



U.S. DEPARTMENT OF JUSTICE ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2011

U.S. Department of Justice
Office of the Inspector General
Audit Division

Audit Report 12-03
December 2011

U.S. DEPARTMENT OF JUSTICE ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2011

OFFICE OF THE INSPECTOR GENERAL COMMENTARY AND SUMMARY

This audit report contains the Annual Financial Statements of the U.S. Department of Justice (Department) for the fiscal years (FY) ended September 30, 2011, and September 30, 2010. Under the direction of the Office of the Inspector General (OIG), KPMG LLP performed the Department's audit in accordance with U.S. generally accepted government auditing standards. The audit resulted in an unqualified opinion on the FY 2011 financial statements. An unqualified opinion means that the financial statements present fairly, in all material respects, the financial position and the results of the entity's operations in conformity with U.S. generally accepted accounting principles. For FY 2010, the Department also received an unqualified opinion on its financial statements (OIG Report No. 11-03).

KPMG LLP also issued *Reports on Internal Control over Financial Reporting and on Compliance and Other Matters*. For FY 2011, the auditors did not identify any significant deficiencies in the *Independent Auditors' Report on Internal Control over Financial Reporting*. Nevertheless, it is important to note that the Department still does not have a unified financial management system to readily support ongoing accounting operation and preparation of financial statements. As discussed in past years, we believe the most important challenge facing the Department in its financial management is to successfully implement an integrated financial management system to replace the disparate and, in some cases, antiquated financial systems used by Department components.

In the FY 2011 *Independent Auditors' Report on Compliance and Other Matters*, the auditors identified no instances of non-compliance with applicable laws and regulations and the *Federal Financial Management Improvement Act of 1996*.

The OIG reviewed KPMG LLP's reports and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the Department's financial statements,

conclusions about the effectiveness of internal control, conclusions on whether the Department's financial management systems substantially complied with the *Federal Financial Management Improvement Act of 1996*, or conclusions on compliance with laws and regulations. KPMG LLP is responsible for the attached auditors' reports dated November 10, 2011, and the conclusions expressed in the reports. However, our review disclosed no instances where KPMG LLP did not comply, in all material respects, with U.S. generally accepted government auditing standards.

**U.S. DEPARTMENT OF JUSTICE
ANNUAL FINANCIAL STATEMENTS
FISCAL YEAR 2011**

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Management's Discussion and Analysis

Unaudited

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Management's Discussion and Analysis (Unaudited)

Established July 1, 1870 (28 U.S.C. § 501 and 503), the Department of Justice (DOJ or the Department) is headed by the Attorney General of the United States. The Department was created to control federal law enforcement and all criminal prosecutions and civil suits in which the United States has an interest. The structure of the Department has changed over the years, with the addition of a Deputy Attorney General, Associate Attorney General, Assistant Attorneys General, and the formation of Divisions and components; however, unchanged is the commitment and response to securing equal justice for all, enhancing respect for the rule of law, and making America a safer and more secure Nation.

Mission

The mission of the Department of Justice, as reflected in its Strategic Plan for fiscal years (FY) 2007-2012, is as follows:

To enforce the law and defend the interests of the United States according to the law, to ensure public safety against threats foreign and domestic, to provide federal leadership in preventing and controlling crime, to seek just punishment for those guilty of unlawful behavior, and to ensure fair and impartial administration of justice for all Americans.

In carrying out the Department's mission, we are guided by the following core values:

Equal Justice Under the Law. Upholding the laws of the United States is the solemn responsibility entrusted to us by the American people. We enforce these laws fairly and uniformly to ensure that all Americans receive equal protection and justice under the law.

Honesty and Integrity. We adhere to the highest standards of ethical behavior.

Commitment to Excellence. We seek to provide the highest levels of service to the American people. We are effective and responsible stewards of the taxpayers' dollars.

Respect for the Worth and Dignity of Each Human Being. We treat each other and those we serve with fairness, dignity, and compassion. We value differences in people and ideas. We are committed to the well-being of our employees and to providing opportunities for individual growth and development.

Strategic Goals and Objectives

From our mission and core values stem the Department's strategic and annual planning processes. The Department embraces the concepts of performance-based management. At the heart of these concepts is the understanding that improved performance is realized through greater focus on mission, agreement on goals and objectives, and timely reporting of results. In the Department, strategic planning is the first step in an iterative planning and implementation cycle. This cycle, which is the center of the Department's efforts to implement performance-based management, involves setting long-term goals and objectives, translating these goals and objectives into budgets and program plans, implementing programs, monitoring performance, and

evaluating results. In this cycle, the Department’s Strategic Plan provides the overarching framework for component and function-specific plans as well as annual performance plans, budgets, and reports. The Strategic Plan is available electronically on the Department’s website at: <http://www.justice.gov>.

The table below provides an overview of the Department’s strategic goals and objectives.

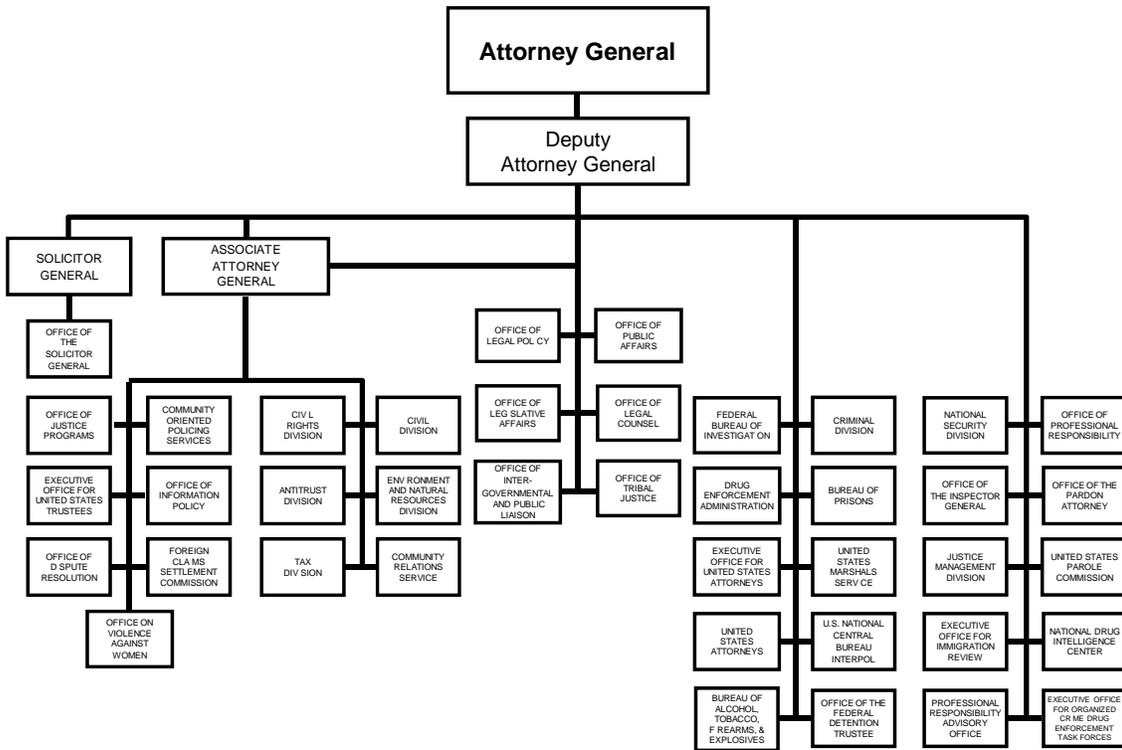
Strategic Goal	Strategic Objectives
I	<p>Prevent Terrorism and Promote the Nation’s Security</p> <p>1.1 Prevent, disrupt, and defeat terrorist operations before they occur</p> <p>1.2 Strengthen partnerships to prevent, deter, and respond to terrorist incidents</p> <p>1.3 Prosecute those who have committed, or intend to commit, terrorist acts in the United States</p> <p>1.4 Combat espionage against the United States</p>
II	<p>Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People</p> <p>2.1 Strengthen partnerships for safer communities, and enhance the Nation’s capacity to prevent, solve, and control crime</p> <p>2.2 Reduce the threat, incidence, and prevalence of violent crime</p> <p>2.3 Prevent, suppress, and intervene in crimes against children</p> <p>2.4 Reduce the threat, trafficking, use, and related violence of illegal drugs</p> <p>2.5 Combat public and corporate corruption, fraud, economic crime, and cybercrime</p> <p>2.6 Uphold the civil and Constitutional rights of all Americans</p> <p>2.7 Vigorously enforce and represent the interests of the United States in all matters over which the Department has jurisdiction</p> <p>2.8 Protect the integrity and ensure the effective operation of the Nation’s bankruptcy system</p>
III	<p>Ensure the Fair and Efficient Administration of Justice</p> <p>3.1 Protect judges, witnesses, and other participants in federal proceedings, and ensure the appearance of criminal defendants for judicial proceedings or confinement</p> <p>3.2 Ensure the apprehension of fugitives from justice</p> <p>3.3 Provide for the safe, secure, and humane confinement of detained persons awaiting trial and/or sentencing and those in the custody of the Federal Prison System</p> <p>3.4 Provide services and programs to facilitate inmates’ successful reintegration into society, consistent with community expectations and standards</p> <p>3.5 Adjudicate all immigration cases promptly and impartially in accordance with due process</p> <p>3.6 Promote and strengthen innovative strategies in the administration of state and local justice systems</p> <p>3.7 Uphold the rights and improve services to America’s crime victims</p>

