

Department of Defense
DoD Medicare-Eligible Retiree Health Care Fund
CONSOLIDATED BALANCE SHEET
As of June 30, 2005 and 2004

	<u>2005 Consolidated</u>	<u>2004 Consolidated</u>
1. ASSETS (Note 2)		
A. Intragovernmental:		
1. Fund Balance with Treasury (Note 3)		
a. Entity	\$ 4,999,999.99	\$ 7,324,481.00
b. Non-Entity Seized Iraqi Cash	0.00	0.00
c. Non-Entity-Other	0.00	0.00
2. Investments (Note 4)	58,862,047,008.44	37,772,317,364.91
3. Accounts Receivable (Note 5)	0.00	0.00
4. Other Assets (Note 6)	417,381,000.00	238,111,000.00
5. Total Intragovernmental Assets	<u>\$ 59,284,428,008.43</u>	<u>\$ 38,017,752,845.91</u>
B. Cash and Other Monetary Assets (Note 7)	\$ 0.00	\$ 0.00
C. Accounts Receivable (Note 5)	11,077,814.68	1,206,291.61
D. Loans Receivable (Note 8)	0.00	0.00
E. Inventory and Related Property (Note 9)	0.00	0.00
F. General Property, Plant and Equipment (Note 10)	0.00	0.00
G. Investments (Note 4)	0.00	0.00
H. Other Assets (Note 6)	0.00	0.00
2. TOTAL ASSETS	<u><u>\$ 59,295,505,823.11</u></u>	<u><u>\$ 38,018,959,137.52</u></u>
3. LIABILITIES (Note 11)		
A. Intragovernmental:		
1. Accounts Payable (Note 12)	\$ 0.00	\$ 394,649,648.00
2. Debt (Note 13)	0.00	0.00
3. Other Liabilities (Note 15 & Note 16)	0.00	241,425,101.00
4. Total Intragovernmental Liabilities	<u>\$ 0.00</u>	<u>\$ 636,074,749.00</u>
B. Accounts Payable (Note 12)	\$ 278,541,242.59	\$ 58,224,221.67
C. Military Retirement Benefits and Other Employment-Related Actuarial Liabilities (Note 17)	504,073,807,000.00	476,170,267,000.00
D. Environmental Liabilities (Note 14)	0.00	0.00
E. Loan Guarantee Liability (Note 8)	0.00	0.00
F. Other Liabilities (Note 15 & Note 16)	698,527,000.00	474,516,000.00
4. TOTAL LIABILITIES	<u>\$ 505,050,875,242.59</u>	<u>\$ 477,339,081,970.67</u>
5. NET POSITION		
A. Unexpended Appropriations	\$ 0.00	\$ 0.00
B. Cumulative Results of Operations	(445,755,369,419.48)	(439,320,122,833.15)
6. TOTAL NET POSITION	<u>\$ (445,755,369,419.48)</u>	<u>\$ (439,320,122,833.15)</u>
7. TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 59,295,505,823.11</u></u>	<u><u>\$ 38,018,959,137.52</u></u>

Department of Defense
DoD Medicare-Eligible Retiree Health Care Fund
CONSOLIDATED STATEMENT OF NET COST
For the periods ended June 30, 2005 and 2004

	2005 Consolidated	2004 Consolidated
1. Program Costs		
A. Intragovernmental Gross Costs	\$ 1,143,949,000.00	\$ 1,142,610,000.00
B. (Less: Intragovernmental Earned Revenue)	(25,307,953,251.17)	(22,870,220,440.24)
C. Intragovernmental Net Costs	\$ (24,164,004,251.17)	\$ (21,727,610,440.24)
D. Gross Costs With the Public	3,823,173,018.89	123,494,512.37
E. (Less: Earned Revenue From the Public)	0.00	0.00
F. Net Costs With the Public	\$ 3,823,173,018.89	\$ 123,494,512.37
G. Total Net Cost	\$ (20,340,831,232.28)	\$ (21,604,115,927.87)
2. Cost Not Assigned to Programs	0.00	0.00
3. (Less: Earned Revenue Not Attributable to Programs)	0.00	0.00
4. Net Cost of Operations	\$ (20,340,831,232.28)	\$ (21,604,115,927.87)

Department of Defense
DoD Medicare-Eligible Retiree Health Care Fund
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
For the periods ended June 30, 2005 and 2004

	2005 Consolidated	2004 Consolidated
CUMULATIVE RESULTS OF OPERATIONS		
1. Beginning Balances	\$ (466,096,200,651.76)	\$ (458,080,938,761.02)
2. Prior period adjustments (+/-)		
2.A. Prior Period Adjustments - Restated (+/-)	0.00	0.00
2.B. Beginning Balance, Restated	(466,096,200,651.76)	(458,080,938,761.02)
2.C. Prior Period Adjustments - Not Restated (+/-)	0.00	0.00
3. Beginning Balances, as adjusted	(466,096,200,651.76)	(458,080,938,761.02)
4. Budgetary Financing Sources:		
4.A. Appropriations received	0.00	0.00
4.B. Appropriations transferred-in/out (+/-)	0.00	0.00
4.C. Other adjustments (rescissions, etc) (+/-)	0.00	0.00
4.D. Appropriations used	0.00	0.00
4.E. Nonexchange revenue	0.00	0.00
4.F. Donations and forfeitures of cash and cash equivalents	0.00	0.00
4.G. Transfers-in/out without reimbursement (+/-)	0.00	0.00
4.H. Other budgetary financing sources (+/-)	0.00	0.00
5. Other Financing Sources:		
5.A. Donations and forfeitures of property	0.00	0.00
5.B. Transfers-in/out without reimbursement (+/-)	0.00	(2,843,300,000.00)
5.C. Imputed financing from costs absorbed by others	0.00	0.00
5.D. Other (+/-)	0.00	0.00
6. Total Financing Sources	0.00	(2,843,300,000.00)
7. Net Cost of Operations (+/-)	(20,340,831,232.28)	(21,604,115,927.87)
8. Ending Balances	\$ (445,755,369,419.48)	\$ (439,320,122,833.15)

Department of Defense
DoD Medicare-Eligible Retiree Health Care Fund
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
For the periods ended June 30, 2005 and 2004

	2005 Consolidated	2004 Consolidated
UNEXPENDED APPROPRIATIONS		
1. Beginning Balances	\$ 0.00	\$ 0.00
2. Prior period adjustments (+/-)		
2.A. Prior Period Adjustments - Restated (+/-)	0.00	0.00
2.B. Beginning Balance, Restated	0.00	0.00
2.C. Prior Period Adjustments - Not Restated (+/-)	0.00	0.00
3. Beginning Balances, as adjusted	0.00	0.00
4. Budgetary Financing Sources:		
4.A. Appropriations received	0.00	0.00
4.B. Appropriations transferred-in/out (+/-)	0.00	0.00
4.C. Other adjustments (rescissions, etc) (+/-)	0.00	0.00
4.D. Appropriations used	0.00	0.00
4.E. Nonexchange revenue	0.00	0.00
4.F. Donations and forfeitures of cash and cash equivalents	0.00	0.00
4.G. Transfers-in/out without reimbursement (+/-)	0.00	0.00
4.H. Other budgetary financing sources (+/-)	0.00	0.00
5. Other Financing Sources:		
5.A. Donations and forfeitures of property	0.00	0.00
5.B. Transfers-in/out without reimbursement (+/-)	0.00	0.00
5.C. Imputed financing from costs absorbed by others	0.00	0.00
5.D. Other (+/-)	0.00	0.00
6. Total Financing Sources	0.00	0.00
7. Net Cost of Operations (+/-)		
8. Ending Balances	\$ 0.00	\$ 0.00

Department of Defense
DoD Medicare-Eligible Retiree Health Care Fund
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the periods ended June 30, 2005 and 2004

	2005 Combined	2004 Combined
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BUDGETARY FINANCING ACCOUNTS		
BUDGETARY RESOURCES		
1. Budget Authority:		
1a. Appropriations received	\$ 24,914,845,593.37	\$ 23,183,231,485.51
1b. Borrowing authority	0.00	0.00
1c. Contract authority	0.00	0.00
1d. Net transfers (+/-)	0.00	0.00
1e. Other	3,111,154,406.63	2,040,768,514.49
2. Unobligated balance:		
2a. Beginning of period	38,085,939,479.84	18,182,429,661.90
2b. Net transfers, actual (+/-)	0.00	0.00
2c. Anticipated Transfers balances	0.00	0.00
3. Spending authority from offsetting collections:		
3a. Earned	0.00	0.00
1. Collected	0.00	0.00
2. Receivable from Federal sources	0.00	0.00
3b. Change in unfilled customer orders	0.00	0.00
1. Advance received	0.00	0.00
2. Without advance from Federal sources	0.00	0.00
3c. Anticipated for the rest of year, without advances	0.00	0.00
3d. Previously unavailable	0.00	0.00
3e. Transfers from trust funds	0.00	0.00
3f. Subtotal	<hr/> 0.00	<hr/> 0.00
4. Recoveries of prior year obligations	0.00	0.00
5. Temporarily not available pursuant to Public Law	0.00	0.00
6. Permanently not available	0.00	0.00
7. Total Budgetary Resources	<hr/> <hr/> \$ 66,111,939,479.84	<hr/> <hr/> \$ 43,406,429,661.90

