fund accounts within distinct fund types, as discussed below.

- *Trust funds*

The Unemployment Trust Fund was established under the authority of Section 904 of the Social Security Act of 1935, as amended, to receive, hold, invest, and disburse monies collected under the Federal Unemployment Tax Act, as well as state unemployment taxes collected by the states and transferred to the Fund, and unemployment taxes collected by the Railroad Retirement Board and transferred to the Fund.

The Longshore and Harbor Workers' Compensation Act Trust Fund, established under the authority of the Longshore and Harbor Workers' Compensation Act, provides medical benefits, compensation for lost wages, and rehabilitation services for job related injuries and diseases or death to private sector workers in certain maritime and related employment.

The District of Columbia Workmens' Compensation Act Trust Fund, established under the authority District of Columbia Workmens' Compensation Act provides compensation and medical payments to District of Columbia employees for work related injuries or death which occurred prior to July 26, 1982.

The Black Lung Disability Trust Fund, established under the Black Lung Benefit Act, provides compensation and medical benefits to coal miners who suffer disability due to pneumoconiosis, and compensation benefits to their dependent survivors.

Gifts and Bequests uses miscellaneous funds received by gift or bequest to support various activities of the Secretary of Labor.

- *General funds*

Salaries and Expenses include appropriated funds which are used to carry out the missions and functions of the Department, except where specifically provided for from other Departmental funds.

Training and Employment Services provides for a flexible, decentralized system of Federal and local programs of training and other services for the economically disadvantaged designed to lead to permanent gains in employment, through grants to states and Federal programs such as Job Corps, authorized by the Workforce Investment Act and the Job Training Partnership Act.

Welfare to Work Jobs provides funding for the activities of the Welfare-to-Work Grants program established by the Balanced Budget Act of 1997. The program provides formula grants to States and Federally administered competitive grants to other eligible entities to assist welfare recipients in securing lasting unsubsidized employment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

- *General funds - continued*

State Unemployment Insurance and Employment Service Operations includes grants to states for administering the Unemployment Compensation and Employment Service programs. Unemployment Compensation provides administrative grants to state agencies which pay unemployment benefits to eligible workers and collect state unemployment taxes from employers. The Employment Service is a nationwide system providing no-fee employment services to individuals seeking employment and to employers seeking workers. Employment Service activities are financed by allotments to states distributed under a demographically based funding formula established under the Wagner-Peyser Act, as amended.

Payments to the Unemployment Trust Fund was initiated as a result of amendments to the Emergency Unemployment Compensation (EUC) law, which provided general fund financing to the Unemployment Trust Fund to pay emergency unemployment benefits and associated administrative costs.

Advances to the Unemployment Trust Fund and Other Funds provides advances to other accounts within the Unemployment Trust Fund to pay unemployment compensation whenever the balances in these accounts prove insufficient or whenever reimbursements to certain accounts, as allowed by law, are to be made. This account also provides repayable advances to the Black Lung Disability Trust Fund, to make disability payments whenever the fund balance proves insufficient.

Federal Unemployment Benefits and Allowances provides for payment of benefits, training, job search, and relocation allowances as authorized by the Trade Act of 1974.

Community Service Employment for Older Americans provides part time work experience in community service activities to unemployed, low income persons aged 55 and over.

The Federal Employees' Compensation Act Special Benefit Fund provides wage replacement benefits and payment for medical services 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. The Fund also provides for rehabilitation of injured employees to facilitate their return to work.

The Energy Employees Occupational Illness Compensation Fund was established to adjudicate, administer, and pay claims for benefits under the Energy Employees Occupational Illness Compensation Program Act of 2000. The Act authorizes lump sum payments and the reimbursement of medical expenses to employees of the Department of Energy (DOE) or of private companies under contract with DOE, who suffer from specified diseases as a result of their work in the nuclear weapons industry. The Act also authorizes compensation to the survivors of these employees under certain circumstances. The Act was amended by the Ronald Reagan National Defense Authorization Act of 2005 to provide coverage to additional claimants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

- *General funds* - *continued*

Special Benefits for Disabled Coal Miners was established under the Federal Mine Safety and Health Act to pay benefits to coal miners disabled from pneumoconiosis and to their widows and certain other dependents. Part B of the Act assigned processing of claims filed from the origination of the program until June 30, 1973 to the Social Security Administration. Part B claims processing and payment operations were transferred to the Department of Labor effective October 1, 2003.

- *Revolving funds*

The Working Capital Fund maintains and operates a program of centralized services in the national office and the field. The Fund is paid in advance by the agencies, bureaus, and offices for which centralized services are provided, at rates which return the full cost of operations.

- *Special funds*

The Panama Canal Commission Compensation Fund was established to pay workers compensation obligations of the Panama Canal Commission under the Federal Employees' Compensation Act from funding provided by the Commission.

H-1b Funded provides demonstration grants to regional and local entities to provide technical skills training to unemployed and incumbent workers. The fund is supported by fees paid by employers applying for foreign workers under the H-1b temporary alien labor certification program authorized by the American Competitiveness and Workforce Improvement Act of 1998.

- *Deposit funds*

Deposit funds account for monies held temporarily by DOL until ownership is determined, or monies held by DOL as an agent for others.

- *Miscellaneous receipt and clearing accounts*

Miscellaneous receipt accounts hold non-entity receipts and accounts receivable from DOL activities which by law, cannot be deposited into funds under DOL control. The U.S. Department of the Treasury automatically transfers all cash balances in these receipt accounts to the general fund of the Treasury at the end of each fiscal year.

Clearing accounts hold monies which belong to DOL, but for which a specific receipt account has not been determined.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity - Continued

4. Inter-departmental relationships

DOL and the Department of the Treasury (Treasury) are jointly responsible for the operations of the Unemployment Trust Fund and the Black Lung Disability Trust Fund. DOL is responsible for the administrative oversight and policy direction of the programs financed by these trust funds. Treasury acts as custodian over monies deposited into the funds and also invests amounts in excess of disbursing requirements in Treasury securities on behalf of DOL. DOL consolidates the financial results of the Unemployment Trust Fund and the Black Lung Disability Trust Fund into these financial statements.

B. Basis of Accounting and Presentation

These consolidated financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, financing, and custodial activities of the U.S. Department of Labor, in accordance with accounting principles generally accepted in the United States of America and the form and content requirements of OMB Circular A-136. They have been prepared from the books and records of DOL, and include the accounts of all funds under the control of the DOL reporting entity. All interfund balances and transactions have been eliminated, except in the Statement of Budgetary Resources. OMB Circular A-136 requires that the Statement of Budgetary Resources be presented on a combined basis.

OMB Circular A-136 requires budget authority and other resources allocated to another agency to be reported by the transferor of the appropriation in its financial statements unless the allocation transfer is material to the recipient's financial statements. The activity relating to the allocation should be reported in all of the recipient's financial statements, except the Statement of Budgetary Resources, when the allocation transfer is material to the recipient's financial statements. The transferor should continue to report the appropriation and the related budgetary activity in its Statement of Budgetary Resources.

DOL has allocated appropriations to the Department of Agriculture and the Department of Interior in fiscal years 2005 and 2004. These Departments consider this activity material to their respective financial statements, and therefore, DOL reports this activity only in the Combined Statement of Budgetary resources. Appropriations have been allocated to DOL from the Environmental Protection Agency, the General Service Administration, and the Agency for International Development, which DOL considers to be immaterial. These amounts are not included in the DOL financial statements.

Accounting principles generally accepted in the United States of America encompass both accrual and budgetary transactions. Under accrual accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred. Budgetary accounting facilitates compliance with legal constraints on, and controls over, the use of federal funds. These consolidated financial statements are different from the financial reports, also prepared by DOL pursuant to OMB directives, used to monitor DOL's use of budgetary resources.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Funds with U.S. Treasury

DOL's cash receipts and disbursements are processed by the U.S. Treasury. Funds with U.S. Treasury represent obligated and unobligated balances available to finance allowable expenditures and restricted balances, including amounts related to expired authority and amounts not available for use by DOL. (See Note 2)

D. Investments

DOL trust fund balances not required to meet current expenditures are invested by Treasury in interest bearing securities of the U.S. government. Balances held in the Unemployment Trust Fund are invested in non-marketable, special issue Treasury securities, available for purchase exclusively by Federal government agencies and trust funds. Special issues are purchased and redeemed at face value (cost), which is equivalent to their net carrying value on the Consolidated Balance Sheet. Interest rates and maturity dates vary.

Balances held in the Longshore and Harbor Workers' Trust Fund and the District of Columbia Trust Fund, as well as balances held in the Panama Canal Commission Compensation Fund, the Energy Employees Occupational Illness Compensation Fund and the Backwage Restitution Fund are invested in marketable Treasury securities. These investments are stated at amortized cost, which is equivalent to their net carrying value on the Consolidated Balance Sheet. Discounts and premiums are amortized using the effective interest method. Interest rates and maturity dates vary.

Management expects to hold these marketable securities until maturity; therefore, no provision is made in the financial statements for unrealized gains or losses. (See Note 3)

E. Accounts Receivable, Net of Allowance

Accounts receivable consists of intra-governmental amounts due to DOL, as well as amounts due from the public.

1. **Intra-governmental accounts receivable**

   The Federal Employees Compensation (FEC) account within the Unemployment Trust Fund provides unemployment insurance to eligible Federal workers (UCFE) and ex-service members (UCX). DOL recognizes as accounts receivable amounts due from other Federal agencies for unreimbursed UCFE and UCX benefits.

   DOL's Federal Employees' Compensation Act Special Benefit Fund provides workers' compensation (FECA) benefits to eligible Federal workers on behalf of other Federal agencies. DOL recognizes as accounts receivable amounts due from other Federal agencies to the Special Benefit Fund for unreimbursed FECA benefits.