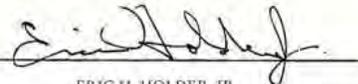
Organizational Structure

Led by the Attorney General, the Department is comprised of more than forty separate component organizations. These include the U.S. Attorneys (USAs) who prosecute offenders and represent the United States government in court; the major investigative agencies – the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), which deter and investigate crimes and arrest criminal suspects; the U.S. Marshals Service (USMS), which protects the federal judiciary, apprehends fugitives, and detains persons in federal custody; the Bureau of Prisons (BOP), which confines convicted offenders; and the National Security Division (NSD), which brings together national security, counterterrorism, counterintelligence, and foreign intelligence surveillance operations under a single authority.

The Department's litigating divisions represent the rights and interests of the American people and enforce federal criminal and civil laws. The litigating divisions are comprised of the Antitrust (ATR), Civil (CIV), Civil Rights (CRT), Criminal (CRM), Environment and Natural Resources (ENRD), and Tax (TAX) Divisions. The Office of Justice Programs (OJP), the Office on Violence Against Women (OVW), and the Office of Community Oriented Policing Services (COPS) provide leadership and assistance to state, local, and tribal governments. Other major Departmental components include the U.S. Trustees (UST), the Office of the Federal Detention Trustee (OFDT), the Justice Management Division (JMD), the Executive Office for Immigration Review (EOIR), the Community Relations Service (CRS), the National Drug Intelligence Center (NDIC), the Office of the Inspector General (OIG), and several offices that advise the Attorney General on policy, law, legislation, tribal justice matters, external affairs, and oversight. Headquartered in Washington, D.C., the Department conducts its work in offices located throughout the country and overseas.

U.S. DEPARTMENT OF JUSTICE



APPROVED BY:  DATE: Apr. 30, 2010
 ERIC H. HOLDER, JR.
 ATTORNEY GENERAL

Financial Structure

The Department's financial reporting structure is comprised of nine principal components and various Offices, Boards, and Divisions (OBDs).

Components:

- Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Bureau of Prisons (BOP)
- Drug Enforcement Administration (DEA)
- Federal Bureau of Investigation (FBI)
- Federal Prison Industries, Inc. (FPI)
- Office of Justice Programs (OJP)
- Offices, Boards and Divisions * (OBDs)
- U.S. Marshals Service (USMS)

OBDs*:

Offices

Office of the Attorney General
Office of the Deputy Attorney General
Office of the Associate Attorney General
Community Relations Service
Executive Office for Immigration Review
Executive Office for U.S. Attorneys
Executive Office for U.S. Trustees
Executive Office for Organized Crime Drug
Enforcement Task Force
National Drug Intelligence Center
Office of Community Oriented Policing Services
Office of Dispute Resolution
Office of Information Policy
Office of Intergovernmental and Public Liaison
Office of Legal Counsel
Office of Legal Policy
Office of Legislative Affairs
Office of Professional Responsibility
Office of Public Affairs
Office of the Federal Detention Trustee
Office of the Inspector General
Office of the Pardon Attorney
Office of the Solicitor General
Office of Tribal Justice
Office on Violence Against Women
Professional Responsibility Advisory Office
U.S. Attorneys
U.S. National Central Bureau - INTERPOL

Boards

Foreign Claims Settlement Commission
U.S. Parole Commission

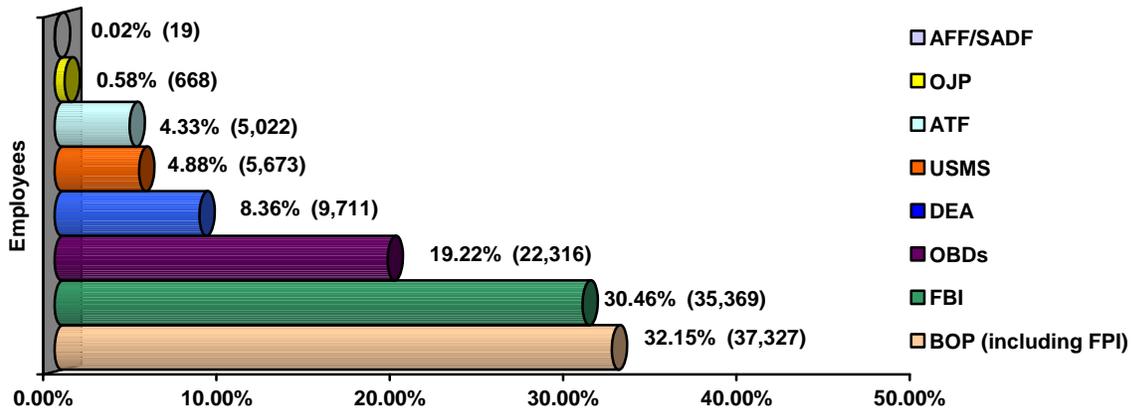
Divisions

Antitrust Division
Civil Division
Civil Rights Division
Criminal Division
Environment and Natural Resources Division
Justice Management Division
National Security Division
Tax Division

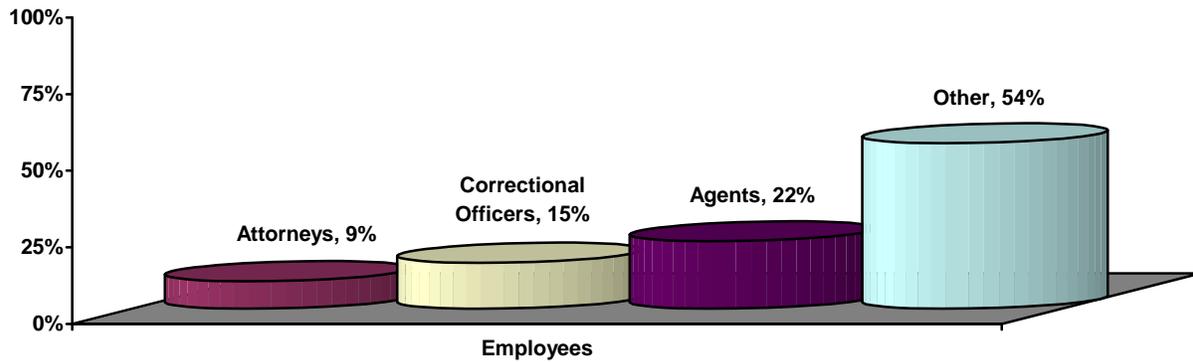
FY 2011 Resource Information

The following pages provide summary-level resource and performance information regarding the Department's operations for FY 2011. The charts on this page reflect employees on board as of September 24, 2011.

**FY 2011 DOJ Employees On Board by Component
116,105 Employees**



**FY 2011 DOJ Employees On Board by Category
Attorneys, Correctional Officers, Agents, and Other***



**"Other" includes pay class categories such as general administrative, clerical, analyst, information technology specialist, security specialist, and legal services.