Department of Defense
DoD Medicare-Eligible Retiree Health Care Fund
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the periods ended June 30, 2005 and 2004

	2005 Combined	2004 Combined
STATUS OF BUDGETARY RESOURCES		
8. Obligations incurred:		
8a. Direct	\$ 5,425,784,053.61	\$ 4,820,752,403.11
8b. Reimbursable	0.00	0.00
8c. Subtotal	5,425,784,053.61	4,820,752,403.11
9. Unobligated balance:		
9a. Apportioned	1,070,154,946.39	508,562,784.67
9b. Exempt from apportionment	0.00	0.00
9c. Other available	0.00	0.00
10. Unobligated Balances Not Available	59,616,000,479.84	38,077,114,474.12
11. Total, Status of Budgetary Resources	\$ 66,111,939,479.84	\$ 43,406,429,661.90
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS:		
12. Obligated Balance, Net - beginning of period	\$ 262,058,524.40	\$ 267,771,562.61
13. Obligated Balance transferred, net (+/-)	0.00	0.00
14. Obligated Balance, Net - end of period:		
14a. Accounts receivable	0.00	0.00
14b. Unfilled customer order from Federal sources	0.00	0.00
14c. Undelivered orders	378,237,529.12	458,795,528.21
14d. Accounts payable	278,541,242.59	452,873,869.67
15. Outlays:		
15a. Disbursements	5,031,063,806.30	4,176,854,567.84
15b. Collections	0.00	0.00
15c. Subtotal	5,031,063,806.30	4,176,854,567.84
16. Less: Offsetting receipts	(25,307,953,251.17)	(23,264,870,088.24)
17. Net Outlays	\$ (20,276,889,444.87)	\$ (19,088,015,520.40)

Department of Defense
DoD Medicare-Eligible Retiree Health Care Fund
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the periods ended June 30, 2005 and 2004

	2005 Combined	2004 Combined
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NONBUDGETARY FINANCING ACCOUNTS		
BUDGETARY RESOURCES		
1. Budget Authority:		
1a. Appropriations received	\$ 0.00	\$ 0.00
1b. Borrowing authority	0.00	0.00
1c. Contract authority	0.00	0.00
1d. Net transfers (+/-)	0.00	0.00
1e. Other	0.00	0.00
2. Unobligated balance:		
2a. Beginning of period	0.00	0.00
2b. Net transfers, actual (+/-)	0.00	0.00
2c. Anticipated Transfers balances	0.00	0.00
3. Spending authority from offsetting collections:		
3a. Earned	0.00	0.00
1. Collected	0.00	0.00
2. Receivable from Federal sources	0.00	0.00
3b. Change in unfilled customer orders	0.00	0.00
1. Advance received	0.00	0.00
2. Without advance from Federal sources	0.00	0.00
3c. Anticipated for the rest of year, without advances	0.00	0.00
3d. Previously unavailable	0.00	0.00
3e. Transfers from trust funds	0.00	0.00
3f. Subtotal	<hr/> 0.00	<hr/> 0.00
4. Recoveries of prior year obligations	0.00	0.00
5. Temporarily not available pursuant to Public Law	0.00	0.00
6. Permanently not available	0.00	0.00
7. Total Budgetary Resources	<hr/> <hr/> \$ 0.00	<hr/> <hr/> \$ 0.00

Department of Defense
DoD Medicare-Eligible Retiree Health Care Fund
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the periods ended June 30, 2005 and 2004

	<u>2005 Combined</u>	<u>2004 Combined</u>
STATUS OF BUDGETARY RESOURCES		
8. Obligations incurred:		
8a. Direct	\$ 0.00	\$ 0.00
8b. Reimbursable	0.00	0.00
8c. Subtotal	<u>0.00</u>	<u>0.00</u>
9. Unobligated balance:		
9a. Apportioned	0.00	0.00
9b. Exempt from apportionment	0.00	0.00
9c. Other available	0.00	0.00
10. Unobligated Balances Not Available	0.00	0.00
11. Total, Status of Budgetary Resources	<u>\$ 0.00</u>	<u>\$ 0.00</u>
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS:		
12. Obligated Balance, Net - beginning of period	\$ 0.00	\$ 0.00
13. Obligated Balance transferred, net (+/-)	0.00	0.00
14. Obligated Balance, Net - end of period:		
14a. Accounts receivable	0.00	0.00
14b. Unfilled customer order from Federal sources	0.00	0.00
14c. Undelivered orders	0.00	0.00
14d. Accounts payable	0.00	0.00
15. Outlays:		
15a. Disbursements	0.00	0.00
15b. Collections	0.00	0.00
15c. Subtotal	<u>0.00</u>	<u>0.00</u>
16. Less: Offsetting receipts	0.00	0.00
17. Net Outlays	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Department of Defense
DoD Medicare-Eligible Retiree Health Care Fund
COMBINED STATEMENT OF FINANCING
For the periods ended June 30, 2005 and 2004

	2005 Combined	2004 Combined
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
1. Obligations incurred	\$ 5,425,784,053.61	\$ 4,820,752,403.11
2. Less: Spending authority from offsetting collections and recoveries (-)	0.00	0.00
3. Obligations net of offsetting collections and recoveries	5,425,784,053.61	4,820,752,403.11
4. Less: Offsetting receipts (-)	(25,307,953,251.17)	(23,264,870,088.24)
5. Net obligations	(19,882,169,197.56)	(18,444,117,685.13)
Other Resources		
6. Donations and forfeitures of property	0.00	0.00
7. Transfers in/out without reimbursement (+/-)	0.00	(2,843,300,000.00)
8. Imputed financing from costs absorbed by others	0.00	0.00
9. Other (+/-)	0.00	0.00
10. Net other resources used to finance activities	0.00	(2,843,300,000.00)
11. Total resources used to finance activities	(19,882,169,197.56)	(21,287,417,685.13)
Resources Used to Finance Items not Part of the Net Cost of Operations		
12. Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided		
12a. Undelivered Orders (-)	(662,785,356.62)	(535,095,804.13)
12b. Unfilled Customer Orders	0.00	0.00
13. Resources that fund expenses recognized in prior periods	0.00	(2,623,696,147.00)
14. Budgetary offsetting collections and receipts that do not affect net cost of operations	0.00	0.00
15. Resources that finance the acquisition of assets	0.00	0.00
16. Other resources or adjustments to net obligated resources that do not affect net cost of operations		
16a. Less: Trust or Special Fund Receipts Related to	0.00	0.00
16b. Other (+/-)	0.00	2,843,300,000.00
17. Total resources used to finance items not part of the net cost of operations	(662,785,356.62)	(315,491,951.13)
18. Total resources used to finance the net cost of operations	(20,544,954,554.18)	(21,602,909,636.26)

Department of Defense
DoD Medicare-Eligible Retiree Health Care Fund
COMBINED STATEMENT OF FINANCING
For the periods ended June 30, 2005 and 2004

	2005 Combined	2004 Combined
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 Period:		
19. Increase in annual leave liability	0.00	0.00
20. Increase in environmental and disposal liability	0.00	0.00
21. Upward/Downward reestimates of credit subsidy expense (+/-)	0.00	0.00
22. Increase in exchange revenue receivable from the public (-)	0.00	0.00
23. Other (+/-)	207,183,000.00	0.00
24. Total components of Net Cost of Operations that will require or generate resources in future periods	<u>207,183,000.00</u>	<u>0.00</u>
Components not Requiring or Generating Resources:		
25. Depreciation and amortization	0.00	0.00
26. Revaluation of assets or liabilities (+/-)	0.00	0.00
27. Other (+/-)		
27a. Trust Fund Exchange Revenue	0.00	0.00
27b. Cost of Goods Sold	0.00	0.00
27c. Operating Material & Supplies Used	0.00	0.00
27d. Other	(3,059,678.10)	(1,206,291.61)
28. Total components of Net Cost of Operations that will not require or generate resources	<u>(3,059,678.10)</u>	<u>(1,206,291.61)</u>
29. Total components of net cost of operations that will not require or generate resources in the current period	<u>204,123,321.90</u>	<u>(1,206,291.61)</u>
30. Net Cost of Operations	<u><u>(20,340,831,232.28)</u></u>	<u><u>(21,604,115,927.87)</u></u>

Note 1.	Significant Accounting Policies
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1.A. Basis of Presentation

The Department of Defense (DoD) Medicare-Eligible Retiree Health Care Fund (hereby referred to as Fund) was authorized by Public Law (PL) 106-398 for the accumulation of funds to finance the liabilities of the DoD and the uniformed services health care programs for specific Medicare-eligible beneficiaries.