   DOL also has receivables from other Federal agencies for work performed on their behalf under various reimbursable agreements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Accounts Receivable, Net of Allowance - Continued

2. Accounts receivable due from the public

DOL recognizes as accounts receivable State unemployment taxes due from covered employers. Also recognized as accounts receivable are benefit overpayments made by DOL to individuals not entitled to receive the benefit.

DOL recognizes as accounts receivable amounts due from the public for fines and penalties levied against employers by OSHA, MSHA, ESA, and EBSA; for amounts due for backwages assessed against employers by ESA; and for amounts due from grantees and contractors for grant and contract costs disallowed by ETA.

3. Allowance for doubtful accounts

Accounts receivable are stated net of an allowance for uncollectible accounts. The allowance is estimated based on an aging of account balances, past collection experience, and an analysis of outstanding accounts at year-end. (See Note 4)

F. Advances

DOL advances consist primarily of payments made to State employment security agencies (SESAs), and to grantees and contractors to provide for future DOL program expenditures. These advance payments are recorded by DOL as an asset, which is reduced when actual expenditures or the accrual of unreported expenditures are recorded by DOL. (See Note 5)

G. Property, Plant and Equipment, Net of Depreciation

The majority of DOL's property, plant and equipment (PP&E) is general purpose PP&E held by Job Corps centers owned and operated by DOL through a network of contractors. DOL maintains the Capital Asset Tracking and Reporting System (CATARS) to account for Job Corp's PP&E, as well as other general purpose PP&E used by the Department. Internal use software is considered general purpose PP&E.

Real property purchases or improvements and leasehold improvements with a cost greater than $500,000 and a useful life of 2 or more years, internal use software with a cost greater than $300,000 and a useful life of 2 or more years, and equipment with a cost of $50,000 or more and a useful life of 2 or more years are capitalized. PP&E acquisitions not meeting these criteria are charged to expense at the time of purchase. In 2001, PP&E (excluding internal use software) with a cost greater than $25,000 ($5,000 for the Working Capital Fund) and a useful life of 2 or more years and internal use software with a cost greater than $300,000 and a useful life of 2 or more years were capitalized. Prior to 2001, internally developed software in the Working Capital Fund with a cost greater than $5,000 was capitalized, when the cost was intended to be recovered through charges to other DOL users. Prior to 1996, PP&E with a cost greater than $5,000 and a useful life of 2 or more years were capitalized. PP&E acquisitions not meeting these criteria were charged to expense at the time of purchase.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Property, Plant and Equipment, Net of Depreciation - Continued

Property, plant and equipment purchases and additions are stated at cost. Normal repairs and maintenance are charged to expense as incurred. Plant and equipment are depreciated over their estimated useful lives using the straight-line method of depreciation.

Job Corps center construction costs are capitalized as construction-in-progress until completed. Upon completion they are reclassified as structures or facilities and depreciated over their estimated useful life. Leasehold improvements made at Job Corps centers and DOL facilities leased from the General Services Administration are recorded at cost and amortized over their useful lives, using the straight-line method of amortization. (DOL has no operating leases which extend for a period of more than one year.)

Internal use software development costs are capitalized as software development in progress until the development stage has been completed and successfully tested. Upon completion and testing, software development-in-progress costs are reclassified as internal use software and amortized over their estimated useful life.

The table below shows the major classes of DOL's depreciable plant and equipment, and the depreciation periods used for each major classification. (See Note 6)

	Years
Structures, facilities and improvements	20 - 50
Furniture and equipment	2 - 36
ADP software	2 - 15

DOL grantees have acquired real and tangible property with Federal grant funds in which DOL has a reversionary interest when the property is disposed of or no longer used for its authorized purpose. DOL is entitled to a pro rata share of the proceeds from sale of the property or a pro rata share of the property's fair market value, if the property is retained by the grantee but no longer used for DOL purposes.

The value of DOL's reversionary interest in real and tangible property acquired with Federal grant funds can not be determined until the grantee's intention to sell or convert the property is known.

H. Non-entity Assets

Assets held by DOL which are not available to DOL for obligation are considered non-entity assets. DOL holds non-entity assets for the Railroad Retirement Board and for transfer to the U.S. Treasury. (See Note 7)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Liabilities

Liabilities represent probable amounts to be paid by DOL as a result of past transactions, and are recognized when incurred, regardless of whether there are budgetary resources available to pay them. However, the liquidation of these liabilities will consume budgetary resources and cannot be made until available resources have been obligated. For financial reporting purposes, DOL's liabilities are classified as covered or not covered by budgetary resources. Liabilities are classified as covered by budgetary resources if budgetary resources are available for consumption, regardless of whether the available resources have been obligated. Liabilities are classified as not covered by budgetary resources if budgetary resources are not available for consumption. These classifications differ from budgetary reporting, which categorizes liabilities as obligated, consuming budgetary resources, or unobligated, not consuming budgetary resources. Unobligated liabilities include those covered liabilities for which available budgetary resources have not been obligated, as well as liabilities not covered for which budgetary resources are not available. (See Notes 11 and 12)

J. Advances from U.S. Treasury

The Benefits Revenue Act provides for repayable advances to DOL's Black Lung Disability Trust Fund, in the event fund resources are not adequate to meet fund obligations. Spending authority is derived from the Black Lung Disability Trust Fund's indefinite authority to borrow. Repayable advances are provided through transfers from the Advances to the Unemployment Trust Fund and Other Funds appropriation, to the extent of borrowings under the authority. Advances are repayable with interest at a rate determined by the Secretary of the Treasury to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding. Advances made prior to 1982 carried rates of interest equal to the average rate borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt. Outstanding advances bear interest rates ranging from 5.250% to 13.875% at September 30, 2005 and 2004. Amounts in the trust fund shall be available, as provided by appropriation acts, for the payment of interest on, and the repayment of these repayable advances. Interest and principal are paid to the general fund of the Treasury when the Secretary of the Treasury determines that funds are available in the trust fund for such purposes. (See Note 8)

K. Accrued Leave

A liability for annual and compensatory leave is accrued as leave is earned and paid when leave is taken. The balance of leave earned but not taken will be paid from future funding sources. Sick leave and other types of non-vested leave are expensed as taken.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. Accrued Benefits

The financial statements include a liability for unemployment, workers' compensation and disability benefits payable from various DOL funds, as discussed below. (See Note 9)

1. Unemployment benefits payable

The Unemployment Trust Fund provides benefits to unemployed workers who meet State and Federal eligibility requirements. Regular and extended unemployment benefits are paid from State accounts within the Unemployment Trust Fund, financed primarily by a State unemployment tax on employer payrolls. Fifty percent of the cost of extended unemployment benefits is paid from the Extended Unemployment Compensation Account (EUCA) within the Unemployment Trust Fund, financed by a Federal unemployment tax on employer payrolls. Temporary extended unemployment benefits, which began in 2002, are paid from the EUCA and are financed by Federal unemployment tax and general fund appropriations. New claims for this program ended in January 2004. Unemployment benefits to unemployed Federal workers are paid from the Federal Employment Compensation Account within the Unemployment Trust Fund. These benefit costs are reimbursed by the responsible Federal agency. A liability is recognized for unpaid unemployment benefits applicable to the current period and for benefits paid by states that have not been reimbursed by the fund. DOL also recognizes a liability for Federal employees' unemployment benefits to the extent of unpaid benefits for existing claims filed during the current period, payable in the subsequent period.

2. Federal employees disability and 10(h) benefits payable

The Federal Employees' Compensation Act Special Benefit Fund 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. The fund is reimbursed by other Federal agencies for the FECA benefit payments made on behalf of their workers. The fund assumes the liability for unreimbursed (non-chargeable) FECA benefits. The fund also provides 50% of the annual cost-of-living adjustments for pre-1972 compensation cases under the authority of Section 10(h) of the Longshore and Harbor Workers' Compensation Act and the District of Columbia Workmen's Compensation Act.

A liability for FECA benefits payable by the Special Benefit Fund to the employees of other Federal agencies and for 10(h) benefits is accrued to the extent of unpaid benefits applicable to the current period.

3. Black lung disability benefits payable

The Black Lung Disability Trust Fund and Special Benefits for Disabled Coal Miners provide compensation and medical benefits for eligible coal miners who are disabled due to pneumoconiosis (black lung disease). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. Accrued Benefits – Continued

4. Energy employees occupational illness compensation benefits payable

The Energy Employees Occupational Illness Compensation Fund provides benefits to eligible current or former employees of the Department of Energy (DOE) and its contractors suffering from designated illnesses incurred as a result of their work with DOE. Benefits are also paid to certain survivors of those employees and contractors, as well as to certain beneficiaries of the Radiation Exposure Compensation Act. DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

5. Longshore and harbor workers' and District of Columbia disability benefits payable

The Longshore and Harbor Workers' Compensation Trust Fund and the District of Columbia Workmens' Compensation Trust Fund provide compensation and medical benefits for work related injuries to workers in certain maritime employment and to employees of the District of Columbia, respectively. DOL recognizes a liability for disability benefits payable by these funds to the extent of unpaid benefits applicable to the current period.

M. Future Workers' Compensation Benefits

The financial statements include a liability for future workers' compensation benefits payable by DOL to its employees, to employees of the Panama Canal Commission and to enrollees of the Job Corps, as well as benefits not chargeable to other Federal agencies, which must be paid by DOL's Federal Employees' Compensation Act Special Benefit Fund. The liability includes the expected payments for death, disability, medical, and miscellaneous costs for approved compensation cases, as well as a component for incurred but not reported claims. The liability is determined using historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period.