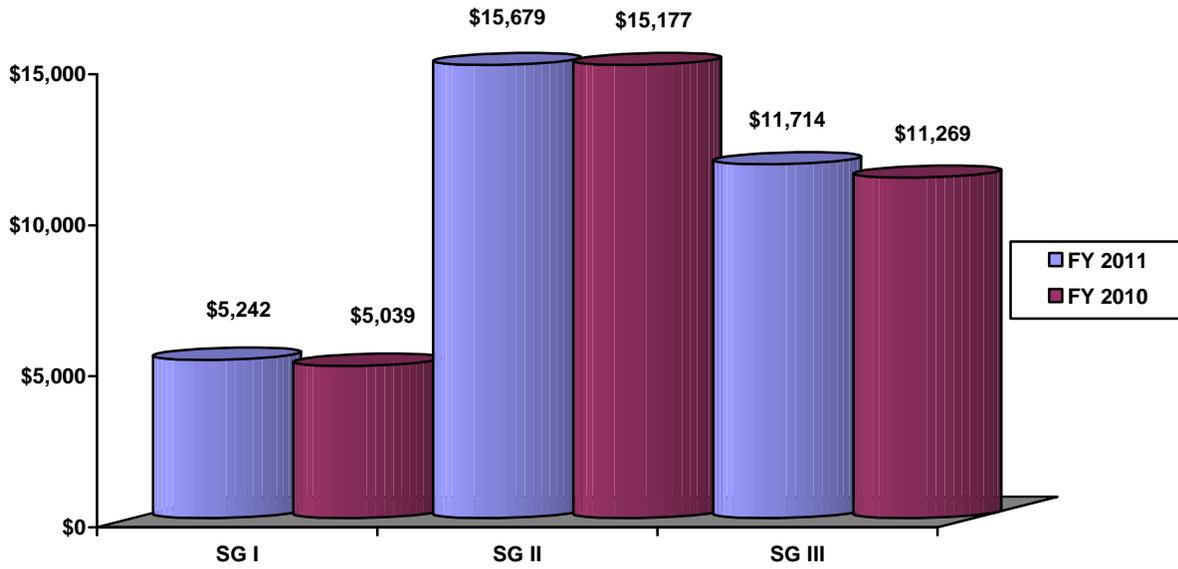
Table 1. Sources of DOJ Resources
(Dollars in Thousands)

Source	FY 2011	FY 2010	% Change
Earned Revenue:	\$3,331,777	\$3,275,846	1.7%
Budgetary Financing Sources:			
Appropriations Received	27,479,834	28,342,153	-3.0%
Appropriations Transferred-In/Out	400,839	510,516	-21.5%
Nonexchange Revenues	2,004,395	2,367,453	-15.3%
Donations and Forfeitures of Cash and Cash Equivalents	1,580,584	1,502,466	5.2%
Transfers-In/Out Without Reimbursement	113,735	75,097	51.5%
Other Adjustments	(132,256)	(153,751)	14.0%
Other Financing Sources:			
Donations and Forfeitures of Property	157,607	71,204	121.3%
Transfers-In/Out Without Reimbursement	44,556	(1,889)	2458.7%
Imputed Financing from Costs Absorbed by Others	998,485	902,877	10.6%
Other Financing Sources	(4,613)	0	
Total DOJ Resources	\$35,974,943	\$36,891,972	-2.5%

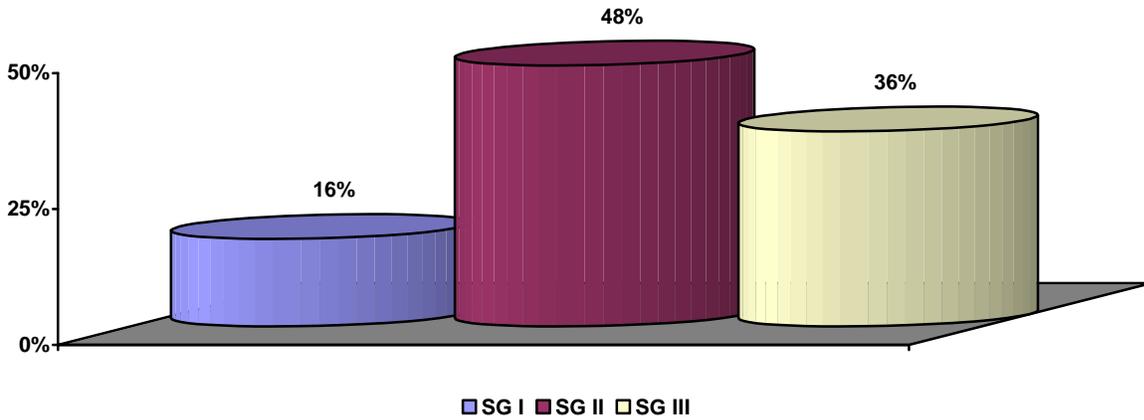
Table 2. How DOJ Resources Were Spent
(Dollars in Thousands)

Strategic Goal (SG)	FY 2011	FY 2010	% Change
I Prevent Terrorism and Promote the Nation's Security			
Gross Cost	\$5,726,094	\$5,545,532	
Less: Earned Revenue	484,009	506,463	
<i>Net Cost</i>	5,242,085	5,039,069	4.0%
II Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People			
Gross Cost	17,227,131	16,665,443	
Less: Earned Revenue	1,547,697	1,488,093	
<i>Net Cost</i>	15,679,434	15,177,350	3.3%
III Ensure the Fair and Efficient Administration of Justice			
Gross Cost	13,013,658	12,550,173	
Less: Earned Revenue	1,300,071	1,281,290	
<i>Net Cost</i>	11,713,587	11,268,883	3.9%
Total Gross Cost	35,966,883	34,761,148	
Less: Total Earned Revenue	3,331,777	3,275,846	
Total Net Cost of Operations	\$32,635,106	\$31,485,302	3.7%

Comparison of Net Costs by Strategic Goal - FY 2011 and 2010
 (Dollars in Millions)



FY 2011 Percentage of Net Costs by Strategic Goal



Analysis of Financial Statements

The Department's financial statements, which are provided in Section III of this document, received an unqualified audit opinion for the fiscal years ended September 30, 2011 and 2010. These statements were prepared from the accounting records of the Department in conformity with the accounting principles generally accepted in the United States and Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These principles are the standards promulgated by the Federal Accounting Standards Advisory Board (FASAB).

The following information highlights the Department's financial position and results of operations in FY 2011. The complete set of financial statements, related notes, and the opinion of the Department's auditors are provided in Section III of this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2011, shows \$42.8 billion in total assets, an increase of \$2.7 billion over the previous year's total assets of \$40.1 billion. Fund Balance with U.S. Treasury (FBWT) was \$23.4 billion, which represented 55 percent of total assets. This increase is predominantly due to large investments activity (deposits) related to the Madoff, Barclays and Adelphia cases that occurred in FY 2011.

Liabilities: Total Department liabilities were \$13.3 billion as of September 30, 2011, an increase of \$2.7 billion from the previous year's total liabilities of \$10.6 billion. This increase is primarily due to the offsetting liability related to the large deposits of the seized cash from the Madoff, Barclays, and Adelphia cases that occurred in FY 2011.

Net Cost of Operations: The Consolidated Statement of Net Cost presents the Department's gross and net cost by strategic goal. The net cost of the Department's operations totaled \$32.6 billion for the year ended September 30, 2011, an increase of \$1.1 billion (3.7 percent) from the previous year's net cost of operations of \$31.5 billion. This increase is partially due to an increase in third party and equitable sharing payments related to large cases.

Brief descriptions of some of the major costs for each Strategic Goal are as follows:

Strategic Goal	Description of Major Costs
I	Includes resources dedicated to counterterrorism initiatives for ATF, CRM, DEA, FBI, NSD, USAs, and USMS
II	Includes resources for the AFF, ATF, BOP, COPS, CRS, DEA, FBI, Foreign Claims Settlement Commission (FCSC), Organized Crime Drug Enforcement Task Force (OCDETF), Office of Dispute Resolution (ODR), OJP, Office of Legal Counsel, Office of the Pardon Attorney (OPA), Office of the Solicitor General (OSG), OVW, USAs, USMS, U.S. National Central Bureau (INTERPOL), UST, ATR, CIV, CRT, CRM, ENRD, and TAX
III	Includes resources for BOP, EOIR, Fees and Expenses of Witnesses, FPI, OJP, Justice Prisoner Alien Transportation System, USMS, U.S. Parole Commission, and services to America's crime victims

Management and administrative costs, including the costs for the Department's leadership offices, JMD, Wireless Management Office, and others, are allocated to each strategic goal based on full-time equivalent (FTE) employment.¹

Budgetary Resources: The Department's FY 2011 Combined Statement of Budgetary Resources shows \$42.4 billion in total budgetary resources, a decrease of \$403 million from the previous year's total budgetary resources of \$42.8 billion. This decrease is primarily related to the change in the Temporarily not Available Pursuant to Public Law amount.

Net Outlays: The Department's FY 2011 Combined Statement of Budgetary Resources shows \$30.9 billion in net outlays, an increase of \$1 billion from the previous year's total net outlays of \$29.9 billion.

Data Reliability and Validity

The Department views data reliability and validity as critically important in the planning and assessment of its performance. As such, the Department makes every effort to ensure completeness and improve reliability of its performance information by performing "data scrubs" (routine examination of current and historical data sets, as well as looking toward the future for trends) to ensure the data we rely on to make day-to-day management decisions are as accurate and reliable as possible and targets are ambitious enough given the resources provided. In an effort to communicate our data limitations and commitment to providing accurate data, this document includes a discussion of data validation, verification, and any identified data limitations for each performance measure presented. The Department ensures each reporting component providing data for this report meets the following criteria:

At a minimum, performance data are considered reliable if transactions and other data that support reported performance measures are properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management. Performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data possible will exceed the value of any data so obtained.