These financial statements have been prepared to report the financial position and results of operations for the Fund, as required by the Chief Financial Officers (CFO) Act of 1990, expanded by the Government Management Reform Act (GMRA) of 1994, and other appropriate legislation. The financial statements have been prepared from the books and records of the Trust Fund Accounting Division, Accounting Directorate, Defense Finance and Accounting Service, in accordance with the requirements of Office of Management and Budget (OMB) Bulletin No. 01-09, "Form and Content of Agency Financial Statements," and accounting principles generally accepted in the United States of America. The Fund financial statements, in addition to the financial reports, are prepared by DFAS pursuant to OMB directives, which are used to monitor and control budgetary resources within the fund.

Detailed explanations of these financial statement elements are discussed in applicable footnotes.

1.B. Mission of the Reporting Entity

The mission of the Fund is to accumulate funds in order to finance, on an actuarially sound basis, liabilities of the DoD and the uniformed services health care programs for specific Medicare-eligible beneficiaries.

The asset accounts used to prepare the statements are categorized as either entity or non-entity assets, where applicable. Entity accounts consist of resources that the agency has the authority to use or where management is legally obligated to use funds to meet entity obligations. Non-entity accounts are assets that are held by an entity but are not available for use in the operations of the entity.

1.C. Appropriations and Funds

The Fund was authorized by the "Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001." The purpose of this fund was to pay the costs of all Military Service and uniformed service retiree health care programs for the benefit of members or former members of a participating service who are entitled to retired or retainer pay and are Medicare-eligible, their dependents who are Medicare-eligible, and survivors who are Medicare-eligible.

The Fund appropriations are designated special funds. These appropriations are used to fund the daily execution of the Fund mission.

The Fund is classified as a special fund and uses both receipt and expenditure accounts. The Fund symbol is 97X5472. The account uses a budget activity level structure. Lower level accounts are established as necessary to meet reporting requirements.

1.D. Basis of Accounting

Under authority of the CFO Act of 1990, the Federal Accounting Standards Advisory Board (FASAB) was established to recommend Federal Accounting Standards to the Secretary of the Treasury, the Director of the OMB, the Director of the Office of Personnel Management and the Comptroller General; who are co-principals of the Joint Financial Management Improvement

Program (JFMIP). The Statements of Federal Financial Accounting Standards (SFFAS) have been issued by the Director of the OMB and the Comptroller General, some of which have deferred effective dates.

In April 2000, the American Institute of Certified Public Accountants (AICPA), via their Statements on Auditing Standards (SAS) No. 69, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles (GAAP) in the Auditor's Report*, as amended by SAS No. 91, established the following hierarchy of accounting principles for federal government entities.

(A) FASAB Statements and Interpretations plus, AICPA and Financial Accounting Standards Board (FASB) pronouncements if made applicable to Federal governmental entities by a FASAB Statement or Interpretation

(B) FASAB Technical Bulletins and the following pronouncements if specifically made applicable to federal governmental entities by the AICPA and cleared by the FASAB: AICPA Industry Audit and Accounting Guides and AICPA Statement of Position

(C) AICPA Accounting Standards Executive Committee (ACSEC) Practice Bulletins, if specifically made applicable to federal governmental entities and cleared by the FASAB and Technical Releases of the Accounting and Auditing Policy Committee of the FASAB

(D) Implementation guides published by the FASAB staff and practices that are widely recognized and prevalent in the federal government.

In the absence of a pronouncement covered by Federal GAAP or another source of established accounting principles, the auditor of a federal government entity may consider other accounting literature, depending on its relevance to the circumstance. When directed by OMB, through OMB Bulletin No. 01-09, generally accepted accounting principles in the United States of America serve as authoritative guidance for federal agencies in preparing reports that are addressed within OMB Bulletin No. 01-09.

1.E. Revenues and Other Financing Sources

Financing sources for the Fund are provided primarily through an annual unfunded actuarial liability payment from Treasury, monthly contributions from the Military Services and Uniformed Services (United States Coast Guard, the National Oceanic and Atmospheric Administration, and the United States Public Health Service), and interest earned on investments. The monthly contributions are calculated by multiplying the monthly per capita rates (full time and part time) provided by the DoD Office of the Actuary by the reported end strength for the most recently reported month.

1.F. Recognition of Expenses

For financial reporting purposes, DoD policy requires the recognition of benefit expenses in the period incurred.

1.G. Accounting for Intragovernmental Activities

The Fund purchases and redeems non-marketable market-based securities issued by the United States Treasury, Bureau of Public Debt. Non-marketable market-based securities include Treasury bills, notes, bonds, Treasury Inflation-Indexed Securities (TIIS), and overnight certificates. Treasury bills are short-term securities with maturities of one year or less and are purchased at a discount. Treasury notes have maturities of at least one-year, but not more than ten years, and are purchased at a discount or premium. Treasury bonds are long-term securities with maturity terms of ten years or more and are purchased at either a discount or premium.

The Fund records investments at book value on the trial balance in SGL 1600. Discounts and premiums are recorded on the trial balances in SGL 1611 and 1612 respectively. The Fund calculates amortization of discounts and premiums using the effective interest method and records this amortization on the trial balance in SGL 1613.

Military Eligible Retiree Health Care Fund

The Fund receives interest on the value of its non-marketable market-based securities from Treasury on a semi-annual basis for U.S. Treasury bonds and notes.

1.H. Transactions with Foreign Governments and International Organizations

N/A

1.I. Funds with the U.S. Treasury

The U.S. Treasury allows the Fund to be fully invested. Therefore, the Fund Balance with Treasury (FBWT) may be zero during various quarters of the fiscal year.

Fund financial resources are maintained in U.S. Treasury Accounts. The Defense Finance and Accounting Service (DFAS) Arlington processes all fund receipts and adjustments. DFAS-Arlington prepares monthly reports, which provide information to the U.S. Treasury on transfers and deposits.

In addition, DFAS-Arlington submits reports to Treasury, by appropriation, on collections received. Treasury then records this information to the FBWT account maintained in the Treasury system. Differences between the Fund recorded balance in the FBWT account and the Treasury FBWT are reconciled.

1.J. Foreign Currency

N/A

1.K. Accounts Receivable

As presented on the Balance Sheets, accounts receivable includes accounts, claims, and refunds receivable from the public. Allowances for uncollectible accounts due from the public are based upon analysis of collection experience by the Fund.

1.L. Loans Receivable

As presented on the Balance Sheets, accounts receivable includes accounts, claims, and refunds receivable from the public. Allowances for uncollectible accounts due from the public are based upon analysis of collection experience by the Fund.

1.M. Inventories and Related Property

N/A

1.N. Investments in U.S. Treasury Securities

Intragovernmental securities represent non-marketable market-based securities issued by the United States Treasury Bureau of Public Debt. These securities are redeemable at market value exclusively through the Federal Investment Branch. These non-marketable market-based Treasury securities are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms. Investments are recorded at amortized cost on the Balance Sheet.

1.O. General Property, Plant and Equipment

N/A

1.P. Advances and Prepayments

Advances are made to the Services for Military Treatment Facility expenses for the upcoming quarter. This is done for all quarterly reporting but not for the fiscal year end.

1.Q. Leases

N/A

1.R. Other Assets

N/A

Military Eligible Retiree Health Care Fund

1.S. Contingencies and Other Liabilities

N/A

1.T. Accrued Leave

N/A

1.U. Net Position

Net Position consists of unexpended appropriations and cumulative results of operations.

1.V. Treaties for Use of Foreign Bases

N/A

1.W. Comparative Data

FY 2005 and FY 2004 Fiscal Year financial statements are presented for comparative purposes.

1.X. Unexpended Obligations

N/A

Note 2.	Nonentity Assets
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As of June 30	2005		2004	
1. Intragovernmental Assets				
A. Fund Balance with Treasury	\$	0.00	\$	0.00
B. Investments		0.00		0.00
C. Accounts Receivable		0.00		0.00
D. Other Assets		0.00		0.00
E. Total Intragovernmental Assets	\$	0.00	\$	0.00
2. Nonfederal Assets				
A. Cash and Other Monetary Assets	\$	0.00	\$	0.00
B. Accounts Receivable		0.00		0.00
C. Loans Receivable		0.00		0.00
D. Inventory & Related Property		0.00		0.00
E. General PP&E		0.00		0.00
F. Investments		0.00		0.00
G. Other Assets		0.00		0.00
H. Total Nonfederal Assets	\$	0.00	\$	0.00
3. Total Nonentity Assets	\$	0.00	\$	0.00
4. Total Entity Assets	\$	59,295,505,823.11	\$	38,018,959,137.52
5. Total Assets	\$	59,295,505,823.11	\$	38,018,959,137.52

Note 3.	Fund Balance with Treasury
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As of June 30	2005	2004
1. Fund Balances		
A. Appropriated Funds	\$ 0.00	\$ 0.00
B. Revolving Funds	0.00	0.00
C. Trust Funds	0.00	7,324,481.00
D. Special Funds	4,999,999.99	0.00
E. Other Fund Types	0.00	0.00
F. Total Fund Balances	<u>\$ 4,999,999.99</u>	<u>\$ 7,324,481.00</u>
2. Fund Balances Per Treasury Versus Agency		
A. Fund Balance per Treasury	\$ 4,999,999.99	\$ 7,324,481.00
B. Fund Balance per	<u>4,999,999.99</u>	<u>7,324,481.00</u>
3. Reconciling Amount	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Fund Balance with Treasury (FBWT) decreased from \$7,324 thousand in FY 2004 to \$4,999 thousand in FY 2005 due to the implementation of a new investment strategy. FBWT is maintained at approximately \$5,000 thousand to ensure that sufficient funds are available to cover estimated daily disbursements with the remaining funds invested in non-marketable market-based securities.