The methodology provides for the effects of inflation and adjusts historical payments to current year constant dollars by applying wage inflation factors (cost of living adjustments or COLAs) and medical inflation factors (consumer price index medical or CPIMs) to the calculation of projected benefits. The compensation COLAs and CPIMs used in the projections for 2005 and 2004 were as follows:

	2005	2004	2005	2004
FY	COLA	COLA	CPIM	CPIM
2005	2.20%	2.03%	4.33%	4.14%
2006	3.33%	2.73%	4.09%	3.96%
2007	2.93%	2.40%	4.01%	3.98%
2008	2.40%	2.40%	4.01%	3.99%
2009	2.40%	2.40%	4.01%	4.02%
2010+	2.40%	2.40%	4.01%	4.02%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M. Future Workers' Compensation Benefits – Continued

Projected annual payments were discounted to present value based on OMB's interest rate assumptions for ten year Treasury notes. For 2005, interest rate assumptions were 4.5% in year one and 5.0% in year two and thereafter. For 2004, interest rate assumptions were 4.9% in year one and 5.2% in year two and thereafter. (See Note 10)

N. Energy Employees Occupational Illness Compensation Benefits

The Energy Employees Occupational Illness Compensation Fund, established under the authority of the Energy Employees Occupational Illness Compensation Program Act of 2000 (EEOICPA), provides benefits to eligible current or former employees of the Department of Energy (DOE) and its contractors, or to certain survivors of those employees and contractors, as well as benefits to certain beneficiaries of the Radiation Exposure Compensation Act. DOL is responsible for adjudicating and administering claims filed under the EEOICPA. Effective July 31, 2001, compensation of $150,000 and payment of medical expenses from the date a claim is filed are available to covered individuals suffering from designated illnesses incurred as a result of their work with DOE. Compensation of $50,000 and payment of medical expenses from the date a claim is filed are available to individuals eligible for compensation under of the Radiation Exposure Compensation Act.

The Ronald Reagan National Defense Authorization Act of 2005 amended EEOICPA to include Subtitle E – Contractor Employee Compensation. This amendment replaces Part D of the EEOICPA, which provided assistance from DOE in obtaining state workers' compensation benefits. The new program grants worker's compensation benefits to covered employees and their families for illness and death arising from exposure to toxic substances at a DOE facility. The amendment also makes it possible for uranium workers as defined under Section 5 of the Radiation Exposure Compensation Act (RECA) to receive compensation under Part E for illnesses due to toxic substance exposure at a uranium mine or mill covered under that Act. These claims were formerly administered and paid by the Department of Justice (DOJ).

DOL has recognized a $7.4 billion and $2.8 billion liability for estimated future benefits payable by DOL at September 30, 2005 and 2004, respectively, to eligible individuals under the EEOICPA. For fiscal year 2005, the undiscounted liability is $10.7 billion discounted to a present value liability of $7.4 billion based on an interest rate of 5.02% projected over a forty-eight year period. For fiscal year 2004, the undiscounted liability is $4.4 billion discounted to a present value liability of $2.8 billion based on an interest rate 5.24% projected over a forty-eight year period. The amendments to the EEOICPA to include Subtitle E as described above accounted for approximately $4.5 billion of the increase in the liability. The estimated liability includes the expected lump sum and estimated medical payments for approved compensation cases and cases filed pending approval, as well as claims incurred but not yet filed. The actuarial projection methodology provided an estimate of the ultimate number of reported cases as a result of estimating future claims from the historical patterns of reported claims and subsequent claim approval rates. Medical payments were derived by estimating an average benefit award per living employee claimant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

O. Employee Health and Life Insurance Benefits

DOL employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). DOL matches the employee contributions to each program to pay for current benefits. During 2005, DOL's contributions to the FEHBP and FEGLIP were $73.9 and $1.9 million, respectively. During 2004, DOL's contributions to the FEHBP and FEGLIP were $70.4 and $1.9 million, respectively. These contributions are recognized as current operating expenses.

P. Other Retirement Benefits

DOL employees eligible to participate in the FEHBP and the FEGLIP may continue to participate in these programs after their retirement. DOL recognizes a current operating expense for the future cost of these other retirement benefits (ORB) at the time the employee's services are rendered. This ORB expense must be financed by OPM, and is offset by DOL through recognition of an imputed financing source. Using cost factors supplied by OPM, DOL recorded ORB expense and imputed financing sources of $64.8 million in 2005 and $60.8 million in 2004.

Q. Employee Pension Benefits

DOL employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). For employees participating in CSRS, 7.0% of their gross earnings is withheld and transferred to the Civil Service Retirement and Disability Fund. DOL contributes an additional 7.0% of the employee gross earnings to the CSRS Retirement and Disability Fund. For employees participating in FERS, DOL withholds 0.8% of gross earnings, and matches the withholding with a 10.7% employer contribution. This total is transferred to the Federal Employees' Retirement Fund. The CSRS and FERS retirement funds are administered by the OPM. DOL contributions to the CSRS and FERS are recognized as current operating expenses. FERS participants are also covered under the Federal Insurance Contribution Act (FICA) and are subject to FICA withholdings. DOL makes matching contributions to FICA, recognized as operating expenses. DOL's matching FICA contributions were $61.0 million in 2005 and $58.7 million in 2004.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participants may contribute up to 10% of their gross pay to the TSP, but there is no departmental matching contribution. FERS participants may contribute up to 15% of their gross pay to the TSP. For employees covered under FERS, DOL contributes 1% of the employees' gross pay to the TSP. DOL also matches 100% of the next 4% contributed. DOL contributions to the TSP are recognized as current operating expenses. The maximum amount that either FERS or CSRS employees may contribute to the TSP in a calendar year is $14,000. Employee and employer contributions to the TSP are transferred to the Federal Retirement Thrift Investment Board.

DOL recognizes the full cost of providing future CSRS and FERS pension benefits to covered employees at the time the employees' services are rendered. The pension expense recognized in the financial statements equals the service cost for covered DOL employees, less amounts contributed by these employees. Service cost represents the actuarial present value of benefits attributed to services rendered by covered employees during the accounting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Q. Employee Pension Benefits - Continued

The measurement of service cost requires the use of actuarial cost methods to determine the percentage of the employees' basic compensation sufficient to fund their projected pension benefit. These percentages (cost factors) are provided by OPM, and applied by DOL to the basic annual compensation of covered employees to arrive at the amount of total pension expense to be recognized in DOL's financial statements.

The excess of total pension expense over the amount contributed by the Department and by DOL's employees represents the amount of pension expense which must be financed directly by OPM. DOL recognized as non-exchange revenue an imputed financing source equal to the excess amount. DOL does not recognize in its financial statements FERS or CSRS assets, accumulated plan benefits or unfunded liabilities, if any, applicable to its employees. (See Note 13)

R. Net Position

DOL's net position consists of the following:

1. **Unexpended appropriations**

   Unexpended appropriations include the unobligated balances and undelivered orders of DOL's appropriated funds. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, until that appropriation is closed, five years after the appropriations expire. Multi-year appropriations remain available to DOL for obligation in future periods.

2. **Cumulative results of operations**

   Cumulative results of operations includes the accumulated historical difference between expenses consuming budgetary resources and financing sources providing budgetary resources in DOL's trust, revolving and special funds; liabilities not consuming budgetary resources net of assets not providing budgetary resources; and DOL's net investment in capitalized assets.

S. Net Cost of Operations

1. **Operating costs**

   Full operating costs are comprised of all direct costs consumed by the program and those indirect costs which can be reasonably assigned or allocated to the program. Full costs are reduced by exchange (earned) revenues to arrive at the program's net operating cost. The full and net operating costs of DOL's major programs are presented in the Consolidated Statements of Net Cost, and are also reported by suborganization in Note 14 to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

S. Net Cost of Operations - Continued

2. Earned revenue

Earned revenues arise from exchange transactions which occur through the provision of goods and services for a price, and are deducted from the full cost of DOL's major programs to arrive at net program cost. Earned revenues are recognized by DOL to the extent reimbursements are payable from other Federal agencies and from the public, as a result of costs incurred or services performed on their behalf. Major sources of DOL's earned revenue include reimbursements due to the Federal Employees' Compensation Act Special Benefit Fund from Federal agencies for the costs of disability compensation and medical care provided to or accrued on behalf of their employees, and reimbursements due to the Unemployment Trust Fund from Federal agencies for the cost of unemployment benefits provided to or accrued on behalf of their employees.

T. Budgetary Financing Sources

Budgetary financing sources other than earned revenues provide funding for the Department's net cost of operations and are reported on the Consolidated Statement of Changes in Net Position. These financing sources include appropriations received, less appropriations transferred and not available, non-exchange revenue, and transfers without reimbursement, as discussed below:

1. Appropriations received, appropriations transferred and appropriations not available

DOL receives financing sources through congressional appropriations to support its operations. A financing source is recognized for these appropriated funds received, less appropriations transferred or not available through rescission or cancellation.

2. Non-exchange revenue

Non-exchange revenues arise from the Federal government's power to demand payments from and receive donations from the public. Non-exchange revenues are recognized by DOL on the Consolidated Statement of Changes in Net Position for the transfer of employer and excise taxes from the entities collecting these taxes and for interest from investments, as discussed below: (See Note 15)

- *Employer taxes*

Employer tax revenues are recognized on a modified cash basis, to the extent of cash transferred by the collecting entity to DOL, plus the change in inter-entity balances between the collecting entity and DOL. Inter-entity balances represent revenue received by the collecting entity, net amounts due to the collecting entity and adjustments made to previous transactions by the collecting entity which have not been transferred to the receiving entity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

T. Budgetary Financing Sources - Continued

2. Non-exchange revenue - continued

- *Employer taxes - continued*

Federal and state unemployment taxes represent non-exchange revenues collected from employers based on wages paid to employees in covered employment. Federal unemployment taxes are collected by the Internal Revenue Service and transferred to designated accounts within the Unemployment Trust Fund. State unemployment taxes are collected by each State and deposited in separate State accounts within the Unemployment Trust Fund. Federal unemployment taxes are used to pay the Federal share of extended unemployment benefits and to provide for Federal and State administrative expenses related to the operation of the unemployment insurance program. State unemployment taxes are restricted in their use to the payment of unemployment benefits.