¹ FTE employment means the total number of regular straight-time hours (i.e., not including overtime or holiday hours) worked by employees, divided by the number of compensable hours applicable to each fiscal year. Annual leave, sick leave, compensatory time off, and other approved leave categories are considered "hours worked" for purposes of defining FTE employment.

Analysis of Performance Information

According to the Government Performance and Results Act (GPRA) of 1993 and as amended in the GPRA Modernization Act of 2010, an agency's Strategic Plan must be updated every four years and cover a period of not less than four years forward from the fiscal year in which it is submitted. The Department will publish a new FY 2012-2016 Strategic Plan in FY 2012.

The Department's FY 2007-2012 Strategic Plan, which contains three goals, is used for this report. The Department's Plan includes 20 key performance measures addressing its highest priorities toward achieving these long-term outcome goals. The measures are included in the Department's annual *Budget and Performance Summary* and reported on in this document. The Department's full Performance Report for these measures, including an update on our progress toward meeting the FY 2012 long-term outcome goals, is included in Section II of this document. The Department strives to present the highest-level outcome-oriented measures available and fully report the accomplishments achieved during the reporting period. However, data for the 20 key measures are compiled less than 30 days after the end of the fiscal year and, occasionally, data for the entire year are not available at the time of publication.

During FY 2011, Departmental leadership continued to display a clear commitment to performance management through the reliance on formal quarterly status reviews. Additionally, Departmental components have worked to improve the quality and timeliness of financial and performance information that inform quarterly status reporting and operating plans.

For this report, 96 percent of the performance measures have actual data for FY 2011. In some cases, indicators are reported on a calendar year basis while others have a one-year lag time and thus are not included in this report. The Department achieved 80 percent of its key indicators in FY 2011, which is higher than last year's overall success of 77 percent. The Department continues to emphasize long-term and annual performance measure development, placement of key performance indicators on cascading employee work plans, and Department-wide quarterly status reporting.

The Department will continue to examine its performance management system overall and implement improvements, where necessary. Additional improvement areas include continuing to improve the quality and utility of performance information, developing the capacity to use performance information through the use of technology and reliable data systems, and continuing to work with OMB and other federal agencies to develop mechanisms to target and measure efficiency of law enforcement and regulatory programs.

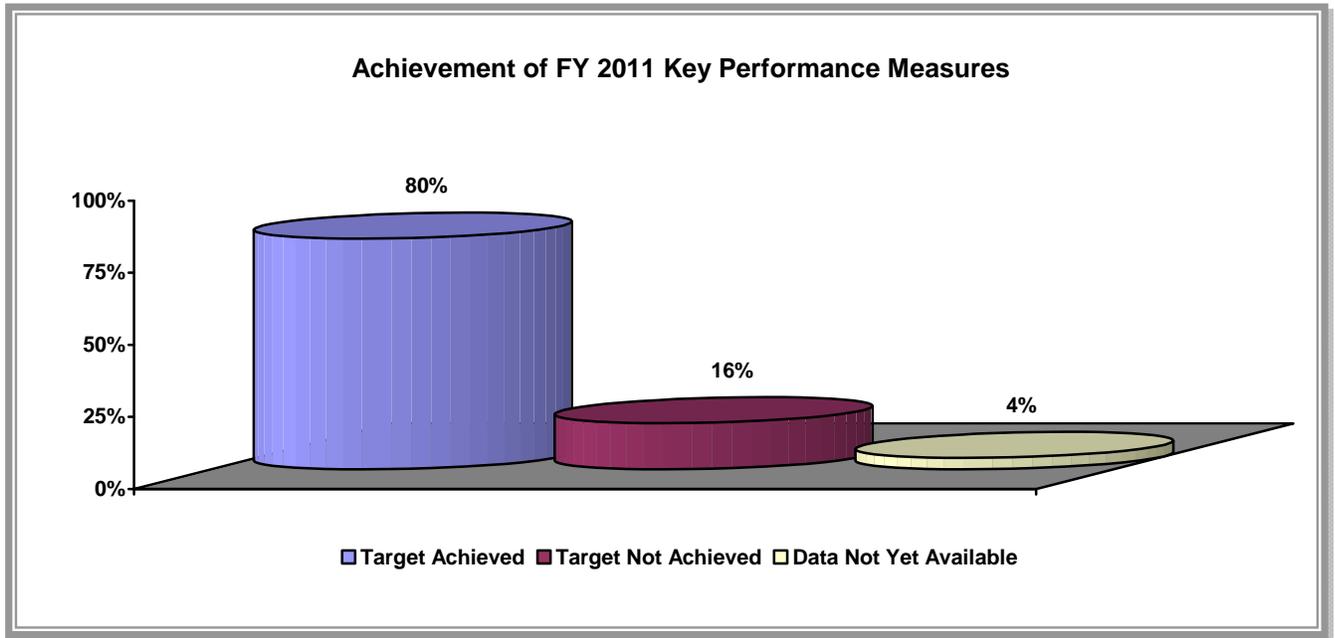
In addition to monitoring its annual progress, the Department continues to monitor progress made toward achieving its FY 2012 long-term outcome goals for each of the 20 key performance measures. As of the close of FY 2011, the Department's long-term key measures are on-track for full achievement against its FY 2012 long-term outcome goals (targets). One full year of performance remains until the Department reports against planned progress, and a number of mechanisms are in place to ensure that the current progress is maintained, including quarterly status reporting and performance-informed budget submissions that request the resources necessary for the Department to reach its goals.

Beginning in FY 2012, the Department will implement its new Strategic Plan for FY 2012-2016. Similar to our existing Plan, the new Plan will include specific long-term outcome goals that reflect the Department's highest priorities. The Department's strategic planning process included a full-scale review of the existing 20 long-term outcome measures. That review revealed that certain goals have been accomplished; some were too output oriented to warrant inclusion on the long-term outcome measure list and some no longer reflected the mission of the reporting components. For the FY 2012-2016 Strategic Plan, the Department will unveil its current list of long-term outcome measures, which will fully align with current priorities and goals. Just as in the past, the Department's annual *Budget and Performance Summary* will target long-term outcome goals and reported each year in this report.

To prepare for the introduction of the FY 2012-2016 key outcome measures, following the FY 2011 report, the Department will be discontinuing the following measures:

1. Catastrophic acts of terrorism
2. Number of organized criminal enterprises dismantled
3. Number of children depicted in child pornography identified by the FBI
4. Number of high-impact Internet fraud targets neutralized
5. Percent of assets/funds returned to creditors – Chapter 7; Chapter 13
6. Percent reduction in DNA backlog (casework only)
7. Percent of children recovered within 72 hours of an issuance of an AMBER alert
8. Number of participants in the Residential Substance Abuse Treatment (RSAT) Program
9. Graduation rate of program participants in the Drug Courts Program
10. Per day jail costs
11. Comparative recidivism for Federal Prison Industries (FPI) inmates versus non-FPI inmates
12. Rate of serious assaults in federal prisons (per 5,000 inmates)
13. Inspection results—Percent of federal facilities with American Correctional Association (ACA) accreditations
14. Percent of Executive Office for Immigration Review (EOIR) priority cases completed within established timeframes
 - a. Institutional Hearing Program
 - b. Detained Cases – Immigration Court
 - c. Detained Appeals

The chart below and the table that follows summarize the Department's achievement of its FY 2011 key performance measures.



Note: For FY 2011, the Department of Justice had 20 key performance measures. Some measures had more than one annual target; therefore, for purposes of illustrating the Department's achievement rate in the chart above, a universe of 25 key performance measures instead of 20 was used.