For FY 2004, FBWT was shown on Line 1C labeled Trust Funds as there was no disclosure provision made for Special Funds. For FY 2005, the FBWT is shown on Line 1D, "Special Funds", as there is a new disclosure provision for Special Funds. Thus, the disclosure for June 30, 2005 is more defined.

Status of Fund Balance with Treasury		
As of June 30	2005	2004
1. Unobligated Balance		
A. Available	\$ (2,040,999,460.24)	\$ (1,532,205,729.82)
B. Unavailable	59,616,000,479.84	38,077,114,474.12
2. Obligated Balance not yet Disbursed	<u>\$ (57,570,001,019.61)</u>	<u>\$ (36,537,584,263.30)</u>
3. Total	<u>\$ 4,999,999.99</u>	<u>\$ 7,324,481.00</u>

Disclosures Related to Suspense/Budget Clearing Accounts

As of June 30	2003	2004	2005	(Decrease)/ Increase from FY 2004 - 2005
Account				
F3875	\$ 0.00	\$ 0.00	\$ 0.00	0.00
F3880	0.00	0.00	0.00	0.00
F3882	0.00	0.00	0.00	0.00
F3885	0.00	0.00	0.00	0.00
F3886	0.00	0.00	0.00	0.00
Total	\$ 0.00	\$ 0.00	\$ 0.00	0.00

Disclosures Related to Problem Disbursements and In-Transit Disbursements

As of June 30	2003	2004	2005	(Decrease)/ Increase from FY 2004 - 2005
1. Total Problem Disbursements, Absolute Value				
A. Unmatched Disbursements (UMDS)	\$ 0.00	\$ 0.00	\$ 0.00	0.00
B. Negative Unliquidated Obligations (NULO)	0.00	0.00	0.00	0.00
2. Total In-transit Disbursements, Net	\$ 0.00	\$ 0.00	\$ 0.00	0.00

Note 4. Investments and Related Interest

As of June 30	2005					2004
	Par Value/Cost	Amortization Method	Unamortized (Premium/Discount)	Investments, Net	Market Value Disclosure	Investments, Net
1. Intragovernmental Securities						
A. Non-Marketable, Market-Based	\$ 50,901,771,204.76		\$ 7,319,089,445.17	\$ 58,220,860,649.93	\$ 59,616,173,428.04	\$ 37,391,917,387.16
B. Accrued Interest	641,186,358.51			641,186,358.51	641,186,358.51	380,399,977.75
C. Total Intragovernmental Securities	<u>\$ 51,542,957,563.27</u>		<u>\$ 7,319,089,445.17</u>	<u>\$ 58,862,047,008.44</u>	<u>\$ 60,257,359,786.55</u>	<u>\$ 37,772,317,364.91</u>
2. Other Investments	<u>\$ 0.00</u>		<u>0.00</u>	<u>\$ 0.00</u>	<u>N/A</u>	<u>\$ 0.00</u>

Investments increased from \$37,391,917 thousand in FY 2004 to \$58,220,860 thousand in FY 2005 because of a cumulative positive cash flow. The investments listed above are presented at Market Value as of June 30, 2005. Listed below are the Par Values of the U.S. Treasury Securities referenced above.

<u>PAR VALUE FY 2005 (\$000)</u>		<u>PAR VALUE FY2004 (\$000)</u>	
Bills	\$0	Bills	\$0
Bonds	2,000,000	Bonds	2,000,000
Notes	23,384,102	Notes	17,000,000
Overnights	1,071,100	Overnights	10,078,942
TIPS	<u>24,446,569</u>	TIPS	<u>6,216,660</u>
Total	<u>\$50,901,771</u>	Total	<u>\$35,295,602</u>

Contributions to the Medicare-Eligible Retiree Health Care Fund (the Fund) are calculated to maintain the Fund on an actuarially sound basis. This means that there will be sufficient funds to make all covered payments on behalf of eligible beneficiaries each year, and that the Fund balance is projected to eventually equal the actuarial liability, i.e., all unfunded liabilities are liquidated. In order to accomplish this, normal costs are

calculated to fully fund the current year projected liability for active duty members and reservists. In addition, amortization payments are calculated to fund liabilities that were present at the Fund's inception (initial unfunded) and any emerging actuarial gains or losses. The initial unfunded liability of the program is being amortized over a 50-year period. All subsequent gains and losses experienced by the system are amortized over a 30-year period. Methods and assumptions used to compute actuarial costs and liabilities, and to amortize the initial unfunded liability as well as all actuarial gains and losses, must be approved by the Department of Defense Medicare-Eligible Retiree Health Care Board of Actuaries, as required by Chapter 56 of Title 10, United States Code. The Board is a Federal Advisory Committee appointed by the Secretary of Defense.

Note 5.	Accounts Receivable
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As of June 30	2005			2004
	Gross Amount Due	Allowance For Estimated Uncollectibles	Accounts Receivable, Net	Accounts Receivable, Net
1. Intragovernmental Receivables	\$ 0.00	N/A	\$ 0.00	\$ 0.00
2. Nonfederal Receivables (From the Public)	\$ 11,723,983.70	\$ (646,169.02)	\$ 11,077,814.68	\$ 1,206,291.61
3. Total Accounts Receivable	\$ 11,723,983.70	\$ (646,169.02)	\$ 11,077,814.68	\$ 1,206,291.61

In FY 2004, separate identification of Accounts Receivable was not required from the Managed Care Support contractors disbursing on behalf of the government. As a result, only estimates were provided. For FY 2005, the contractual requirement changed and now requires specific identification of the receivables. The third quarter Accounts Receivable balance represents the following:

Included in the balance is \$1,900 thousand mail order pharmacy debt. Patients are required to make a co-payment for each prescription obtained through the mail order pharmacy program. The co-payment is collected by the mail order pharmacy contractor and is to be returned to the Department. This amount represents co-payments due during the third quarter that have not yet been collected. This amount will be collected during the fourth quarter of FY 2005.

The remaining balance reflected in this note represents a combination of receivables that are:

- 1) greater than \$600 and over 180 days old that have been transferred to the TMA General Counsel from the TRICARE Dual Eligible Fiscal Intermediary Contractor (TDEFIC) and
- 2) accounts receivable that are less than \$600 are not forwarded but are held by the contractor for continued collection efforts throughout the life of the contract.

The Allowance for Estimated Collectibles is calculated as a percentage of receivables from all sources. The majority of the receivables are held by the TRICARE Dual-Eligible Fiscal Intermediary Contractor (TDEFIC). The allowance of uncollectible accounts is based on an analysis of the actual uncollectible amounts experienced during FY 2004 and the first half of FY 2005.

Note 6.	Other Assets
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As of June 30	2005	2004
1. Intragovernmental Other Assets		
A. Advances and Prepayments	\$ 417,381,000.00	\$ 238,111,000.00
B. Total Intragovernmental Other Assets	\$ 417,381,000.00	\$ 238,111,000.00
2. Nonfederal Other Assets		
A. Outstanding Contract Financing Payments	\$ 0.00	\$ 0.00
B. Other Assets (With the Public)	0.00	0.00
C. Total Nonfederal Other Assets	\$ 0.00	\$ 0.00
3. Total Other Assets	\$ 417,381,000.00	\$ 238,111,000.00

Advances and prepayment information increased from \$238,111 thousand in FY 2004 to \$417,381 thousand in FY 2005. Current Advances are for the military treatment facility expenses for the upcoming fourth quarter. This will be included in all quarterly reporting, except at fiscal year end.

The increase in FY 2005 versus FY 2004 is attributable primarily to increases in pharmacy costs and utilization of our military treatment facility pharmacies. Prospective payments in FY 2004 were based on FY 2001 utilization and costs that were then inflated to FY 2004. In FY 2004, the TRICARE Management Activity conducted a reconciliation of FY 2003 actual utilization and costs compared to the FY 2003 prospective distribution at each military medical facility. The results were then used to update the FY 2005 prospective distribution to the Services' medical facilities.