- *Interest*

The Unemployment Trust Fund, Longshore and Harbor Workers' Trust Fund, District of Columbia Trust Fund, the Panama Canal Commission Compensation Fund and the Energy Employees Occupational Illness Compensation Fund receive interest on fund investments. The Unemployment Trust Fund receives interest from states that had accounts with loans payable to the Federal unemployment account at the end of the prior fiscal year. Interest is also earned on Federal funds in the possession of non-Federal entities. Interest is recognized as non-exchange revenue when earned.

- *Assessments*

The Longshore and Harbor Workers' Trust Fund and District of Columbia Trust Fund receive non-exchange revenues from assessments levied on insurance companies and self-insured employers. Assessments are recognized as non-exchange revenues when due.

- *Reimbursement of unemployment benefits*

The Unemployment Trust Fund receives reimbursements from state and local government entities and non-profit organizations for the cost of unemployment benefits provided to their employees. These reimbursements are recognized as other non-exchange revenue when due.

3. Transfers without reimbursement

Other transfers recognized as financing sources by DOL include the transfer from various DOL general fund unexpended appropriation accounts to the Working Capital Fund's cumulative results of operations. (See Note 16)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

U. Other Financing Sources

Other financing sources include nonexchange revenue and other items that do not represent budgetary resources.

1. **Imputed financing**

   A financing source is imputed by DOL to provide for pension and other retirement benefit expenses recognized by DOL but financed by OPM. (See Notes 1-P and Q)

2. **Transfers without reimbursement**

   Other transfers recognized as financing sources by DOL include the transfers of property from the General Services Administration to the Employment and Training Administration (ETA) to be used in training programs.

   Transfers without reimbursement also include the transfers of liabilities from the Department of Energy and the Department of Justice to the Energy Employees Occupational Illness Compensation Fund. The liabilities were for programs established by the EEIOCPA and RECA. These programs were transferred to DOL by amendments to the EEIOCPA enacted in FY 2005, which expanded coverage for illness or death arising from exposure to toxic substances at the DOE facilities. (See Note 16)

V. Custodial Activity

DOL collects and transfers to the general fund of the U.S. Treasury custodial non-exchange revenues for penalties levied against employers by OSHA, MSHA, ESA, and EBSA for regulatory violations, for ETA disallowed grant costs assessed against canceled appropriations and for FECA administrative costs assessed against government corporations in excess of amounts reserved to finance capital improvements in the Federal Employees' Compensation Act Special Benefit Fund. These collections are not available to the agencies for obligation or expenditure. Penalties and other assessments are recognized as custodial revenues when collected or subject to collection. The source and disposition of these revenues are reported on the Consolidated Statements of Custodial Activity. (See Note 18)

W. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

X. Reclassifications

Certain reclassifications have been made to 2004 financial statements to conform to the 2005 presentation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 2 - FUNDS WITH U.S. TREASURY

Funds with U.S. Treasury at September 30, 2005 consisted of the following:

(Dollars in thousands)	Entity Assets: Unobligated Balance Available	Entity Assets: Unobligated Balance Unavailable	Entity Assets: Obligated Balance Not Yet Disbursed	Entity Assets: Total Entity Assets	Non-entity Assets	Total
Revolving funds	$ 3,900	$ -	$ 27,682	$ 31,582	$ -	$ 31,582
Trust funds	107,154	16,921	(338,941)	(214,866)	(707)	(215,573)
Appropriated funds	2,290,830	1,187,214	5,865,841	9,343,885	-	9,343,885
Other	-	-	-	-	59,766	59,766
	$ 2,401,884	$ 1,204,135	$ 5,554,582	$ 9,160,601	$ 59,059	$ 9,219,660

Funds with U.S. Treasury at September 30, 2004 consisted of the following:

(Dollars in thousands)	Entity Assets: Unobligated Balance Available	Entity Assets: Unobligated Balance Unavailable	Entity Assets: Obligated Balance Not Yet Disbursed	Entity Assets: Total Entity Assets	Non-entity Assets	Total
Revolving funds	$ 3,900	$ -	$ 24,280	$ 28,180	$ -	$ 28,180
Trust funds	149,034	53	52,908	201,995	2	201,997
Appropriated funds	2,566,402	655,579	6,179,624	9,401,605	-	9,401,605
Other	-	-	-	-	68,975	68,975
	$ 2,719,336	$ 655,632	$ 6,256,812	$ 9,631,780	$ 68,977	$ 9,700,757

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 3 - INVESTMENTS

Investments at September 30, 2005 consisted of the following:

(Dollars in thousands)	Face Value	Premium (Discount)	Net Value	Market Value
Unemployment Trust Fund				
Non-marketable				
U.S. Treasury Certificates of Indebtedness				
4.625% maturing June 30, 2006	$ 2,285,274	$ -	$ 2,285,274	$ 2,285,274
Special issue U.S. Treasury Bonds				
4.625% maturing June 30, 2007	26,000,000	-	26,000,000	26,000,000
4.625% maturing June 30, 2008	19,299,158	-	19,299,158	19,299,158
5.500% maturing June 30, 2006	7,221,451	-	7,221,451	7,221,451
	54,805,883	-	54,805,883	54,805,883
Panama Canal Commission Compensation Fund				
Marketable				
U.S. Treasury Notes				
3.625% to 6.875% various maturities	32,307	711	33,018	32,784
U.S. Treasury Bonds				
10.375% to 14.000% various maturities	44,232	4,941	49,173	49,798
	76,539	5,652	82,191	82,582
Longshore and Harbor Workers' Trust Fund				
Non-marketable				
One Day Deposit				
3.460% maturing October 3, 2005	60,000	-	60,000	60,000
District of Columbia Trust Fund				
Non-marketable				
One Day Deposit				
3.460% maturing October 3, 2005	3,000	-	3,000	3,000
Backwage Restitution Fund				
Marketable				
U.S. Treasury Bill				
2.920% to 3.160% maturing October 20, 2005	1,625	(55)	1,570	1,570
	$ 54,947,047	$ 5,597	$ 54,952,644	$ 54,953,035
Entity investments	$ 54,850,990	$ 5,652	$ 54,856,642	$ 54,857,033
Non-entity investments	96,057	(55)	96,002	96,002
	$ 54,947,047	$ 5,597	$ 54,952,644	$ 54,953,035

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 3 - INVESTMENTS - Continued

Investments at September 30, 2004 consisted of the following:

(Dollars in thousands)	Face Value	Premium (Discount)	Net Value	Market Value
Unemployment Trust Fund				
Non-marketable				
U.S. Treasury Certificates of Indebtedness				
4.375% maturing June 30, 2005	$ 10,238,570	$ -	$ 10,238,570	$ 10,238,570
Special issue U.S. Treasury Bonds				
4.375% maturing June 30, 2005	4,210,119	-	4,210,119	4,210,119
6.250% maturing June 30, 2005	22,266,681	-	22,266,681	22,266,681
5.500% maturing June 30, 2006	8,524,011	-	8,524,011	8,524,011
	45,239,381	-	45,239,381	45,239,381
Panama Canal Commission Compensation Fund				
Marketable				
U.S. Treasury Notes				
3.625% to 7.875% various maturities	27,685	450	28,135	28,607
U.S. Treasury Bonds				
10.375% to 14.000% various maturities	49,428	6,494	55,922	58,767
	77,113	6,944	84,057	87,374
Energy Employees Occupational Illness Compensation Fund				
Marketable				
U.S. Treasury Bill				
1.720% maturing October 1, 2004	46,833	-	46,833	46,833
Longshore and Harbor Workers' Trust Fund				
Marketable				
U.S. Treasury Bills				
1.340% to 1.890% various maturities	69,863	(210)	69,653	69,653
District of Columbia Trust Fund				
Marketable				
U.S. Treasury Bills				
1.320% to 1.790% various maturities	5,020	(13)	5,007	5,007
Backwage Restitution Fund				
Marketable				
U.S. Treasury Bill				
1.543% to 1.553% various maturities	1,593	(14)	1,579	1,579
	$ 45,439,803	$ 6,707	$ 45,446,510	$ 45,449,827
Entity investments	$ 45,353,104	$ 6,707	$ 45,359,811	$ 45,363,128
Non-entity investments	86,699	-	86,699	86,699
	$ 45,439,803	$ 6,707	$ 45,446,510	$ 45,449,827

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 4 - ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Accounts receivable at September 30, 2005 consisted of the following:

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity intra-governmental assets			
Due for UCFE and UCX benefits	$ 344,073	$ -	$ 344,073
Due for workers' compensation benefits	3,640,388	-	3,640,388
Other	6,809	-	6,809
	3,991,270	-	3,991,270
Entity assets			
State unemployment taxes	871,549	(636,367)	235,182
Due from reimbursable employers	547,623	(31,513)	516,110
Benefit overpayments	1,949,359	(1,737,979)	211,380
Other	10,264	(2,314)	7,950
	3,378,795	(2,408,173)	970,622
Non-entity assets			
Fines and penalties	113,075	(55,807)	57,268
Backwages	27,789	(12,661)	15,128
	140,864	(68,468)	72,396
	3,519,659	(2,476,641)	1,043,018
	$ 7,510,929	$ (2,476,641)	$ 5,034,288

Changes in the allowance for doubtful accounts during 2005 consisted of the following:

(Dollars in thousands)	Balance at September 30, 2004	Write-offs	Revenue Adjustment	Bad Debt	Balance at September 30, 2005
Entity assets					
State unemployment taxes	$ (556,917)	$ 334,716	$ (414,166)	$ -	$ (636,367)
Due from reimbursable employers	(39,404)	27,088	(19,197)	-	(31,513)
Benefit overpayments	(1,862,710)	524,158	-	(399,427)	(1,737,979)
Other	(2,121)	234	-	(427)	(2,314)
	(2,461,152)	886,196	(433,363)	(399,854)	(2,408,173)
Non-entity assets					
Fines and penalties	(56,326)	20,135	(19,616)	-	(55,807)
Backwages	(10,389)	-	-	(2,272)	(12,661)
	(66,715)	20,135	(19,616)	(2,272)	(68,468)
	$ (2,527,867)	$ 906,331	$ (452,979)	$ (402,126)	$ (2,476,641)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 4 - ACCOUNTS RECEIVABLE, NET OF ALLOWANCE - Continued

Accounts receivable at September 30, 2004 consisted of the following:

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity intra-governmental assets			
Due for UCFE and UCX benefits	$ 333,918	$ -	$ 333,918
Due for workers' compensation benefits	3,572,765	-	3,572,765
Other	9,991	-	9,991
	3,916,674	-	3,916,674
Entity assets			
State unemployment taxes	755,789	(556,917)	198,872
Due from reimbursable employers	659,820	(39,404)	620,416
Benefit overpayments	2,091,586	(1,862,710)	228,876
Other	6,991	(2,121)	4,870
	3,514,186	(2,461,152)	1,053,034
Non-entity assets			
Fines and penalties	115,869	(56,326)	59,543
Backwages	24,846	(10,389)	14,457
	140,715	(66,715)	74,000
	3,654,901	(2,527,867)	1,127,034
	$ 7,571,575	$ (2,527,867)	$ 5,043,708

Changes in the allowance for doubtful accounts during 2004 consisted of the following:

(Dollars in thousands)	Balance at September 30, 2003	Write-offs	Revenue Adjustment	Bad Debt	Balance at September 30, 2004
Entity assets					
State unemployment taxes	$ (524,043)	$ 307,970	$ (340,844)	$ -	$ (556,917)
Due from reimbursable employers	(36,072)	18,974	(22,306)	-	(39,404)
Benefit overpayments	(1,881,135)	688,846	-	(670,421)	(1,862,710)
Other	(481)	1,061	-	(2,701)	(2,121)
	(2,441,731)	1,016,851	(363,150)	(673,122)	(2,461,152)
Non-entity assets					
Fines and penalties	(51,700)	8,504	(13,130)	-	(56,326)
Backwages	(921)	-	-	(9,468)	(10,389)
	(52,621)	8,504	(13,130)	(9,468)	(66,715)
	$ (2,494,352)	$ 1,025,355	$ (376,280)	$ (682,590)	$ (2,527,867)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 5 – ADVANCES

Advances at September 30, 2005 and 2004 consisted of the following:

(Dollars in thousands)	2005	2004
Intra-governmental		
Advances to the Bureau of the Census	$ 10,812	$ -
Advances to states for UI benefit payments	489,177	623,172
Advances to grantees and contractors to finance future DOL program expenditures	89,520	146,463
Other	5,442	7,397
	584,139	777,032
	$ 594,951	$ 777,032

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET OF DEPRECIATION

Property, plant and equipment at September 30, 2005 and 2004 consisted of the following:

	2005			2004
(Dollars in thousands)	Cost or Basis	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value
Structures, facilities and improvements				
Structures and facilities	$ 884,117	$ (356,235)	$ 527,882	$ 464,054
Improvements to leased facilities	385,067	(213,858)	171,209	150,788
	1,269,184	(570,093)	699,091	614,842
Furniture and equipment				
Equipment held by contractors	162,064	(156,852)	5,212	6,026
Furniture and equipment	63,135	(37,286)	25,849	29,310
	225,199	(194,138)	31,061	35,336
ADP software	177,463	(69,656)	107,807	52,347
Construction-in-progress	94,464	-	94,464	106,668
Land	90,999	-	90,999	67,076
	$ 1,857,309	$ (833,887)	$ 1,023,422	$ 876,269

NOTE 7 - NON-ENTITY ASSETS

Non-entity assets consisted of the following at September 30, 2005 and 2004:

(Dollars in thousands)	2005	2004
Intra-governmental		
Funds with U.S. Treasury	$ 59,059	$ 68,977
Investments	96,002	86,699
Interest receivable from investments	1,095	1,086
	156,156	156,762
Accounts receivable, net of allowance	72,396	74,000
	$ 228,552	$ 230,762

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 8 - ADVANCES FROM U.S. TREASURY

Advances from U.S. Treasury to the Black Lung Disability Trust Fund during 2005 consisted of the following:

(Dollars in thousands)	Balance at September 30, 2004	Net Borrowing	Balance at September 30, 2005
Intra-governmental			
Borrowing from the Treasury	$ 8,740,557	$ 446,000	$ 9,186,557
	$ 8,740,557	$ 446,000	$ 9,186,557

Advances from U.S. Treasury to the Black Lung Disability Trust Fund during 2004 consisted of the following:

(Dollars in thousands)	Balance at September 30, 2003	Net Borrowing	Balance at September 30, 2004
Intra-governmental			
Borrowing from the Treasury	$ 8,243,557	$ 497,000	$ 8,740,557
	$ 8,243,557	$ 497,000	$ 8,740,557

Assuming the continuation of current operating conditions, repayment of these and necessary future advances will require a change in the statutory operating structure of the fund. (See Note 19)

NOTE 9 – ACCRUED BENEFITS

Accrued benefits at September 30, 2005 and 2004 consisted of the following:

(Dollars in thousands)	2005	2004
State regular and extended unemployment benefits payable	$ 646,473	$ 869,504
Federal extended unemployment benefits payable	36,338	36,265
Federal temporary extended unemployment benefits	23,620	23,581
Federal emergency unemployment benefits payable	37,714	31,951
Federal employees' unemployment benefits payable	41,885	26,200
Federal employees' unemployment benefits for existing claims due in the subsequent year	145,642	141,022
Total unemployment benefits payable	931,672	1,128,523
Black lung disability benefits payable	51,995	55,542
Federal employees' disability and 10(h) benefits payable	156,570	155,716
Energy employees occupational illness compensation benefits payable	3,812	790
Longshore and harbor workers disability benefits payable	3,234	3,155
District of Columbia disability benefits payable	375	283
	$ 1,147,658	$ 1,344,009

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 10 - FUTURE WORKERS' COMPENSATION BENEFITS

DOL's liability for future workers' compensation benefits at September 30, 2005 and 2004 consisted of the following:

(Dollars in thousands)	2005	2004
Projected gross liability of the Federal government for future FECA benefits	$ 26,007,693	$ 25,570,723
Less liabilities attributed to other agencies:		
U.S. Postal Service	(8,663,963)	(8,379,832)
Department of Navy	(2,725,371)	(2,744,041)
Department of Army	(1,950,173)	(1,937,818)
Department of Veterans Affairs	(1,776,459)	(1,752,895)
Department of Air Force	(1,399,314)	(1,418,832)
Department of Transportation	(1,007,910)	(1,020,500)
Department of Homeland Security	(1,473,295)	(1,398,161)
Tennessee Valley Authority	(580,506)	(594,461)
Department of Treasury	(644,620)	(678,272)
Department of Agriculture	(834,415)	(836,341)
Department of Justice	(926,336)	(829,336)
Department of Interior	(689,306)	(664,856)
Department of Defense, Other	(844,007)	(858,146)
Department of Health and Human Services	(270,354)	(266,389)
Social Security Administration	(284,589)	(288,158)
General Services Administration	(170,113)	(176,351)
Department of Commerce	(173,415)	(179,186)
Department of Energy	(98,479)	(95,184)
Department of State	(60,288)	(59,984)
Department of Housing & Urban Development	(81,613)	(78,622)
Department of Education	(18,082)	(19,882)
National Aeronautics and Space Administration	(62,430)	(68,876)
Environmental Protection Agency	(39,380)	(40,281)
Small Business Administration	(28,967)	(28,436)
Office of Personnel Management	(25,653)	(13,077)
National Science Foundation	(1,381)	(1,465)
Nuclear Regulatory Commission	(8,417)	(8,114)
Agency for International Development	(23,726)	(24,523)
Other	(580,826)	(580,636)
	(25,443,388)	(25,042,655)
	$ 564,305	$ 528,068
Projected liability of the Department of Labor for future FECA benefits		
FECA benefits not chargeable to other Federal agencies payable by DOL's Federal Employees' Compensation Act Special Benefit Fund	$ 270,255	$ 228,487
FECA benefits due to eligible workers of DOL and Job Corp enrollees	233,652	236,560
FECA benefits due to eligible workers of the Panama Canal Commission	60,398	63,021
	$ 564,305	$ 528,068

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 11 - OTHER LIABILITIES

Other liabilities at September 30, 2005 and 2004 consisted of the following current liabilities:

(Dollars in thousands)	2005	2004
Intra-governmental		
Accrued payroll and benefits	$ 9,666	$ 8,281
Unearned FECA assessments	44,347	39,261
Non-entity receipts due to U.S. Treasury	57,268	59,542
Amounts held for the Railroad Retirement Board	94,820	86,209
Advances from other Federal agencies	-	1,134
Total intra-governmental	206,101	194,427
Accrued payroll and benefits	45,261	40,833
Due to Backwage recipients	71,632	63,901
Unearned assessment revenue	48,910	48,117
Deposit and clearing accounts	5,503	20,738
Readjustment allowances and other Job Corps liabilities	84,427	58,244
Other advances	7,500	7,500
	263,233	239,333
	$ 469,334	$ 433,760