	[] Designates the reporting entity	FY 2011 Target	FY 2011 Actual	Target Achieved/ Not Achieved
Strategic Goal I: Prevent Terrorism and Promote the Nation's Security				
1	Catastrophic acts of terrorism [FBI]	Zero	Zero	Achieved
Strategic Goal II: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People				
2	Number of organized criminal enterprises dismantled [FBI]	37	39	Achieved
3	Number of children depicted in child pornography identified by the FBI [FBI]	140	240	Achieved
	Percentage of firearms investigations resulting in a referral for criminal prosecution [ATF] (Discontinued) ¹	N/A	N/A	N/A
¹ ATF is discontinuing this measure and will be replaced with a new outcome measure linked to ATF strategic plan's goals and objectives.				
4	Consolidated Priority Organizations Target (CPOT)-linked drug trafficking organizations [DEA, FBI (Consolidated data - OCDEF)]			
	Dismantled	157	195	Achieved
	Disrupted	318	408	Achieved
5	Number of high-impact Internet fraud targets neutralized [FBI]	10	11	Achieved
6	Number of criminal enterprises engaging in white-collar crimes dismantled [FBI]	250	340	Achieved
7	Percent of cases favorably resolved: [ENRD, ATR, CRM, USA, TAX, CIV, CRT (Consolidated data - JMD/Budget Staff)]			
	Criminal Cases	90%	93%	Achieved
	Civil Cases	80%	85%	Achieved
	Percent of assets/funds returned to creditors: [USTP] (Discontinued) ²			
	Chapter 7	N/A	N/A	N/A
	Chapter 13	N/A	N/A	N/A
² USTP is discontinuing this measure. New measures have been developed that better reflect the mission, outcomes and impacts of the USTP.				
	Number of homicides per site (funded under the Weed and Seed program) [OJP] (Discontinued) ³	N/A	N/A	N/A
³ This measure will be replaced with a new outcome measure which collects and analyzes the number of homicides, robberies, aggravated assaults, burglaries, weapons offenses, and drug arrests on the Weed and Seed site, and calculates and tracks the average change in proportion to the overall crime rate of the jurisdiction. The existing measure only reports on homicides because data on the other offenses are harder to collect.				
8	Percent reduction in DNA backlog (casework only) [OJP]	25%	33%	Achieved
9	Percent of children recovered within 72 hours of an issuance of an AMBER alert [OJP]	76%	90%	Achieved

	[] Designates the reporting entity	FY 2011 Target	FY 2011 Actual	Target Achieved/ Not Achieved
Strategic Goal III: Ensure the Fair and Efficient Administration of Justice				
10	Number of participants in the Residential Substance Abuse Treatment (RSAT) Program [OJP]	28,000	TBD ⁴	TBD
⁴ Data are collected on a calendar-year basis and reported with a one-year lag.				
11	Graduation rate of program participants in the Drug Courts Program (adult drug court participants only) [OJP]	73%	43%	Not Achieved ⁵
⁵ In FY 2011, OJP established a new graduation rate target based on both historical grantee reporting and extensive research into a national average drug court graduation rate.				
12	Ensure judicial proceedings are not interrupted due to inadequate security [USMS]	Zero	Zero	Achieved
13	Number and percent of primary felony fugitives apprehended or cleared [USMS]			
	Number	34,000	34,629	Achieved
	Percent	56%	52%	Not Achieved ⁶
⁶ While the target number was met for this measure, the percentage target of 56% was not met due to a larger than expected increase in the number of wanted primary federal felony fugitives.				
14	Per day jail costs [OFDT]	\$74.02	\$72.88	Achieved
15	Percent of system-wide crowding in federal prisons [BOP]	38%	39%	Not Achieved ⁷
⁷ BOP was not able to achieve the target due to greater than expected inmate growth and lack of funding to bring on-line the medium security beds at FCI Mendota.				
16	Ensure zero escapes from secure BOP facilities [BOP]	Zero	Zero	Achieved
17	Comparative recidivism for Federal Prison Industries (FPI) inmates versus non-FPI inmates [FPI / BOP provides data]			
	Percentage less likely to recidivate: 3 years after release	15%	12%	Not Achieved ⁸
⁸ The results of this ongoing research may differ from earlier findings due to changes in the program, improved research methods, changes in the composition of the inmate population, and changes in the quality and comprehensiveness of data. Comparing results from one year to the next is inherently speculative.				
18	Rate of serious assaults In federal prisons (per 5,000 Inmates) [BOP]	16/5,000 Assaults/Inmates	10/5,000	Achieved
19	Inspection results—Percent of federal facilities with American Correctional Association (ACA) accreditations [BOP]	99%	100%	Achieved
20	Percent of Executive Office for Immigration Review (EOIR) priority cases completed within established timeframes [EOIR]			
	Institutional Hearing Program	85%	88%	Achieved
	Detained Cases – Immigration Court	85%	88%	Achieved
	Detained Appeals	90%	94%	Achieved

FY 2010 – 2011 Priority Goals

The FY 2011 OMB Budget and Performance Plan guidance memorandum required federal agencies to identify a limited number of Priority Goals that are considered priorities for both the Administration and the agency, have high relevance to the public or reflect the achievement of key agency missions, and would produce significant results over a 12 to 24 month timeframe. The Priority Goals should also represent critical elements of a federal agency's strategic plan.

The following comprise the Department's six Priority Goals for FY 2010–2011 and are linked to the larger DOJ policy framework and strategic plan goals.

Priority Goal 1, National Security: Increase the percentage of total counterterrorism investigations targeting top priority threats by 5 percent by the end of FY 2011

Terrorism remains a serious threat to the national security of the United States and the safety of all Americans. The Department of Justice is the leader of the nation's domestic counterterrorism efforts, and the Federal Bureau of Investigation (FBI) has the lead role in investigating both international and domestic terrorism within the United States and terrorism against U.S. persons and interests abroad. The FBI Counterterrorism Division (CTD) includes both the Domestic Terrorism and International Terrorism programs. Accordingly, this Priority Goal involves increasing the percentage of total counterterrorism investigations targeting both top priority domestic and international terrorism threats. With more investigations targeting high priority terrorist threats, the FBI is better positioned to detect, penetrate, and disrupt the most serious terrorist activity that threatens our country.

- Status: The Department did not achieve its FY 2011 goal of targeting 65.1 percent of all counterterrorism investigations toward Top Priority threats, having achieved 62.7 percent. The Department's inability to achieve the target for this measure is believed to stem from several causes:
 - Principally, the counterterrorism threats which comprise the FBI's "top priority" have evolved since this measure was adopted at the end of FY 2009. New threats have emerged, requiring the diversion of resources away from the threats originally defined to be within the scope of this measure. Because of these emerging threats, the FBI's performance on this measure appears unresponsive, when in actuality the FBI has allocated its investigative resources properly against the most significant counterterrorism threats.
 - Additionally, data collection for this Priority Goal has led to improved accounting for investigative resources within the FBI's Counterterrorism Division (CTD). The CTD now follows various strategies to better track its investigations against priority threats, including guidance it provides to FBI Field Offices on how to appropriately classify investigations, and a stronger internal review process which can identify new threats and aid FBI Field Offices in their response.
 - The FBI anticipates that these actions will improve its response capability for terrorist threats facing the United States.

Priority Goal 2, White Collar Crime: Increase white collar crime caseload by 5 percent by FY 2012, with emphasis on mortgage fraud, health care fraud, and official corruption, and with 90 percent of cases favorably resolved

The Department will pursue criminal and civil litigation to protect the federal fisc and hold accountable corrupt officials and those who commit fraud. The Department will also pursue criminal and civil litigation to preserve the environment and our limited natural resources, and promote transparency in markets by preserving competition and protecting consumers and investors.

- Status: The Department surpassed its FY 2011 caseload target. In addition, the Department favorably resolved 92.6 percent of its white collar crime cases through the fourth quarter, surpassing its annual target.

Priority Goal 3, Violent Crime: Increase agents and prosecutors by 3 percent, in order to reduce incidents of violent crime in high crime areas by FY 2012

The Violent Crime Priority Goal focuses on the aspects of the Department's overall violent crime strategy that involve tackling uniquely federal issues, such as prosecuting national and international gangs, and partnering with state and local law enforcement to lend support in addressing the most significant local challenges. The Department's value is in providing the leadership necessary to bring different federal, state, and local partners together to focus on multi-jurisdictional problems within a particular community.

- Status: The Department surpassed its FY 2011 annual target of increasing the number of agents and prosecutors assigned to violent crime.

Priority Goal 4, Immigration: Increase immigration judges by 19 percent by the end of FY 2011 so that as Department of Homeland Security (DHS) criminal alien enforcement activity increases, not less than 85 percent of the immigration court detained cases are completed within 60 days

An increased number of immigration judges will help the DOJ Executive Office for Immigration Review keep up with the workload created by increased enforcement against criminal aliens by the DHS, so that the immigration courts can continue to complete at least 85 percent of detained cases within 60 days.

- Status: The Department was unable to meet its targeted increase of immigration judges due to the Department-wide hiring freeze and the FY 2011 enacted funding level, which was \$19 million less than the FY 2011 President's Budget request; \$11 million of that reduction would have funded 21 additional immigration judges. The Department did, however, complete 88 percent of detained immigration court cases within 60 days, surpassing its target.

Priority Goal 5, Public Safety: Support 7,200 additional police officers by FY 2012 via Office of Community Oriented Policing Services (COPS) Hiring Programs to promote community policing strategies that are evidence-based

The Department's COPS Office goal is to support 7,200 additional police officers by FY 2012 via COPS Office Hiring Programs to promote community policing strategies that are evidence-based. This Priority Goal also addresses efforts to enhance the ability of the officers funded (or redeployed veterans) to use community policing strategies that are evidenced based.

- Status: The Department supported 7,115 officers via COPS Office Hiring Programs through the fourth quarter of FY 2011, narrowly missing its target of 7,200 by barely more than one percent. The target of 7,200 was based in part on estimated cost of living adjustments (COLAs). The COLA costs in FY 2010 and FY 2011 were greater than anticipated, reducing available resources to support additional officers. The FY 2011 enacted funding level was less than anticipated. While significant progress toward this Priority Goal was made, the goal was not achieved by the end of FY 2011. The COPS Office anticipates achievement of this goal during FY 2012.