Note 7.	Cash and Other Monetary Assets
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As of June 30	2005	2004
1. Cash	\$ 0.00	\$ 0.00
2. Foreign Currency (non-purchased)	0.00	0.00
3. Total Cash, Foreign Currency, & Other Monetary Assets	\$ 0.00	\$ 0.00

Note 8.	Direct Loan and/or Loan Guarantee Programs
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As of June 30

Direct Loan and/or Loan Guarantee Programs The entity operates the following direct loan and/or Loan guarantee program(s)

Military Housing Privatization Initiative

Armament Retooling & Manufacturing Support Initiative

Direct Loans Obligated After FY 1991

As of June 30

	2005		2004	
Loan Programs				
Military Housing Privatization Initiative				
A. Loans Receivable Gross	\$	0.00	\$	0.00
B. Interest Receivable		0.00		0.00
C. Foreclosed Property		0.00		0.00
D. Allowance for Subsidy Cost (Present Value)		0.00		0.00
E. Value of Assets Related to Direct Loans	\$	0.00	\$	0.00
Total Loans Receivable	\$	0.00	\$	0.00

DoD Medicare-Eligible Retiree Health Care Fund

Total Amount of Direct Loans Disbursed				
As of June 30	2005		2004	
Direct Loan Programs				
Military Housing Privatization Initiative	\$	0.00	\$	0.00
Total	\$	0.00	\$	0.00

Subsidy Expense for Post-1991 Direct Loans

As of June 30

2005	Interest Differential	Defaults	Fees	Other	Total
1. New Direct Loans Disbursed: Military Housing Privatization Initiative	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2004	Interest Differential	Defaults	Fees	Other	Total
2. New Direct Loans Disbursed: Military Housing Privatization Initiative	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2005	Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total
3. Direct Loan Modifications and Reestimates: Military Housing Privatization Initiative	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2004	Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total
4. Direct Loan Modifications and Reestimates: Military Housing Privatization Initiative	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		2005	2004		
5. Total Direct Loan Subsidy Expense: Military Housing Privatization Initiative	\$ 0.00	\$ 0.00			

Subsidy Rate for Direct Loans

As of June 30

	Interest Differential	Defaults	Fees	Other	Total
Military Housing Privatization Initiative	0.00%	0.00%	0.00%	0.00%	0.00%

Schedule for Reconciling Subsidy Cost Allowance Balances for Post-1991 Direct Loans

As of June 30

As of June 30	2005	2004
1. Beginning Balance of the Subsidy Cost Allowance	\$ 0.00	\$ 0.00
2. Add: Subsidy Expense for Direct Loans Disbursed during the Reporting Years by Component		
A. Interest Rate Differential Costs	\$ 0.00	\$ 0.00
B. Default Costs (Net of Recoveries)	0.00	0.00
C. Fees and Other Collections	0.00	0.00
D. Other Subsidy Costs	0.00	0.00
E. Total of the above Subsidy Expense Components	\$ 0.00	\$ 0.00
3. Adjustments		
A. Loan Modifications	\$ 0.00	\$ 0.00
B. Fees Received	0.00	0.00
C. Foreclosed Property Acquired	0.00	0.00
D. Loans Written Off	0.00	0.00
E. Subsidy Allowance Amortization	0.00	0.00
F. Other	0.00	0.00
G. Total of the above Adjustment Components	\$ 0.00	\$ 0.00
4. Ending Balance of the Subsidy Cost Allowance before Re-estimates	\$ 0.00	\$ 0.00
5. Add or Subtract Subsidy Re-estimates by Component		
A. Interest Rate Re-estimate	\$ 0.00	\$ 0.00
B. Technical/default Re-estimate	0.00	0.00
C. Total of the above Re-estimate Components	\$ 0.00	\$ 0.00
6. Ending Balance of the Subsidy Cost Allowance	\$ 0.00	\$ 0.00

Defaulted Guaranteed Loans from Post-1991 Guarantees

As of June 30

	2005	2004
Loan Guarantee Program(s)		
1. Military Housing Privatization Initiative		
A. Defaulted Guaranteed Loans Receivable, Gross	\$ 0.00	\$ 0.00
B. Interest Receivable	0.00	0.00
C. Foreclosed Property	0.00	0.00
D. Allowance for Subsidy Cost (Present Value)	0.00	0.00
E. Value of Assets Related to Defaulted Guaranteed Loans Receivable	\$ 0.00	\$ 0.00
2. Armament Retooling & Manufacturing Support Initiative		
A. Defaulted Guaranteed Loans Receivable, Gross	\$ 0.00	\$ 0.00
B. Interest Receivable	0.00	0.00
C. Foreclosed Property	0.00	0.00
D. Allowance for Subsidy Cost (Present Value)	0.00	0.00
E. Value of Assets Related to Defaulted Guaranteed Loans Receivable	\$ 0.00	\$ 0.00
3. Total Value of Assets Related to Defaulted Guaranteed Loans Receivable	\$ 0.00	\$ 0.00

Guaranteed Loans Outstanding		
As of June 30	Outstanding Principal, Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Guaranteed Loans Outstanding		
1. Military Housing Privatization Initiative	\$ 0.00	\$ 0.00
2. Armament Retooling & Manufacturing Support Initiative	\$ 0.00	\$ 0.00
3. Total	\$ 0.00	\$ 0.00
2005		
New Guaranteed Loans Disbursed		
1. Military Housing Privatization Initiative	\$ 0.00	\$ 0.00
2. Armament Retooling & Manufacturing Support Initiative	\$ 0.00	\$ 0.00
3. Total	\$ 0.00	\$ 0.00
2004		
New Guaranteed Loans Disbursed		
1. Military Housing Privatization Initiative	\$ 0.00	\$ 0.00
2. Armament Retooling & Manufacturing Support Initiative	\$ 0.00	\$ 0.00
3. Total	\$ 0.00	\$ 0.00

Liability for Post-1991 Loan Guarantees, Present Value

As of June 30

	2005	2004
Loan Guarantee Program		
1. Military Housing Privatization Initiative	\$ 0.00	\$ 0.00
2. Armament Retooling & Manufacturing Support Initiative	0.00	0.00
3. Total	\$ 0.00	\$ 0.00

Subsidy Expense for Post-1991 Loan Guarantees

As of June 30

2005	Interest Differential	Defaults	Fees	Other	Total
1. New Loan Guarantees Disbursed:					
Military Housing Privatization Initiative	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Armament Retooling & Manufacturing Support Initiative	0.00	0.00	0.00	0.00	0.00
Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2004	Interest Differential	Defaults	Fees	Other	Total
2. New Loan Guarantees Disbursed:					
Military Housing Privatization Initiative	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Armament Retooling & Manufacturing Support Initiative	0.00	0.00	0.00	0.00	0.00
Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2005	Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total
3. Modifications and Reestimates:					
Military Housing Privatization Initiative	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Armament Retooling & Manufacturing Support Initiative	0.00	0.00	0.00	0.00	0.00
Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2004	Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total
4. Modifications and Reestimates:					
Military Housing Privatization Initiative	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Armament Retooling & Manufacturing Support Initiative	0.00	0.00	0.00	0.00	0.00
Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2005					
5. Total Loan Guarantee:					
Military Housing Privatization Initiative	\$ 0.00	\$ 0.00			
Armament Retooling & Manufacturing Support Initiative	0.00	0.00			
Total	\$ 0.00	\$ 0.00			

Subsidy Rate for Loan Guarantees					
	Interest Supplements	Defaults	Fees and other Collections	Other	Total
Loan Guarantees:					
1. Military Housing Privatization Initiative	0.00%	0.00%	0.00%	0.00%	0.00%
2. Armament Retooling & Manufacturing Support Initiative	0.00%	0.00%	0.00%	0.00%	0.00%

Schedule for Reconciling Loan Guarantee Liability Balances for Post-1991 Loan Guarantees

As of June 30

	2005	2004
1. Beginning Balance of the Loan Guarantee Liability	\$ 0.00	\$ 0.00
2. Add: Subsidy Expense for Guaranteed Loans Disbursed during the Reporting Years by Component		
A. Interest Supplement Costs	\$ 0.00	\$ 0.00
B. Default Costs (Net of Recoveries)	0.00	0.00
C. Fees and Other Collections	0.00	0.00
D. Other Subsidy Costs	0.00	0.00
E. Total of the above Subsidy Expense Components	\$ 0.00	\$ 0.00
3. Adjustments		
A. Loan Guarantee Modifications	\$ 0.00	\$ 0.00
B. Fees Received	0.00	0.00
C. Interest Supplements Paid	0.00	0.00
D. Foreclosed Property and Loans Acquired	0.00	0.00
E. Claim Payments to Lenders	0.00	0.00
F. Interest Accumulation on the Liability Balance	0.00	0.00
G. Other	0.00	0.00
H. Total of the above Adjustments	\$ 0.00	\$ 0.00
4. Ending Balance of the Loan Guarantee Liability before Re-estimates	\$ 0.00	\$ 0.00
5. Add or Subtract Subsidy Re-estimates by Component		
A. Interest Rate Re-estimate	0.00	0.00
B. Technical/default Re-estimate	0.00	0.00
C. Total of the above Re-estimate Components	\$ 0.00	\$ 0.00
6. Ending Balance of the Loan Guarantee Liability	\$ 0.00	\$ 0.00

Administrative Expense

As of June 30

	2005	2004
1. Direct Loans		
Military Housing Privatization Initiative	\$ 0.00	\$ 0.00
Total	\$ 0.00	\$ 0.00
2. Loan Guarantees		
Military Housing Privatization Initiative	\$ 0.00	\$ 0.00
Armament Retooling & Manufacturing Support Initiative	0.00	0.00
Total	\$ 0.00	\$ 0.00

