DEPARTMENT OF VETERANS AFFAIRS		
RECONCILIATION OF NET COSTS OF OPERATIONS TO BUDGET (dollars in millions)		
for the Years Ended September 30,	**2007**	**2006**
Resources Used to Finance Activities		
Obligations Incurred	$ 88,450	$ 82,676
Less Spending Authority from Offsetting Collections and Adjustments	(6,539)	(8,286)
Obligations Net of Offsetting Collections and Adjustments	81,911	74,390
Less Offsetting Receipts	(3,610)	(4,434)
Net Obligations	78,301	69,956
Donations of Property	20	25
Transfers-out	(241)	(213)
Imputed Financing	1,408	1,303
Total Resources Used to Finance Activities	**79,488**	**71,071**
Resources That Do Not Fund Net Cost of Operations		
Change in Amount of Goods, Services and Benefits Ordered But		
Not Yet Provided	(1,078)	320
Resources that Finance the Acquisition of Assets	(3,736)	(4,005)
Resources that Fund Expenses Recognized in Prior Periods	(633)	(611)
Budgetary Offsetting Collections and Receipts that Do Not		
Affect Net Cost of Operations	2,842	3,488
Total Resources that Do Not Fund Net Costs of Operations	(2,605)	(808)
Total Resources Used to Finance the Net Cost of Operations	**76,883**	**70,263**
Costs That Do Not Require Resources in the Current Period		
Increase in Annual Leave Liability	118	29
Increase in Environmental and Disposal Liability	174	9
Reestimates of Credit Subsidy Expense	(402)	(1,110)
Increase in Exchange Revenue Receivable from the Public	(276)	(265)
Increase (Decrease) in Veterans Benefits Actuarial Liability	(26,045)	31,263
Depreciation and Amortization	895	870
Bad Debts Related to Uncollectible Non-Credit Reform Receivables	314	227
Loss on Disposition of Assets	134	86
Other	(701)	90
Total Costs That Do Not Require Resources in the Current Period	**(25,789)**	**31,199**
Net Cost of Operations	**$ 51,094**	**$ 101,462**