Priority Goal 6, Civil Rights: Increase the number of people favorably impacted by the resolution of civil rights cases and matters:

- **By the end of 2011 increase the criminal civil rights caseload by 18 percent with 80 percent of cases favorably resolved**
- **By the end of 2011 increase the non-criminal civil rights caseload by 28 percent, with 80 percent of cases favorably resolved**
- **By the end of 2011 increase the number of complaints finalized by mediation by 10 percent, with 75 percent of mediation complaints successfully resolved**

Some of our nation's most critical and treasured laws are those that advance equal justice and secure equal opportunity. It is the mission of the Civil Rights Division to make sure those laws continue to fulfill their purpose – namely, to protect the rights of all individuals so that equal opportunity can be a reality for everyone across the nation. We are focusing our efforts on matters with a broader impact, which will allow us to better leverage our existing tools and use our laws to their fullest extent, while taking on more complex investigations and cases that are more resource intensive. This will ultimately result in relief to more people and expand the reach of the Division in its critical protection of the rights of all Americans.

- Status: The Department met or surpassed all of its targets for this Priority Goal, with one exception – the FY 2011 goal to increase the criminal civil rights caseload by 18 percent. The impact of the Department-wide hiring freeze and reduced funding limited the Civil Rights Division's ability to staff the criminal program fully. The Criminal Section of CRT was down between seven and nine attorney staff and was not able to fill those vacancies. The Criminal Section was therefore unable to continue breaking records in the number of criminal civil rights cases brought for a third straight year.

Analysis of Systems, Controls, and Legal Compliance

Internal Control Program in the Department of Justice

The objective of the Department of Justice's internal control program is to provide reasonable assurance that operations are effective, efficient, and comply with applicable laws and regulations; financial reporting is reliable; and assets are safeguarded against waste, loss, and unauthorized use. The Department identifies issues of concern through a strong network of oversight councils and internal review teams. These include the Department's Senior Assessment Team, the Justice Management Division's Internal Review and Evaluation Office and Quality Control and Compliance Group, and Departmental component internal review teams. The Department also considers reports by the Office of the Inspector General (OIG) in its evaluation of internal control.

The Department's internal control continues to improve through the corrective actions implemented by senior management. The Department's commitment to management excellence, accountability, and compliance with applicable laws and regulations is evidenced in our continuing actions to establish effective controls, make sound determinations on corrective actions, and verify and validate the results. This commitment is further evidenced by the many control improvements and actions taken by Departmental management in response to new legislation, OMB initiatives, and OIG recommendations. For example, in FY 2011, the Department implemented a top-down approach to assess the risk of significant improper payments across the Department's mission-aligned programs as required by the Improper Payments Elimination and Recovery Act of 2010 (IPERA or Act) and the OMB April 2011 implementing guidance, Appendix C of OMB Circular A-123, *Requirements for Effective Measurement and Remediation of Improper Payments*. The Department also expanded the scope of its payment recapture audits to contracts, grants, and benefit and other payments as required by the Act and implementing guidance. The Department's enhanced improper payments internal control framework leverages and builds on existing controls within the Department, such as the annual assessment of internal control for Appendix A of OMB Circular A-123, *Internal Control over Financial Reporting*, and promotes consistency across the Department in implementing the Act. Details on additional actions taken by Departmental management to implement the IPERA are provided later in this section and in Appendix A.

Departmental management continued in FY 2011 to further strengthen and maximize the effectiveness of its annual assessment of internal control over financial reporting. Examples of such actions include:

- refining the assessment framework,
- enhancing the oversight process to ensure prompt implementation of corrective actions,
- providing direct assistance to components with previously identified reportable conditions, and
- continuing to support and commit resources to Departmental component internal review programs.

Details on additional actions taken by Departmental management to build and sustain a strong internal control program are provided later in this section.

Management Assurances

Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (FMFIA or Integrity Act) provides the statutory basis for management's responsibility for and assessment of internal accounting and administrative controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The Integrity Act requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable law; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over the assets. The Integrity Act also requires agencies to annually assess and report on the internal controls that protect the integrity of federal programs (FMFIA § 2) and whether financial management systems conform to related requirements (FMFIA § 4).

Guidance for implementing the Integrity Act is provided through OMB Circular A-123, *Management's Responsibility for Internal Control*. In addition to requiring agencies to provide an assurance statement on the effectiveness of programmatic internal controls and conformance with financial system requirements, the Circular requires agencies to provide an assurance statement on the effectiveness of internal control over financial reporting.

FMFIA Assurance Statement

Department of Justice management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the FMFIA. In accordance with OMB Circular A-123, the Department conducted its annual assessment of the effectiveness of internal controls to support effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations (FMFIA § 2). The Department also assessed whether its financial management systems conform to financial system requirements (FMFIA § 4). Based on the results of the assessments, the Department can provide qualified assurance that its internal controls and financial management systems meet the objectives of the FMFIA. The assessment of systems did not identify any non-conformances required to be reported under FMFIA § 4; however, the assessment of internal controls identified one programmatic material weakness required to be reported under FMFIA § 2. This weakness involves the need to reduce the Federal Bureau of Prisons (BOP) crowding rate, currently at 39 percent over the rated capacity. Details of the weakness are provided in the section Summary of Material Weakness and Corrective Actions. Other than the exception noted, the internal controls were operating effectively as of September 30, 2011, and the assessment found no other material weaknesses in the design or operation of the controls.

In accordance with Appendix A of OMB Circular A-123, the Department conducted its assessment of the effectiveness of internal control over financial reporting, which included the safeguarding of assets and compliance with applicable laws and regulations. Based on the results of this assessment, the Department can provide reasonable assurance that its internal control over financial reporting was operating effectively as of June 30, 2011, and the assessment found no material weaknesses in the design or operation of the controls.

The Department of Justice is committed to maintaining strong program and financial management as we continue our mission of fighting terrorism and protecting our communities from crime. We take our program and financial accountability seriously and are dedicated to ensuring that funds received are expended responsibly and in a transparent manner. We will continue to strengthen controls in areas where we are aware of concerns identified through the Department's internal review activities or by the Office of the Inspector General and Government Accountability Office. We look forward in FY 2012 to building on our achievements as we continue the important work of the Department.



Eric H. Holder, Jr.
Attorney General
November 10, 2011

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) was designed to advance federal financial management by ensuring that federal financial management systems provide accurate, reliable, and timely financial management information to the government's managers. Compliance with the FFMIA provides the basis for the continuing use of reliable financial management information by program managers, as well as by the President, Congress, and public. The FFMIA requires agencies to have financial management systems that substantially comply with federal financial management system requirements, applicable federal accounting standards, and the application of the U.S. Government Standard General Ledger at the transaction level. Guidance for implementing the FFMIA is provided through OMB Circular A-127, *Financial Management Systems*.

FFMIA Compliance Determination

During FY 2011, the Department assessed its financial management systems for compliance with the FFMIA and determined that, when taken as a whole, they substantially comply with the FFMIA. This determination is based on the results of Federal Information Security Management Act of 2002 (FISMA) reviews and testing performed for OMB Circular A-123, Appendix A. Consideration was also given to issues identified during the Department's financial statement audit. A summary of the Department's compliance with the specific requirements of the FFMIA is provided at the end of this sub-section.

Financial Management Systems Strategy, Goals, and Framework

The Department's financial management systems strategy is to replace the three remaining major non-integrated legacy accounting systems in use in the Department with the single, integrated financial management system the Department is deploying – the Unified Financial Management System (UFMS). UFMS delivers standard, core accounting processes, as well as the data needed for effective financial and budget management. In FYs 2009 through 2011, the Department made measurable progress in implementing UFMS. In FY 2009, the DEA successfully migrated to UFMS and, importantly, obtained an unqualified audit opinion on its financial statements produced from UFMS that year and in every year since. As expected, the DEA project was a large, complex, and difficult migration, but one that helped to lay the foundation for the migration of the ATF, which occurred in the first quarter of FY 2011, and the migrations of the USMS and FBI, which are underway and scheduled for completion in FYs 2013 and 2014, respectively. UFMS implementation goals, such as the migrations of the USMS and FBI, leverage lessons learned from previous migrations and are based on and aligned with operational risks and requirements unique to each component.

The Department's UFMS implementation has already enabled components to improve financial and budget management and realize increased efficiencies. Additional improvements and efficiencies are expected to be realized as additional components fully migrate to UFMS. For example, UFMS has standardized and integrated financial processes to more effectively support accounting operations, provide accurate and timely financial information throughout the year, facilitate preparation of financial statements, and streamline audit processes.