Note 9.	Inventory and Related Property
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As of June 30	2005	2004
1. Inventory, Net	\$ 0.00	\$ 0.00
2. Operating Materials & Supplies, Net	0.00	0.00
3. Stockpile Materials, Net	0.00	0.00
4. Total	\$ 0.00	\$ 0.00

DoD Medicare-Eligible Retiree Health Care Fund

Inventory, Net

As of June 30

	2005			2004		Valuation Method
	Inventory, Gross Value	Revaluation Allowance	Inventory, Net	Inventory, Net		
1. Inventory Categories						
A. Available and Purchased for Resale	\$ 0.00	\$ 0.00	0.00	\$ 0.00	0.00	LAC,MAC
B. Held for Repair	0.00	0.00	0.00	0.00	0.00	LAC,MAC
C. Excess, Obsolete, and Unserviceable	0.00	0.00	0.00	0.00	0.00	NRV
D. Raw Materials	0.00	0.00	0.00	0.00	0.00	MAC,SP,LAC
E. Work in Process	0.00	0.00	0.00	0.00	0.00	AC
F. Total	\$ 0.00	\$ 0.00	0.00	\$ 0.00	0.00	

Legend for Valuation Methods:

Adjusted LAC = Latest Acquisition Cost, adjusted for holding gains and losses
 holding gains and losses
 SP = Standard Price
 AC = Actual Cost

NRV = Net Realizable Value
 O = Other
 MAC = Moving Average Cost

Operating Materials and Supplies, Net

As of June 30

	2005			2004		Valuation Method
	OM&S Gross Value	Revaluation Allowance	OM&S, Net	OM&S, Net		
1. OM&S Categories						
A. Held for Use	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	SP, LAC
B. Held for Repair	0.00	0.00	0.00	0.00	0.00	SP, LAC
C. Excess, Obsolete, and Unserviceable	0.00	0.00	0.00	0.00	0.00	NRV
D. Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	

Legend for Valuation Methods:

Adjusted LAC = Latest Acquisition Cost
 adjusted for holding gains and losses
 SP = Standard Price
 AC = Actual Cost

NRV = Net Realizable Value
 O = Other

Stockpile Materials, Net

As of June 30

	2005			2004		Valuation Method
	Stockpile Materials Amount	Allowance for Gains (Losses)	Stockpile Materials, Net	Stockpile Materials, Net		
1. Stockpile Materials Categories						
A. Held for Sale	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00		AC, LCM
B. Held in Reserve for Future Sale	0.00	0.00	0.00	0.00		AC, LCM
C. Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00	

Legend for Valuation Methods:

LAC = Latest Acquisition Cost
 SP = Standard Price
 AC = Actual Cost

NRV = Net Realizable Value
 LCM = Lower of Cost or Market
 O = Other

Note 10. General PP&E, Net

As of June 30	2005					2004
	Depreciation/ Amortization Method	Service Life	Acquisition Value	(Accumulated Depreciation/ Amortization)	Net Book Value	Prior FY Net Book Value
1. Major Asset Classes						
A. Land	N/A	N/A	\$ 0.00	N/A	\$ 0.00	\$ 0.00
B. Buildings, Structures, and Facilities	S/L	20 Or 40	0.00	\$ 0.00	0.00	0.00
C. Leasehold Improvements	S/L	lease term	0.00	0.00	0.00	0.00
D. Software	S/L	2-5 Or 10	0.00	0.00	0.00	0.00
E. General Equipment	S/L	5 or 10	0.00	0.00	0.00	0.00
F. Military Equipment	S/L	Various	0.00	0.00	0.00	0.00
G. Assets Under Capital Lease	S/L	lease term	0.00	0.00	0.00	0.00
H. Construction-in-Progress	N/A	N/A	0.00	N/A	0.00	0.00
I. Other			0.00	0.00	0.00	0.00
2. Total General PP&E			\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

¹ Note 15 for additional information on Capital Leases

Legend for Valuation Methods:

S/L = Straight Line N/A = Not Applicable

Assets Under Capital Lease

As of June 30

	2005		2004	
1. Entity as Lessee, Assets Under Capital Lease				
A. Land and Buildings	\$	0.00	\$	0.00
B. Equipment		0.00		0.00
C. Other		0.00		0.00
D. Accumulated Amortization		0.00		0.00
E. Total Capital Leases	\$	0.00	\$	0.00

Note 11.	Liabilities Not Covered by Budgetary Resources
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As of June 30	2005	2004
1. Intragovernmental Liabilities		
A. Accounts Payable	\$ 0.00	\$ 0.00
B. Debt	0.00	0.00
C. Other	0.00	0.00
D. Total Intragovernmental Liabilities	\$ 0.00	\$ 0.00
2. Nonfederal Liabilities		
A. Accounts Payable	\$ 0.00	\$ 0.00
B. Military Retirement Benefits and Other Employment-Related Actuarial Liabilities	443,387,651,573.77	438,093,152,525.88
C. Environmental Liabilities	0.00	0.00
D. Loan Guarantee Liability	0.00	0.00
E. Other Liabilities	698,527,000.00	474,516,000.00
F. Total Nonfederal Liabilities	\$ 444,086,178,573.77	\$ 438,567,668,525.88
3. Total Liabilities Not Covered by Budgetary Resources	\$ 444,086,178,573.77	\$ 438,567,668,525.88
4. Total Liabilities Covered by Budgetary Resources	\$ 60,964,696,668.82	\$ 38,771,413,444.79
5. Total Liabilities	\$ 505,050,875,242.59	\$ 477,339,081,970.67

Line 4, Total Liabilities Covered by Budgetary Resources increased in FY2005 by \$22,193,283 thousand primarily due to increased assets of \$21,972,966 thousand and increased Accounts Payable of \$220,317 thousand. The increased assets result from contributions exceeding beneficiary payments. (Please see further discussion at Footnote 4)

The reported Actuarial Liability is only changed once a year at September 30. For this reason, there is no change in any quarterly Actuarial Liability from the previous year-end Actuarial Liability. For the same reason, the change in any quarterly Actuarial Liability from the prior year to the current year is the same as the change reported in the previous year-end statements, i.e., from September 30 of the year prior to the previous year-end to September 30 of the previous year-end. This Change in the Actuarial Liability reported in the previous year-end statements is illustrated in the table below.

In summary, Line 5 Total Liabilities increased \$27,711,793 thousand due to increased Actuarial Liability of \$27,903,540 thousand, an increased Accounts Payable of \$220,317 thousand, an increased IBNR of \$224,011 thousand and a decreased intragovernmental liabilities of \$-636,075 thousand. The intragovernmental liability represents the overpayment due back to Army who overstated their personnel end-strength figures. This was repaid in fourth quarter of FY 2004.

The Actuarial Liability increased as follows:

Change in MERHCF Actuarial Liability (in thousands)	
Actuarial Liability as of 9/30/03(All uniformed services Medicare)	\$ 476,170,267
Expected Normal Cost for FY04	10,187,814
Expected Benefit Payments for FY04	(5,911,780)
Interest Cost for FY04	29,892,243
Actuarial (gains)/losses due to other factors	(1,430,624)
Actuarial (gains)/losses due to changes in trend assumptions	<u>(4,834,113)</u>
Actuarial Liability as of 9/30/04(all uniformed services Medicare)	<u>504,073,807</u>
Change in Actuarial Liability	\$ <u>27,903,540</u>

The MERHCF liability includes Medicare liabilities for all Uniformed Services. The approximate breakout of the September 30, 2004 liability is:

DoD	\$493,716,990
Coast Guard	9,263,717
Public Health Service	1,024,851
NOAA	<u>68,249</u>
TOTAL	<u>\$504,073,807</u>

Assumptions used to calculate the actuarial liabilities, such as mortality and retirement rates, were based on actual experience. Claims cost assumptions for direct care were based on actual experience; assumptions for purchased care were developed from industry-based cost estimates adjusted to approximate the military retired population.

Projected revenues into the Medicare Eligible Retiree Health Care Fund, authorized by Chapter 56 of Title 10, United States Code, come from three sources: interest earnings on Fund assets; monthly Uniformed Services contributions; and annual contributions from the Treasury Department. The monthly contributions are determined as per capita amount (approved by the DoD Medicare Eligible Retiree Health Care Board of Actuaries) times end strength. The contribution from Treasury is paid into the Fund at the beginning of each fiscal year, and represents the amortization of the unfunded liability for service performed prior to October 1, 2002, as well as the amortization of actuarial gains and losses that have arisen since then. The Board determines Treasury's contribution, and the Secretary of Defense directs the Secretary of Treasury to make the payment.

The actuarial liability reported above does not include \$698,527 thousand in Incurred But Not Reported (IBNR) liabilities as of June 30, 2005.

Because of reporting deadlines, the current year actuarial present value of projected plan benefits is rolled forward, using accepted actuarial methods, from the prior year's results. For purposes of the Fund's financial reporting, this process is applied annually.