NOTE 12 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources at September 30, 2005 and 2004 consisted of the following:

(Dollars in thousands)	2005	2004
Intra-governmental		
Advances from U.S. Treasury	$ 9,186,557	$ 8,740,557
Accrued benefits	13,519	-
Future workers' compensation benefits	230,721	236,559
Accrued annual leave	90,222	94,846
Readjustment allowances and other Job Corps liabilities	84,427	58,244
	418,889	389,649
	$ 9,605,446	$ 9,130,206

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 13 - PENSION EXPENSE

Pension expense in 2005 consisted of the following:

(Dollars in thousands)	Employer Contributions	Accumulated Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 27,034	$ 43,919	$ 70,953
Federal Employees' Retirement System	81,359	-	81,359
Thrift Savings Plan	30,824	-	30,824
	$ 139,217	$ 43,919	$ 183,136

Pension expense in 2004 consisted of the following:

(Dollars in thousands)	Employer Contributions	Accumulated Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 31,473	$ 46,281	$ 77,754
Federal Employees' Retirement System	72,622	3,199	75,821
Thrift Savings Plan	28,712	-	28,712
	$ 132,807	$ 49,480	$ 182,287

NOTE 14 - PROGRAM COST

Schedules A, B, and C present detailed cost and revenue information by suborganization (responsibility segment) for programs in the Department, the Employment and Training Administration, and the Employment Standards Administration in support of the summary information presented in the Consolidated Statement of Net Cost for 2005.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 14 - PROGRAM COST - Continued

A. Consolidating Statement of Net Cost by Suborganization

Net cost by suborganization for the year ended September 30, 2005 consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Employment Standards Administration	Occupational Safety and Health Administration	Bureau of Labor Statistics	Mine Safety and Health Administration
CROSSCUTTING PROGRAMS					
Income maintenance					
Intra-governmental	$ 213,372	$ 832,659	$ -	$ -	$ -
With the public	36,697,266	7,627,930	-	-	-
Gross cost	36,910,638	8,460,589	-	-	-
Intra-governmental earned revenue	(808,541)	(2,354,837)	-	-	-
Public earned revenue	(2,369)	-	-	-	-
Less earned revenue	(810,910)	(2,354,837)	-	-	-
Net program cost	36,099,728	6,105,752	-	-	-
Employment and training					
Intra-governmental	61,766	-	-	-	-
With the public	5,753,511	-	-	-	-
Gross cost	5,815,277	-	-	-	-
Intra-governmental earned revenue	(17,315)	-	-	-	-
Public earned revenue	(422)	-	-	-	-
Less earned revenue	(17,737)	-	-	-	-
Net program cost	5,797,540	-	-	-	-
Labor, employment and pension standards					
Intra-governmental	-	114,598	-	-	-
With the public	-	236,175	-	-	-
Gross cost	-	350,773	-	-	-
Intra-governmental earned revenue	-	111	-	-	-
Public earned revenue	-	-	-	-	-
Less earned revenue	-	111	-	-	-
Net program cost	-	350,884	-	-	-
Worker safety and health					
Intra-governmental	-	-	110,857	-	94,390
With the public	-	-	388,985	-	203,934
Gross cost	-	-	499,842	-	298,324
Intra-governmental earned revenue	-	-	(1,645)	-	(60)
Public earned revenue	-	-	(1,250)	-	(791)
Less earned revenue	-	-	(2,895)	-	(851)
Net program cost	-	-	496,947	-	297,473
OTHER PROGRAMS					
Statistics					
Intra-governmental	-	-	-	177,019	-
With the public	-	-	-	354,656	-
Gross cost	-	-	-	531,675	-
Intra-governmental earned revenue	-	-	-	(4,057)	-
Public earned revenue	-	-	-	(2,607)	-
Less earned revenue	-	-	-	(6,664)	-
Net program cost	-	-	-	525,011	-
Cost not assigned to programs	-	-	-	-	-
Less earned revenue not attributed to programs	-	-	-	-	-
Net cost not assigned to programs	-	-	-	-	-
Net cost of operations	$ 41,897,268	$ 6,456,636	$ 496,947	$ 525,011	$ 297,473

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

Employee Benefits Security Administration	Veterans' Employment and Training	Other Departmental Programs	Eliminations	Total
$ 8,284	$ -	$ 2,050	$ (31,667)	$ 1,024,698
17,179	-	3,291	10,330	44,355,996
25,463	-	5,341	(21,337)	45,380,694
-	-	-	21,337	(3,142,041)
-	-	-	-	(2,369)
-	-	-	21,337	(3,144,410)
25,463	-	5,341	-	42,236,284
-	10,004	238	(26,411)	45,597
-	201,001	601	26,411	5,981,524
-	211,005	839	-	6,027,121
-	-	-	-	(17,315)
-	-	-	-	(422)
-	-	-	-	(17,737)
-	211,005	839	-	6,009,384
39,970	629	32,126	(48,276)	139,047
94,890	12,019	193,804	48,276	585,164
134,860	12,648	225,930	-	724,211
(9,425)	-	-	-	(9,314)
(546)	-	-	-	(546)
(9,971)	-	-	-	(9,860)
124,889	12,648	225,930	-	714,351
-	-	-	(44,792)	160,455
-	-	-	44,736	637,655
-	-	-	(56)	798,110
-	-	-	56	(1,649)
-	-	-	-	(2,041)
-	-	-	56	(3,690)
-	-	-	-	794,420
-	-	-	(16,423)	160,596
-	-	-	16,423	371,079
-	-	-	-	531,675
-	-	-	-	(4,057)
-	-	-	-	(2,607)
-	-	-	-	(6,664)
-	-	-	-	525,011
-	-	98,304	(3,060)	95,244
-	-	(13,860)	3,060	(10,800)
-	-	84,444	-	84,444
$ 150,352	$ 223,653	$ 316,554	$ -	$ 50,363,894

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 14 - PROGRAM COST - Continued

B. Consolidating Statement of Net Cost - Employment and Training Administration

Net cost of the Employment and Training Administration for the year ended September 30, 2005 consisted of the following:

(Dollars in thousands)	Employment Security	Training and Employment Programs	Eliminations	Total
CROSSCUTTING PROGRAMS				
Income maintenance				
Benefits	$ 31,988,265	$ 54	$ -	$ 31,988,319
Grants	4,549,457	-	-	4,549,457
Interest	2,699	-	-	2,699
Other	369,876	287	-	370,163
Gross cost	36,910,297	341	-	36,910,638
Less earned revenue	(810,910)	-	-	(810,910)
Net program cost	36,099,387	341	-	36,099,728
Employment and training				
Benefits	-	25,360	-	25,360
Grants	-	5,480,361	-	5,480,361
Other	-	313,966	(4,410)	309,556
Gross cost	-	5,819,687	(4,410)	5,815,277
Less earned revenue	-	(22,147)	4,410	(17,737)
Net program cost	-	5,797,540	-	5,797,540
Net cost of operations	$ 36,099,387	$ 5,797,881	$ -	$ 41,897,268

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 14 - PROGRAM COST - Continued

C. Consolidating Statement of Net Cost - Employment Standards Administration

Net cost of the Employment Standards Administration for the year ended September 30, 2005 consisted of the following:

(Dollars in thousands)	Office of Workers' Compensation Programs	Office of Federal Contract Compliance	Wage and Hour Division	Office of Labor Management Standards	Eliminations	Total
CROSSCUTTING PROGRAMS						
Income maintenance						
Benefits	$ 7,493,735	$ -	$ -	$ -	$ (1,702)	$ 7,492,033
Interest	674,894	-	-	-	-	674,894
Other	293,662	-	-	-	-	293,662
Gross cost	8,462,291	-	-	-	(1,702)	8,460,589
Less earned revenue	(2,356,539)	-	-	-	1,702	(2,354,837)
Net program cost	6,105,752	-	-	-	-	6,105,752
Labor, employment and pension standards						
Benefits	-	12,100	26,328	6,456	-	44,884
Grants	-	-	13	-	-	13
Other	-	82,406	179,639	43,831	-	305,876
Gross cost	-	94,506	205,980	50,287	-	350,773
Less earned revenue	-	-	111	-	-	111
Net program cost	-	94,506	206,091	50,287	-	350,884
Net cost of operations	$ 6,105,752	$ 94,506	$ 206,091	$ 50,287	$ -	$ 6,456,636

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 14 - PROGRAM COST - Continued

Schedules D, E and F present detailed cost and revenue information by suborganization (responsibility segment) for programs in the Department, the Employment and Training Administration, and the Employment Standards Administration in support of the summary information presented in the Consolidated Statement of Net Cost for 2004.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 14 - PROGRAM COST - Continued