Summary of Financial Statement Audit and Management Assurances

The following two tables summarize the results of the Department’s financial statement audit and management assurances regarding the effectiveness of internal control over programmatic operations and financial reporting (FMFIA § 2), conformance with financial management system requirements (FMFIA § 4), and compliance with the FMFIA.

Table 3. Summary of Financial Statement Audit

Financial Statement Audit Opinion and Material Weaknesses					
Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
None	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 4. Summary of Management Assurances

Effectiveness of Internal Control over Programmatic Operations (FMFIA § 2)						
Statement of Assurance	Qualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Prison Crowding	1	0	0	0	0	1
Total Material Weaknesses	1	0	0	0	0	1
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Financial Management Systems Requirements (FMFIA § 4)						
Statement of Assurance	Systems Conform					
Non-conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Total Non-conformances	0	0	0	0	0	0
Compliance with Federal Financial Management Improvement Act (FFMIA)						
Overall Substantial Compliance	Agency			Auditor		
	Yes			Yes		
Compliance with Specific Requirements						
Systems Requirements	Yes					
Accounting Standards	Yes					
USSGL at Transaction Level	Yes					

Summary of Material Weakness and Corrective Actions

A summary of the material weakness identified in the Department's FY 2011 assessment of the effectiveness of internal control over programmatic operations (FMFIA § 2) follows, along with details regarding corrective actions. The associated Corrective Action Plan is provided in Section IV of this document.

Programmatic Material Weakness and Corrective Actions – Prison Crowding

As of September 30, 2011, the inmate population housed in BOP-operated institutions exceeded the rated housing capacity by 39 percent. The BOP's Long Range Capacity Plan relies on multiple approaches to house the increasing federal inmate population, such as contracting with the private sector and state and local facilities for certain groups of low-security inmates; expanding existing institutions where infrastructure permits, programmatically appropriate, and cost effective to do so; and acquiring, constructing, and activating new facilities as funding permits.

To address this material weakness, the BOP will continue implementing its Long Range Capacity Plan, making enhancements and modifications to the plan, as needed, commensurate with funding received through enacted budgets. For example, in FY 2011, the BOP modified its Plan because the enacted budget did not include the funding needed to activate two newly constructed prisons, acquire a new facility, or contract for the increased use of private sector and state and local facilities for low-security inmates, all three of which would have increased housing capacity and decreased the prison over-crowding rate. The BOP's formal Corrective Action Plan includes utilizing contract facilities; expanding existing institutions; and acquiring, constructing, and activating new institutions as funding permits. The BOP will continue to validate progress on construction projects at new and existing facilities through on-site inspections or by reviewing monthly construction progress reports.

This material weakness was first reported in 2006. Remediation of the weakness through increasing prison capacity is primarily dependent on funding. Other correctional reforms and alternatives will require policy and/or statutory changes. Other initiatives notwithstanding, if the acquisition, expansion, construction, and activation plans detailed in the BOP's Long Range Capacity Plan are funded as proposed, the over-crowding rate for FY 2014 is projected to be 43 percent. Without the funding and the BOP's other mitigating actions, the projected over-crowding rate would be 50 percent.

The Department's corrective action efforts are not limited to the BOP alone. The Department continues to consider and implement an array of crime prevention, sentencing, and corrections management improvements that focus on accountability and rehabilitation, while protecting public safety. The Department recognizes that the BOP's capacity management efforts must be teamed with targeted programs that are proven to reduce recidivism and promote effective re-entry. The BOP will continue to work with the Department on these programs.

Improper Payments Elimination and Recovery Act of 2010

The Department recognizes the importance of maintaining adequate internal controls to ensure proper payments and is committed to the continuous improvement of the overall disbursement management process. A summary of actions taken by Departmental management in FY 2011 to implement the Improper Payments Elimination and Recovery Act (IPERA) follow. Additional details, as well as the Department's submission of the required improper payments reporting, are provided in Appendix A of this document.

Risk Assessment

The IPERA and OMB April 2011 implementing guidance, OMB Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, require agencies to review all programs and activities they administer to identify those that are susceptible to significant improper payments. The IPERA defines significant improper payments as gross annual improper payments (i.e., the total amount of overpayments plus underpayments) in a program exceeding (1) both 2.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported or (2) \$100 million, regardless of the improper payment percentage of total program outlays.

In FY 2011, the Department updated its top-down approach for assessing the risk of significant improper payments to allow the reporting of results by the Department's five mission-aligned programs – Law Enforcement; Litigation; Prison and Detention; State, Local, Tribal, and Other Assistance; and Administrative, Technology, and Other.

In accordance with the IPERA and OMB implementing guidance, the Department assessed its programs and activities for susceptibility to significant improper payments. Based on the results of the risk assessment for the period ending September 30, 2011, the Department concluded there were no programs susceptible to significant improper payments, i.e., improper payments exceeding the IPERA thresholds of both 2.5 percent of program outlays and \$10 million, or \$100 million.

Payment Recapture Audits

The IPERA and OMB implementing guidance require agencies to conduct payment recapture audits (also known as recovery audits) for each program and activity that expends \$1 million or more annually – including contracts, grants, and benefit payments – if conducting such audits would be cost-effective. Previously, payment recapture audits were only required for agencies that entered into contracts with a total value in excess of \$500 million in a fiscal year, and for certain other programs that were not applicable to the Department. The OMB implementing guidance also requires agencies to establish annual targets for their payment recapture audit programs – based on the rate of recovery – to drive performance. Agencies have the discretion to set their own payment recapture targets for review and approval by OMB, but agencies are to strive to achieve annual recapture targets of at least 85 percent within three years (with the first reporting year being FY 2011 and the third, FY 2013).

In FY 2011, the Department expanded the scope of its payment recapture audits to contracts, grants, and benefit and other payments as required by the IPERA and OMB implementing guidance. The Department also established annual payment recapture targets through FY 2014 to drive performance.

In accordance with the IPERA and OMB implementing guidance, the Department measured payment recapture performance under the expanded scope of its payment recapture audits. Based on performance for the period ending September 30, 2011, the Department achieved an overall improper payment recovery rate of

86 percent – 1 percent better than the OMB target rate of 85 percent that agencies are to strive to achieve by FY 2013.

Possible Effects of Existing, Currently Known Demands, Risks, Uncertainties, Events, Conditions, and Trends

The Department's leadership is committed to ensuring its programs and activities will continue to be focused on meeting the dynamic demands of the changing legal, economic, and technological environments of the future.

James Zadroga 9/11 Health and Compensation Act of 2010

- Potential increase in DOJ workload resulting from the James Zadroga 9/11 Health and Compensation Act of 2010. The Act provides compensation to any individual (or personal representative of a deceased individual) who suffered physical harm as a result of the terror-related aircraft crashes of September 11, 2001, or the debris removal efforts that took place in the immediate aftermath. The Department could see a high volume of claims in the near future, FY 2012-2013.

Immigration Enforcement

- As the Department of Homeland Security hires additional border patrol agents, the number of illegal immigrant and criminal smugglers detained for attempting to cross the border will undoubtedly increase. Increased apprehension will in turn require increased Department resources to account for the additional detainees. EOIR in particular would require additional immigration judges to keep pace with the increased caseload, area U.S. Attorneys' offices could also see increased prosecution caseloads, and the Civil Division could see an increase in appeals of removal decisions.

Technology

- Advances in high-speed telecommunications, computers, and other technologies are creating new opportunities for criminals, new classes of crimes, and new challenges for law enforcement.
- Growing dependence on technology is creating an increasing vulnerability to illegal acts, especially white collar crime and terrorism.

Economy

- Amount of regulation and the pace of economic growth and globalization are changing the volume and nature of anti-competitive behavior.
- The interconnected nature of the world's economy is increasing opportunities for criminal activity, including money laundering, white collar crime, and alien smuggling, as well as the complexity and scope of civil justice matters.

Government

- Changes in the fiscal posture or policies of state and local governments could have dramatic effects on their capacity to remain effective law enforcement partners, e.g., the ability and willingness of these governments to allow federal use of their jail space affects achievement of detention goals.

Globalization

- Issues of criminal and civil justice increasingly transcend national boundaries, requiring the cooperation of foreign governments and involving treaty obligations, multinational environment and trade agreements, and other foreign policy concerns.

Social-Demographic

- The numbers of adolescents and young adults, now the most crime-prone segment of the population, are expected to grow rapidly over the next several years.