Current Incurred But Not Reported (IBNR) liabilities increased \$224,011 thousand from third quarter FY 2004 to third quarter FY 2005. The increase can be attributed to (in millions of dollars, and percent of overall increase) the following:

1. (\$92, 41%) – an expected increase due to medical cost trends
2. (\$-31, -14%) – a decrease due to replacing the overall administration load with loads by service types (e.g., Inpatient, Outpatient, and Rx) and updated administration load information
3. (\$154, 69%) – the effects of claim processing backlog and revised treatment of accounts payable
4. (\$9, 4%) – an increase due to Rx reconciliation of data used to calculate IBNR with accounting data

Note 12.	Accounts Payable
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As of June 30	2005			2004
	Accounts Payable	Interest, Penalties, and Administrative Fees	Total	Total
1. Intragovernmental Payables	\$ 0.00	\$ N/A	\$ 0.00	\$ 394,649,648.00
2. Non-Federal Payables (to the Public)	278,541,242.59	0.00	278,541,242.59	58,224,221.67
3. Total	\$ 278,541,242.59	\$ 0.00	\$ 278,541,242.59	\$ 452,873,869.67

Current Non Federal Accounts Payable increased from \$58,224 thousand in FY 2004 to \$278,541 thousand in FY 2005. In addition, the Intragovernmental Payables decreased from \$394,649 thousand in FY 04 to zero dollars in FY 2005.

The \$220,317 thousand Non Federal Accounts Payable increase is attributable to new contracts being awarded in FY 2004 that provide for the separate recording of Accounts Payable instead of using estimates. The accounts payable represents payments due the TRICARE dual-eligible fiscal intermediary (Wisconsin Physician Services) and the pharmacy fiscal intermediary (Express Scripts) for payments they made for health care and pharmaceuticals provided to Medicare-eligible beneficiaries. The increase of approximately \$121,581 thousand from second quarter FY 2005 is due primarily to efforts to eliminate the backlog of claims that existed in the first half of this fiscal year due to the transition in electronic claims records format, Health Information Claims Service Record (HICSR) to TRICARE Encounter Data (TEDs).

Furthermore, the \$394,649 thousand in FY 2004 was a result of the Army over reporting its personnel end-strength to the Medicare-Eligible Retiree Health Care Fund (MERHCF). This resulted in an overpayment that was recouped in 4th quarter FY 2004.

Note 13.	Debt
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As of June 30	2005			2004
	Beginning Balance	Net Borrowings	Ending Balance	Ending Balance
1. Agency Debt				
A. Debt to the Treasury	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
B. Debt to the Federal Financing Bank	0.00	0.00	0.00	0.00
C. Total Agency Debt	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2. Total Debt	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Note 14.	Environmental Liabilities and Disposal Liabilities
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As of June 30	2005			2004
	Current Liability	Noncurrent Liability	Total	Total
1. Environmental Liabilities – Non Federal				
A. Accrued Environmental Restoration (DERP funded) Costs:				
1. Active Installations-- Environmental Restoration (ER) \$	0.00	\$ 0.00	\$ 0.00	\$ 0.00
2. Active Installations--ER for Closed Ranges	0.00	0.00	0.00	0.00
3. Formerly Used Defense Sites (FUDS) -- ER	0.00	0.00	0.00	0.00
4. FUDS--ER for Transferred Ranges	0.00	0.00	0.00	0.00
B. Other Accrued Environmental Costs (Non-DERP funds)				
1. Active Installations-- Environmental Corrective Action	0.00	0.00	0.00	0.00
2. Active Installations-- Environmental Closure Requirements	0.00	0.00	0.00	0.00
3. Active Installations-- Environ.Response at Active Ranges	0.00	0.00	0.00	0.00
4. Other	0.00	0.00	0.00	0.00
C. Base Realignment and Closure (BRAC)				
1. BRAC Installations-- Environmental Restoration (ER)	0.00	0.00	0.00	0.00
2. BRAC Installations--ER for Transferring Ranges	0.00	0.00	0.00	0.00
3. BRAC Installations-- Environmental Corrective Action	0.00	0.00	0.00	0.00
4. Other	0.00	0.00	0.00	0.00
D. Environmental Disposal for Weapons Systems Programs				
1. Nuclear Powered Aircraft Carriers	0.00	0.00	0.00	0.00
2. Nuclear Powered Submarines	0.00	0.00	0.00	0.00
3. Other Nuclear Powered Ships	0.00	0.00	0.00	0.00
4. Other National Defense Weapons Systems	0.00	0.00	0.00	0.00
5. Chemical Weapons Disposal Program	0.00	0.00	0.00	0.00
6. Other	0.00	0.00	0.00	0.00
2. Total Environmental Liabilities:	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Note 15.	Other Liabilities
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As of June 30	2005			2004
	Current Liability	Noncurrent Liability	Total	Total
1. Intragovernmental				
A. Advances from Others	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
B. Deposit Funds and Suspense Account Liabilities	0.00	0.00	0.00	241,425,101.00
C. Disbursing Officer Cash	0.00	0.00	0.00	0.00
D. Judgment Fund Liabilities	0.00	0.00	0.00	0.00
E. FECA Reimbursement to the Department of Labor	0.00	0.00	0.00	0.00
F. Other Liabilities	0.00	0.00	0.00	0.00
G. Total Intragovernmental Other Liabilities	\$ 0.00	\$ 0.00	\$ 0.00	\$ 241,425,101.00
2. Nonfederal				
A. Accrued Funded Payroll and Benefits	\$ 698,527,000.00	\$ 0.00	\$ 698,527,000.00	\$ 474,516,000.00
B. Advances from Others	0.00	0.00	0.00	0.00
C. Deferred Credits	0.00	0.00	0.00	0.00
D. Deposit Funds and Suspense Accounts	0.00	0.00	0.00	0.00
E. Temporary Early Retirement Authority	0.00	0.00	0.00	0.00
F. Nonenvironmental Disposal Liabilities				
(1) National Defense PP&E (Nonnuclear)	0.00	0.00	0.00	0.00
(2) Excess/Obsolete Structures	0.00	0.00	0.00	0.00
(3) Conventional Munitions Disposal	0.00	0.00	0.00	0.00
(4) Other	0.00	0.00	0.00	0.00
G. Accrued Unfunded Annual Leave	0.00	0.00	0.00	0.00
H. Capital Lease Liability	0.00	0.00	0.00	0.00
I. Other Liabilities	0.00	0.00	0.00	0.00
J. Total Nonfederal Other Liabilities	\$ 698,527,000.00	\$ 0.00	\$ 698,527,000.00	\$ 474,516,000.00
3. Total Other Liabilities	\$ 698,527,000.00	\$ 0.00	\$ 698,527,000.00	\$ 715,941,101.00

Current Incurred But Not Reported (IBNR) liabilities increased \$224,011 thousand from third quarter FY 2004 to third quarter FY 2005. The increase can be attributed to (in millions of dollars, and percent of overall increase) the following:

1. (\$92, 41%) – an expected increase due to medical cost trends
2. (\$-31, -14%) – a decrease due to replacing the overall administration load with loads by service types (e.g., Inpatient, Outpatient, and Rx) and updated administration load information

3. (\$154, 69%) – the effects of claim processing backlog and revised treatment of accounts payable
4. (\$9, 4%) – an increase due to Rx reconciliation of data used to calculate IBNR with accounting data

The intragovernmental deferred credit of \$241,425 thousand represents the Army's FY 2004 overpayment of normal cost contributions to the Fund. Establishing a deferred credit for the FY 2004 portion of the overpayment recognizes the overpayment as revenue received by the Fund but not yet reported as income. Recognition as income occurred in the fourth quarter of FY 2004 when it offset a portion of the Army's fourth quarter contribution to the Fund. The deferred credit of \$241,425 thousand was applied toward the Army's contributions, in the benefit program revenue account, in July 2004.