D. Consolidating Statement of Net Cost by Suborganization

Net cost by suborganization for the year ended September 30, 2004 consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Employment Standards Administration	Occupational Safety and Health Administration	Bureau of Labor Statistics	Mine Safety and Health Administration
CROSSCUTTING PROGRAMS					
Income maintenance					
Intra-governmental	$ 211,805	$ 782,018	$ -	$ -	$ -
With the public	46,152,478	4,285,156	-	-	-
Gross cost	46,364,283	5,067,174	-	-	-
Intra-governmental earned revenue	(899,561)	(2,394,786)	-	-	-
Public earned revenue	(2,300)	-	-	-	-
Less earned revenue	(901,861)	(2,394,786)	-	-	-
Net program cost	45,462,422	2,672,388	-	-	-
Employment and training					
Intra-governmental	56,263	-	-	-	-
With the public	6,164,127	-	-	-	-
Gross cost	6,220,390	-	-	-	-
Intra-governmental earned revenue	(16,876)	-	-	-	-
Public earned revenue	(359)	-	-	-	-
Less earned revenue	(17,235)	-	-	-	-
Net program cost	6,203,155	-	-	-	-
Labor, employment and pension standards					
Intra-governmental	-	107,613	-	-	-
With the public	-	227,619	-	-	-
Gross cost	-	335,232	-	-	-
Intra-governmental earned revenue	-	59	-	-	-
Public earned revenue	-	(1,029)	-	-	-
Less earned revenue	-	(970)	-	-	-
Net program cost	-	334,262	-	-	-
Worker safety and health					
Intra-governmental	-	-	114,460	-	90,874
With the public	-	-	391,575	-	204,182
Gross cost	-	-	506,035	-	295,056
Intra-governmental earned revenue	-	-	(2,352)	-	(11)
Public earned revenue	-	-	(1,839)	-	(1,005)
Less earned revenue	-	-	(4,191)	-	(1,016)
Net program cost	-	-	501,844	-	294,040
OTHER PROGRAMS					
Statistics					
Intra-governmental	-	-	-	179,644	-
With the public	-	-	-	356,809	-
Gross cost	-	-	-	536,453	-
Intra-governmental earned revenue	-	-	-	(4,197)	-
Public earned revenue	-	-	-	(1,307)	-
Less earned revenue	-	-	-	(5,504)	-
Net program cost	-	-	-	530,949	-
Cost not assigned to programs	-	-	-	-	-
Less earned revenue not attributed to programs	-	-	-	-	-
Net cost not assigned to programs	-	-	-	-	-
Net cost of operations	$ 51,665,577	$ 3,006,650	$ 501,844	$ 530,949	$ 294,040

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

Employee Benefits Security Administration	Veterans' Employment and Training	Other Departmental Programs	Eliminations	Total
$ 4,666	$ -	$ 4,278	$ (29,816)	$ 972,951
10,776	-	8,755	7,534	50,464,699
15,442	-	13,033	(22,282)	51,437,650
-	-	(21)	22,282	(3,272,086)
-	-	-	-	(2,300)
-	-	(21)	22,282	(3,274,386)
15,442	-	13,012	-	48,163,264
-	8,639	2,320	(22,580)	44,642
-	197,709	5,054	22,485	6,389,375
-	206,348	7,374	(95)	6,434,017
-	-	-	95	(16,781)
-	-	-	-	(359)
-	-	-	95	(17,140)
-	206,348	7,374	-	6,416,877
39,486	518	32,127	(42,725)	137,019
109,490	11,664	171,911	42,725	563,409
148,976	12,182	204,038	-	700,428
(9,804)	-	(154)	-	(9,899)
(547)	-	-	-	(1,576)
(10,351)	-	(154)	-	(11,475)
138,625	12,182	203,884	-	688,953
-	-	227	(41,865)	163,696
-	-	572	41,865	638,194
-	-	799	-	801,890
-	-	-	-	(2,363)
-	-	-	-	(2,844)
-	-	-	-	(5,207)
-	-	799	-	796,683
-	-	454	(14,549)	165,549
-	-	1,198	14,549	372,556
-	-	1,652	-	538,105
-	-	-	-	(4,197)
-	-	-	-	(1,307)
-	-	-	-	(5,504)
-	-	1,652	-	532,601
-	-	100,383	(1,662)	98,721
-	-	(22,305)	1,662	(20,643)
-	-	78,078	-	78,078
$ 154,067	$ 218,530	$ 304,799	$ -	$ 56,676,456

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 14 - PROGRAM COST - Continued

E. Consolidating Statement of Net Cost - Employment and Training Administration

Net cost of the Employment and Training Administration for the year ended September 30, 2004 consisted of the following:

(Dollars in thousands)	Employment Security	Training and Employment Programs	Eliminations	Total
CROSSCUTTING PROGRAMS				
Income maintenance				
Benefits	$ 41,431,384	$ 63	$ -	$ 41,431,447
Grants	4,563,342	-	-	4,563,342
Interest	3,421	-	-	3,421
Other	365,837	236	-	366,073
Gross cost	46,363,984	299	-	46,364,283
Less earned revenue	(901,861)	-	-	(901,861)
Net program cost	45,462,123	299	-	45,462,422
Employment and training				
Benefits	-	(8,217)	-	(8,217)
Grants	-	6,057,175	-	6,057,175
Other	-	171,432	-	171,432
Gross cost	-	6,220,390	-	6,220,390
Less earned revenue	-	(17,235)	-	(17,235)
Net program cost	-	6,203,155	-	6,203,155
Net cost of operations	$ 45,462,123	$ 6,203,454	$ -	$ 51,665,577

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 14 - PROGRAM COST - Continued

F. Consolidating Statement of Net Cost - Employment Standards Administration

Net cost of the Employment Standards Administration for the year ended September 30, 2004 consisted of the following:

(Dollars in thousands)	Office of Workers' Compensation Programs	Office of Federal Contract Compliance	Wage and Hour Division	Office of Labor Management Standards	Eliminations	Total
CROSSCUTTING PROGRAMS						
Income maintenance						
Benefits	$ 4,150,302	$ -	$ -	$ -	$ (1,982)	$ 4,148,320
Interest	650,579	-	-	-	-	650,579
Other	268,275	-	-	-	-	268,275
Gross cost	5,069,156	-	-	-	(1,982)	5,067,174
Less earned revenue	(2,396,768)	-	-	-	1,982	(2,394,786)
Net program cost	2,672,388	-	-	-	-	2,672,388
Labor, employment and pension standards						
Benefits	-	10,335	22,012	4,881	-	37,228
Grants	-	-	16	-	-	16
Other	-	83,229	175,121	39,638	-	297,988
Gross cost	-	93,564	197,149	44,519	-	335,232
Less earned revenue	-	-	(970)	-	-	(970)
Net program cost	-	93,564	196,179	44,519	-	334,262
Net cost of operations	$ 2,672,388	$ 93,564	$ 196,179	$ 44,519	$ -	$ 3,006,650

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 15 - NON-EXCHANGE REVENUE

Non-exchange revenues reported on the Consolidated Statement of Changes in Net Position in 2005 and 2004 consisted of the following:

(Dollars in thousands)	2005	2004
Employer taxes		
Unemployment Trust Fund		
Federal unemployment taxes	$ 6,810,122	$ 6,613,154
State unemployment taxes	33,151,082	30,196,902
	39,961,204	36,810,056
Black Lung Disability Trust Fund excise taxes	610,417	565,979
	40,571,621	37,376,035
Interest		
Unemployment Trust Fund	2,586,064	2,522,421
Longshore and Harbor Workers' Trust Fund	1,007	421
District of Columbia Trust Fund	63	31
Panama Canal Commission Compensation Fund	3,915	1,299
Energy Employees Occupational Illness Compensation Fund	1,722	655
Black Lung Disability Trust Fund	644	308
	2,593,415	2,525,135
Assessments		
Longshore and Harbor Workers' Trust Fund	133,566	135,813
District of Columbia Trust Fund	11,216	10,352
Other	533	(601)
	145,315	145,564
Reimbursement of unemployment benefits from state and local governments and non-profit organizations to the Unemployment Trust Fund	1,857,193	2,411,887
	$ 45,167,544	$ 42,458,621

NOTE 16 - TRANSFERS WITHOUT REIMBURSEMENT

Transfers from (to) other Federal agencies in 2005 and 2004 consisted of the following:

(Dollars in thousands)	2005	2004
Budgetary financing sources		
From DOL general fund unexpended appropriation accounts to the DOL Working Capital Fund	$ 3,000	$ 3,000
Other financing sources		
Liability for EEOICPA, Part D, from the Department of Energy	(810,000)	-
Liability for RECA, Section 5, from the Department of Justice	(316,993)	-
From General Services Administration	3,564	1,063
To General Services Administration	(3,943)	(1,051)
	(1,127,372)	12
	$ (1,124,372)	$ 3,012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 17 - STATUS OF BUDGETARY RESOURCES

A. Apportionment Categories of Obligations Incurred

Obligations incurred reported on the Combined Statement of Budgetary Resources in 2005 and 2004 consisted of the following:

(Dollars in thousands)	2005	2004
Direct Obligations		
Category A	$ 4,021,560	$ 3,961,569
Category B	9,551,655	10,399,454
Exempt from apportionment	37,760,421	47,205,222
Total direct obligations	51,333,636	61,566,245
Reimbursable Obligations		
Category A	172,936	154,951
Category B	2,609,991	2,591,348
Total reimbursable obligations	2,782,927	2,746,299
	$ 54,116,563	$ 64,312,544

B. Permanent Indefinite Appropriations

The Department of Labor's permanent indefinite appropriations include all trust funds, the Federal Employees' Compensation Act Special Benefit Fund, the Panama Canal Commission Compensation Fund, the Energy Employees Occupational Illness Compensation Fund, ETA and ESA H-1b funds, and portions of State Unemployment Insurance and Employment Service Operations and Federal Unemployment Benefits and Allowances. These funds are described in Note 1-A.3.

C. Legal Arrangements Affecting Use of Unobligated Balances

Unemployment Trust Fund receipts are reported as budget authority in the Consolidated Statement of Budgetary Resources. The portion of UTF receipts collected in excess of amounts needed to pay benefits and other valid obligations are precluded by law from being available for obligation at year end. Therefore, these excess receipts are not classified as budgetary resources in the Consolidated Statement of Budgetary Resources and are not included in unobligated balances in the status of budgetary resources included in that Statement. All excess receipts are reported as assets of the UTF and are included in the Consolidated Balance Sheet. They will become available for obligation as needed in the future.

D. Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government

The Budget of the United States Government with actual amounts for the year ended September 30, 2005 has not been published as of the issue date of these financial statements. This document will be available in February 2006. In addition, the reconciliation of the SF133 and the Statement of Budgetary Resources will be performed in Fiscal Year 2006 after the Department receives the final SF 133 reports from Trust Funds and allocated accounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 17 - STATUS OF BUDGETARY RESOURCES – Continued

D. Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government - Continued

A reconciliation of budgetary resources, obligations incurred and outlays, as presented in the Consolidated Statement of Budgetary Resources, to amounts included in the Budget of the United States Government for the year ended September 30, 2004 is shown below.

(Dollars in millions)	Budgetary Resources	Obligations Incurred	Total Outlays
Consolidated Statement of Budgetary Resources	$ 67,890	$ 64,313	$ 58,201
Pension Benefit Guaranty Corporation reported separately	15,627	3,168	(247)
Overstatement of unemployment taxes in the Budget of the United States	300	-	-
Overstatement of draws for unemployment benefits in the Budget of the United States	-	300	300
Accruals not reported in the budget	325	325	-
Amounts in the budget not included in the Consolidated Statement of Budgetary Resources	50	49	87
Amounts in the Consolidated Statement of Budgetary Resources not included in the budget	(18)	-	-
Expired accounts	(871)	(199)	-
Budget of the United States Government	$ 83,303	$ 67,956	$ 58,341

Unemployment Trust Fund receipts are reported as budget authority in the Consolidated Statement of Budgetary Resources. The portion of UTF receipts collected in the current year in excess of amounts needed to pay benefits and other valid obligations are precluded by law from being available for obligation. Therefore, these excess receipts are not classified as budgetary resources in the Consolidated Statement of Budgetary Resources. Conversely, when obligations exceed receipts in the current year, amounts are drawn from unavailable collections to meet these obligations. Cumulative excess receipts are not included in unobligated balances in the status of budgetary resources included in that Statement. All excess receipts are reported as assets of the UTF and are included in the Consolidated Balance Sheet. They will become available for obligation as needed in the future.

The cumulative amount of excess UTF receipts are denoted as unavailable collections in the Budget of the United States Government. The cumulative amount of these excess receipts at September 30, 2004, reclassified from unobligated balances to UTF unavailable collections, is presented below.

(Dollars in millions)	2004
Unemployment Trust Fund unavailable collections, beginning	$ 45,489
Budget authority from current year appropriations	43,203
Less obligations	(45,728)
Excess of obligations over budget authority	(2,525)
Unemployment Trust Fund unavailable collections, ending	$ 42,964

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 18 – SOURCES OF CUSTODIAL REVENUE

Custodial revenues in 2005 consisted of the following:

(Dollars in thousands)	Cash Collections	Less Refunds	Net Cash Collections	Increase (Decrease) in Amounts to be Collected	Total Revenues
Civil monetary penalties					
OSHA	$ 62,548	$ -	$ 62,548	$ 10,005	$ 72,553
MSHA	18,553	-	18,553	(1,202)	17,351
EBSA	13,654	-	13,654	2,079	15,733
ESA	12,577	(3)	12,574	509	13,083
	107,332	(3)	107,329	11,391	118,720
ETA disallowed grant costs	4,893	-	4,893	(738)	4,155
Other	18,660	(211)	18,449	298	18,747
	$ 130,885	$ (214)	$ 130,671	$ 10,951	$ 141,622

Custodial revenues in 2004 consisted of the following:

(Dollars in thousands)	Cash Collections	Less Refunds	Net Cash Collections	Increase (Decrease) in Amounts to be Collected	Total Revenues
Civil monetary penalties					
OSHA	$ 60,390	$ -	$ 60,390	$ 917	$ 61,307
MSHA	17,399	-	17,399	6,017	23,416
EBSA	13,373	-	13,373	843	14,216
ESA	24,370	(318)	24,052	(3,543)	20,509
	115,532	(318)	115,214	4,234	119,448
ETA disallowed grant costs	15,526	(1,808)	13,718	(6,198)	7,520
Other	581	(80)	501	-	501
	$ 131,639	$ (2,206)	$ 129,433	$ (1,964)	$ 127,469

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 19 - DEDICATED COLLECTIONS

DOL is responsible for the operation of four major trust funds. The financial position of each trust fund as of September 30, 2005 is shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Longshore and Harbor Workers'	District of Columbia
Assets				
Intra-governmental				
Funds with U.S. Treasury	$ (273,027)	$ 41,906	$ 13,310	$ 2,066
Investments	54,805,883	-	60,000	3,000
Accounts receivable, net				
Due from other Federal agencies for UCX and UCFE benefits	344,238	-	-	-
Interest receivable from investments	634,736	-	-	-
Total intra-governmental	55,511,830	41,906	73,310	5,066
Accounts receivable, net				
State unemployment tax	235,182	-	-	-
Due from reimbursable employers	516,110	-	-	-
Benefit overpayments	177,640	9,055	-	-
Other	-	-	1,222	813
Advances to states	489,177	-	-	-
Total assets	$ 56,929,939	$ 50,961	$ 74,532	$ 5,879
Liabilities				
Intra-governmental				
Accounts payable to DOL agencies	$ 1,406,934	$ -	$ 477	$ -
Advances from U.S. Treasury	-	9,186,557	-	-
Amounts held for the Railroad Retirement Board	94,820	-	-	-
Total intra-governmental	1,501,754	9,186,557	477	-
Accrued benefits	931,672	24,413	3,234	375
Other	-	-	45,012	3,898
Total liabilities	2,433,426	9,210,970	48,723	4,273
Net position				
Cumulative results of operations	54,496,513	(9,160,009)	25,809	1,606
Total liabilities and net position	$ 56,929,939	$ 50,961	$ 74,532	$ 5,879

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 19 - DEDICATED COLLECTIONS – Continued

The net results of operations of each trust fund for the year ended September 30, 2005 is shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Longshore and Harbor Workers'	District of Columbia
Cost, net of earned revenues				
Benefits	$ (31,980,909)	$ (327,860)	$ (130,883)	$ (10,700)
Interest	(2,699)	(674,894)	-	-
Administrative	(288,968)	(212)	-	-
	(32,272,576)	(1,002,966)	(130,883)	(10,700)
Earned revenue	783,657	-	-	-
	(31,488,919)	(1,002,966)	(130,883)	(10,700)
Net financing sources				
Taxes	39,961,204	610,417	-	-
Interest	2,586,064	646	1,007	62
Assessments	1,857,193	-	133,566	11,217
Transfers-in				
DOL Entities	150	-	-	-
Transfers-out				
DOL entities	(3,815,031)	(56,662)	(2,023)	-
	40,589,580	554,401	132,550	11,279
Net results of operations	9,100,661	(448,565)	1,667	579
Net position, beginning of period	45,395,852	(8,711,444)	24,142	1,027
Net position, end of period	$ 54,496,513	$ (9,160,009)	$ 25,809	$ 1,606

The financial position of each trust fund as of September 30, 2004 is shown below and on the following page.

(Dollars in thousands)	Unemployment	Black Lung Disability	Longshore and Harbor Workers'	District of Columbia
Assets				
Intra-governmental				
Funds with U.S. Treasury	$ 157,591	$ 43,777	$ 465	$ 2
Investments	45,239,381	-	69,653	5,007
Accounts receivable, net				
Due from other Federal agencies for UCX and UCFE benefits	333,918	-	-	-
Interest receivable from investments	577,341	-	-	-
Total intra-governmental	46,308,231	43,777	70,118	5,009
Accounts receivable, net				
State unemployment tax	198,872	-	-	-
Due from reimbursable employers	620,416	-	-	-
Benefit overpayments	196,156	9,651	-	-
Other	-	1,003	1,317	280
Advances to states	623,172	-	-	-
Total assets	$ 47,946,847	$ 54,431	$ 71,435	$ 5,289

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2005 and 2004

NOTE 19 - DEDICATED COLLECTIONS - Continued

(Dollars in thousands)	Unemployment	Black Lung Disability	Longshore and Harbor Workers'	District of Columbia
Liabilities				
Intra-governmental				
Accounts payable to DOL agencies	$ 1,336,263	$ -	$ -	$ -
Advances from U.S. Treasury	-	8,740,557	-	-
Amounts held for the Railroad Retirement Board	86,209	-	-	-
Total intra-governmental	1,422,472	8,740,557	-	-
Accrued benefits	1,128,523	25,318	3,155	283
Other	-	-	44,138	3,979
Total liabilities	2,550,995	8,765,875	47,293	4,262
Net position				
Cumulative results of operations	45,395,852	(8,711,444)	24,142	1,027
Total liabilities and net position	$ 47,946,847	$ 54,431	$ 71,435	$ 5,289

The net results of operations of each trust fund for the year ended September 30, 2004 is shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Longshore and Harbor Workers'	District of Columbia
Cost, net of earned revenues				
Benefits	$ (41,424,320)	$ (344,340)	$ (133,560)	$ (10,800)
Interest	(3,421)	(650,579)	-	-
Administrative	(293,243)	(60)	-	-
	(41,720,984)	(994,979)	(133,560)	(10,800)
Earned revenue	823,315	-	-	-
	(40,897,669)	(994,979)	(133,560)	(10,800)
Net financing sources				
Taxes	36,810,056	565,979	-	-
Interest	2,522,421	309	421	30
Assessments	2,411,887	-	135,813	10,352
Transfers-in				
Treasury	80,000	-	-	-
DOL Entities	721,054	-	-	-
Transfers-out				
DOL entities	(3,829,105)	(55,743)	(2,021)	-
	38,716,313	510,545	134,213	10,382
Net results of operations	(2,181,356)	(484,434)	653	(418)
Net position, beginning of period	47,577,208	(8,227,010)	23,489	1,445
Net position, end of period	$ 45,395,852	$ (8,711,444)	$ 24,142	$ 1,027