Capital Lease Liability

As of June 30

	2005				2004	
	Asset Category					
	Land and Buildings	Equipment	Other	Total	Total	
1. Future Payments Due						
A. 2005	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00
B. 2006	0.00	0.00	0.00	0.00	0.00	0.00
C. 2007	0.00	0.00	0.00	0.00	0.00	0.00
D. 2008	0.00	0.00	0.00	0.00	0.00	0.00
E. 2009	0.00	0.00	0.00	0.00	0.00	0.00
F. After 5 Years	0.00	0.00	0.00	0.00	0.00	0.00
G. Total Future Lease Payments Due	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00
H. Less: Imputed Interest Executory Costs	0.00	0.00	0.00	0.00	0.00	0.00
I. Net Capital Lease Liability	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00
2. Capital Lease Liabilities Covered by Budgetary Resources				\$ 0.00	\$ 0.00	0.00
3. Capital Lease Liabilities Not Covered by Budgetary Resources				\$ 0.00	\$ 0.00	0.00

Note 16.	Commitments and Contingencies
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Note 17.**Military Retirement Benefits and Other Employment Related Actuarial Liabilities**

As of June 30	2005			2004	
	Actuarial Present Value of Projected Plan Benefits	Assume Interest Rate (%)	(Less: Assets Available to Pay Benefits)	Unfunded Actuarial Liability	Unfunded Actuarial Liability
1. Pension and Health Benefits					
A. Military Retirement Pensions	\$ 0.00		\$ 0.00	\$ 0.00	\$ 0.00
B. Military Retirement Health Benefits	0.00		0.00	0.00	0.00
C. Medicare-Eligible Retiree Benefits	504,073,807,000.00		(60,686,155,426.23)	443,387,651,573.77	438,093,152,525.88
D. Total Pension and Health Benefits	\$ 504,073,807,000.00		\$ (60,686,155,426.23)	\$ 443,387,651,573.77	\$ 438,093,152,525.88
2. Other					
A. FECA	\$ 0.00		\$ 0.00	\$ 0.00	\$ 0.00
B. Voluntary Separation Incentive Programs	0.00		0.00	0.00	0.00
C. DoD Education Benefits Fund	0.00		0.00	0.00	0.00
D. <u>[Enter Program Name]</u>	0.00		0.00	0.00	0.00
E. Total Other	\$ 0.00		\$ 0.00	\$ 0.00	\$ 0.00
3. Total Military Retirement Benefits and Other Employment Related Actuarial Liabilities:	\$ 504,073,807,000.00		\$ (60,686,155,426.23)	\$ 443,387,651,573.77	\$ 438,093,152,525.88

Actuarial Cost Method Used:

Assumptions:

Market Value of Investments in Market-based and Marketable Securities: \$60,257,359,786.55

The reported Actuarial Liability is only changed once a year at September 30. For this reason, there is no change in any quarterly Actuarial Liability from the previous year-end Actuarial Liability. For the same reason, the change in any quarterly Actuarial Liability from the prior year to the current year is the same as the change reported in the previous year-end statements, i.e., from September 30 of the year prior to the previous year-end to September 30 of the previous year-end. This Change in the Actuarial Liability reported in the previous year-end statements is illustrated in the table below.

Change in Medicare-Eligible Retiree Health Care Fund Actuarial Liability

(\$ in Thousands)

a. Actuarial Liability as of 09/30/03 (all uniformed services Medicare)	\$476,170,267
b. Expected Normal Cost for FY04	\$10,187,814
c. Expected Benefit Payments for FY04	(\$5,911,780)
d. Interest Cost for FY04	\$29,892,243
e. Actuarial (gains)/losses due to other factors	(\$1,430,624)
f. Actuarial (gains)/losses due to changes in trend assumptions	(\$4,834,113)
g. Actuarial Liability as of 09/30/04 (all uniformed services Medicare)	\$504,073,807
h. Change in Actuarial Liability	\$27,903,540

Each year the Actuarial Liability is expected to increase with normal cost, decrease with benefit payments, and increase with the interest cost. In the absence of actuarial gains and losses or benefit changes, an increase of \$34,168,277 thousand in the Actuarial Liability was expected during FY2004 (line b plus line c plus line d). The September 30, 2004, Actuarial Liability includes changes due to new assumptions and actuarial experience. The gain due to new medical trend assumptions is -\$4,834,113 thousand (line f). The actuarial gains and losses due to other factors (net -\$1,430,624 thousand, line e) include new population data, other actuarial experience being different from assumed, and actuarial assumption changes other than the change in trend assumptions.

Note 18.	Disclosures Related to the Statement of Net Cost
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Gross Cost and Earned Revenue by Budget Functional Classification

As of June 30

	2005			2004
	Gross Cost	(Less: Earned Revenue)	Net Cost	Net Cost
Budget Functional Classification				
1. Department of Defense Military (051)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2. Water Resources by U.S. Army Corps of Engineers (301)	0.00	0.00	0.00	0.00
3. Pollution Control and Abatement by US. Army Corps of Engineers (304)	0.00	0.00	0.00	0.00
4. Federal Employees Retirement and Disability, Department of Defense Military Retirement Fund (602)	0.00	0.00	0.00	0.00
5. Veterans Education, Training, and Rehabilitation by Department of Defense Education Benefits Trust Fund (702)	0.00	0.00	0.00	0.00
6. Medicare Eligible Retiree Health Care Fund (551)	0.00	0.00	0.00	0.00
7. Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Earned Revenues for Program Costs:

(In thousands)

	FY 2005	FY 2004
1. Service Contributions	\$7,920,038	\$6,004,904
2. U.S. Treasury Annual Unfunded Liability Payment	15,721,000	16,260,000
3. Interest on Investments	1,666,915	605,316
4. Total	\$25,307,953	\$22,870,220

Line 1, above reflects the total contributions from the Military Services plus the US Public Health Service, US Coast Guard, and National Oceanic Atmospheric Administration.

Service contribution increased \$1,915,134 thousand from FY 2004 to FY 2005. The change is due to an increase in normal cost contribution rates provided by the Board of Actuaries. U.S. Treasury Annual Unfunded Liability Payment decreased from \$16,260,000 thousand in FY2004 to \$15,721,000 thousand in FY 2005 based on the computation furnished by the Board of Actuaries.

Interest on investments increased \$1,061,599 thousand from FY 2004 to FY 2005. This is primarily due to a slight increase in Service contributions and with the compounding effect of higher rates of return.

Intragovernmental Earned Revenue increased \$2,437,733 thousand from FY 2004 to FY 2005 due to the decreased U.S. Treasury Annual Unfunded Liability Payment, increased interest on investments, and increased Service contributions.

Gross Costs with the Public increased from \$123,494 thousand in FY 2004 to \$3,823,173 thousand in FY 2005. The increase of \$3,699,678 thousand is due to the following reasons:

- 1) An increase in payments to the daily Purchased Care Operations and Maintenance of \$870,650 thousand
- 2) A decrease in the change of Incurred But Not Reported (IBNR) payables of \$12,421 thousand
- 3) An increase in Allowance for Estimated Uncollectables of \$646 thousand
- 4) An increase in Accounts Receivables of \$2,500 thousand that decreased expenses; and
- 5) The change in estimate of the Coast Guard actuarial liability that resulted in an increase of \$2,843,300 thousand to expenses.

DoD Medicare-Eligible Retiree Health Care Fund

Gross Cost to Generate Intragovernmental Revenue and Earned Revenue (Transactions with Other Federal—Non-DoD—Entities) by Budget Functional Classification

As of June 30

	2005			2004
	Gross Cost to Generate Intragovernmental Revenue	(Less: Earned Revenue)	Net Cost	Net Cost
1. Department of Defense Military (051)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2. Water Resources by U.S. Army Corps of Engineers (301)	0.00	0.00	0.00	0.00
3. Pollution Control and Abatement by US. Army Corps of Engineers (304)	0.00	0.00	0.00	0.00
4. Federal Employees Retirement and Disability Department of Defense Military Retirement Trust Fund (602)	0.00	0.00	0.00	0.00
5. Veterans Education, Training, and Rehabilitation by Department of Defense Education Benefits Trust Fund (702)	0.00	0.00	0.00	0.00
6. Medicare Eligible Retiree Health Care Fund (551)	0.00	0.00	0.00	0.00
7. Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Note 19.	Disclosures Related to the Statement of Changes in Net Position
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	2005		2004	
As of June 30	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended Appropriations
1. Prior Period Adjustments Increases (Decreases) to Net Position				
A. Changes in Accounting Standards	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
B. Errors and Omissions in Prior Year Accounting Reports	0.00	0.00	0.00	0.00
C. Other Prior Period Adjustments	0.00	0.00	0.00	0.00
D. Total Prior Period Adjustments	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2. Imputed Financing				
A. Civilian CSRS/FERS Retirement	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
B. Civilian Health	0.00	0.00	0.00	0.00
C. Civilian Life Insurance	0.00	0.00	0.00	0.00
D. Judgment Fund	0.00	0.00	0.00	0.00
E. Intra-Entity	0.00	0.00	0.00	0.00
F. Total Imputed Financing	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Note 20.	Disclosures Related to the Statement of Budgetary Resources
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As of June 30	2005	2004
1. Net Amount of Budgetary Resources Obligated for Undelivered Orders at the End of the Period	\$ 0.00	\$ 0.00
2. Available Borrowing and Contract Authority at the End of the Period	0.00	0.00

Note 21.	Disclosures Related to the Statement of Financing
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Note 22.	Disclosures Related to the Statement of Custodial Activity
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Note 23.	Other Disclosures
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As of June 30	2005
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**1. ENTITY AS LESSEE-
Operating Leases**

Future Payments Due Fiscal Year	<u>Land and Buildings</u>	<u>Equipment</u>	<u>Other</u>	<u>Total</u>
2005	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2006	0.00	0.00	0.00	0.00
2007	0.00	0.00	0.00	0.00
2008	0.00	0.00	0.00	0.00
2009	0.00	0.00	0.00	0.00
After 5 Years	0.00	0.00	0.00	0.00
Total Future Lease Payments Due	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00