American Recovery and Reinvestment Act

- The Department received \$4.0 billion in funding for programs, under the American Recovery and Reinvestment Act of 2009. In addition, \$2.0 million was provided for the Department's Office of the Inspector General oversight activities related to Recovery Act funding. The Department is fully committed to ensuring that the funds received are expended responsibly and in a transparent manner to further job creation, economic recovery, and other purposes of the Act.
- Additional information regarding the Department's Recovery Act activities can be found on: <http://www.justice.gov/recovery/>; government-wide Recovery Act information can also be found on: <http://www.recovery.gov/Pages/home.aspx>.
- The following table summarizes appropriations, obligations, and outlays by component, as of September 30, 2011:

(Dollars in Thousands)

Component	Appropriation Amount	Obligations	Outlays
OJP	\$2,761,930	\$2,761,197	\$2,285,487
OVW	\$225,564	\$223,067	\$162,043
COPS	\$1,002,506	\$996,367	\$422,188
ATF	\$10,000	\$9,948	\$8,159
OIG	\$2,000	\$900	\$900
DOJ Total	\$4,002,000	\$3,991,479	\$2,878,777

Unpredictable

- Overseas Contingency Operations require continual adjustments to new conditions. The Department is determined to proactively confront new challenges in its efforts to protect the Nation.
- Responses to unanticipated natural disasters and their aftermath require the Department to divert resources to deter, investigate, and prosecute disaster-related federal crimes, such as charity fraud, insurance fraud and other crimes.
- Changes in federal laws may affect responsibilities and workload.
- Much of the litigation caseload is defensive. The Department has little control over the number, size, and complexity of the civil lawsuits it must defend.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Department of Justice, pursuant to the requirements of 31 U.S.C. § 3515(b).

While the statements have been prepared from the books and records of the Department in accordance with U.S. generally accepted accounting principles for federal entities and the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the United States Government, a sovereign entity.

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Independent Auditors' Reports

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KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report on Financial Statements

Acting Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited the accompanying consolidated balance sheets of the U.S. Department of Justice (Department) as of September 30, 2011 and 2010, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources and custodial activity (hereinafter referred to as "consolidated financial statements") for the years then ended. These consolidated financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the following components of the Department: the U.S. Marshals Service (USMS); the Federal Prison Industries, Inc. (FPI); and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), which statements reflect total assets of \$2.1 billion and \$2.4 billion, and total net costs of \$2.8 billion and \$2.8 billion, as of and for the years ended September 30, 2011 and 2010, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2011 and 2010, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended in conformity with U.S. generally accepted accounting principles.



Independent Auditors' Report on Financial Statements
Page 2

The information in the *Management's Discussion and Analysis* and *Required Supplementary Stewardship Information* sections is not a required part of the consolidated financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we and the other auditors did not audit this information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating and combining information in the *Consolidating and Combining Financial Statements* section is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, net costs, changes in net position, budgetary resources, and custodial activity of the Department's components individually. The consolidating and combining information has been subjected to the auditing procedures applied by us and the other auditors in the audits of the consolidated financial statements and, in our opinion, based on our audits and the reports of the other auditors, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 10, 2011, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

KPMG LLP

November 10, 2011



KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report on Internal Control over Financial Reporting

Acting Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited the consolidated balance sheets of the U.S. Department of Justice (Department) as of September 30, 2011 and 2010, and the related consolidated statements of net cost and changes in net position and the combined statements of budgetary resources and custodial activity (hereinafter referred to as "consolidated financial statements") for the years then ended, and have issued our report thereon dated November 10, 2011. We did not audit the financial statements of the following components of the Department: the U.S. Marshals Service (USMS); the Federal Prison Industries, Inc. (FPI); and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) as of and for the years ended September 30, 2011 and 2010. Those financial statements were audited by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

As stated above, we did not audit the fiscal year 2011 financial statements of the USMS, FPI, and ATF. Those financial statements were audited by other auditors whose reports thereon, including the other auditors' *Independent Auditors' Report on Internal Control over Financial Reporting*, have been furnished to us. Accordingly, our report on the Department's internal control over financial reporting, insofar as it relates to those components, is based solely on the reports and findings of the other auditors.

The Department's management is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2011 audit, we considered the Department's internal control over financial reporting by obtaining an understanding of the Department's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting. We did not test all internal



Independent Auditors' Report on Internal Control over Financial Reporting
Page 2

controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the fourth paragraph of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2011 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Exhibit I presents the status of the prior year's finding and recommendations.

We noted certain additional matters that we have reported to management of the Department in a separate letter dated November 10, 2011.

This report is intended solely for the information and use of the management of the U.S. Department of Justice, the U.S. Department of Justice Office of the Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 10, 2011

EXHIBIT I

STATUS OF PRIOR YEAR'S FINDING AND RECOMMENDATIONS

As required by *Government Auditing Standards* issued by the Comptroller General of the United States, and by OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended, we have reviewed the status of the prior year's finding and recommendations. The following table provides our assessment of the progress the Department has made in correcting the previously identified significant deficiency. We also provide the Office of the Inspector General report number where the deficiency was reported, our recommendations for improvement, and the status of the recommendations as of the end of fiscal year 2011:

Report	Significant Deficiency	Recommendation	Status
Annual Financial Statements Fiscal Year 2010 Report No. 11-03	Improvements are needed in the components' internal controls to provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles	Recommendation No. 1: Monitor the corrective actions taken by the USMS to improve the condition of its funds management controls, in response to the specific recommendations made in the component auditor's <i>Independent Auditors' Report on Internal Control over Financial Reporting</i> issued in connection with the audit of the USMS's financial statements as of and for the year ended September 30, 2010.	Completed ¹
		Recommendation No. 2: Assess the adequacy of the Department's accounting, internal control, and financial reporting policies in the areas of: (1) seized and forfeited property and (2) undelivered orders and accounts payable. Based on the results of this assessment, determine the need to issue new guidance and/or reiterate to the AFF and ATF the existing policies for those areas in which the components' auditors identified significant deficiencies related to the recording of transactions and the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Monitor the AFF's and ATF's adherence to the Department's accounting and financial reporting policies and procedures throughout the year.	Completed ¹
		Recommendation No. 3: Continue efforts to implement a Department-wide integrated financial management system that is in compliance with the United States Government Standard General Ledger, conforms to the financial management systems requirements established by the Financial Systems Integration Office (formerly the Joint Financial Management Improvement Program), and can accommodate the requirements of applicable Federal accounting standards.	Completed ¹

¹ Sufficient progress has been made in addressing this finding and the related recommendation such that the remaining risk of misstatement no longer merits the attention by those charged with governance. Therefore, the condition has been downgraded to a deficiency in internal control.

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KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report on Compliance and Other Matters

Acting Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited the consolidated balance sheets of the U.S. Department of Justice (Department) as of September 30, 2011 and 2010, and the related consolidated statements of net cost and changes in net position and the combined statements of budgetary resources and custodial activity (hereinafter referred to as the "consolidated financial statements") for the years then ended, and have issued our report thereon dated November 10, 2011. We did not audit the financial statements of the following components of the Department: the U.S. Marshals Service (USMS); the Federal Prison Industries, Inc. (FPI); and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) as of and for the years ended September 30, 2011 and 2010. Those financial statements were audited by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

As stated above, we did not audit the fiscal year 2011 financial statements of the USMS, FPI, and ATF. Those financial statements were audited by other auditors whose reports thereon, including the other auditors' *Independent Auditors' Reports on Compliance and Other Matters*, have been furnished to us. Accordingly, our report on the Department's compliance and other matters, insofar as it relates to those components, is based solely on the reports and findings of the other auditors.

The management of the Department is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Department. As part of obtaining reasonable assurance about whether the Department's fiscal year 2011 consolidated financial statements are free of material misstatement, we and the other auditors performed tests of the Department's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including the provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). We and the other auditors limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the



Independent Auditors' Report on Compliance and Other Matters
Page 2

Department. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our and the other auditors' tests of compliance described in the preceding paragraph, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our and the other auditors' tests of FFMIA disclosed no instances in which the Department's financial management systems did not substantially comply with the (1) Federal financial management system requirements, (2) applicable Federal accounting standards, and (3) application of the United States Government Standard General Ledger at the transaction level.

This report is intended solely for the information and use of the management of the U.S. Department of Justice, the U.S. Department of Justice Office of the Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 10, 2011

**Principal Financial Statements
and Related Notes**

See Independent Auditors' Report on Financial Statements

U. S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2011 and 2010

Dollars in Thousands	2011	2010
ASSETS (Note 2)		
Intragovernmental		
Fund Balance with U.S. Treasury (Note 3)	\$ 23,354,452	\$ 23,596,587
Investments, Net (Note 5)	6,919,799	4,061,733
Accounts Receivable, Net (Note 6)	380,431	302,310
Other Assets (Note 10)	115,103	122,664
Total Intragovernmental	30,769,785	28,083,294
Cash and Monetary Assets (Note 4)	250,253	245,283
Accounts Receivable, Net (Note 6)	125,898	87,260
Inventory and Related Property, Net (Note 7)	170,889	237,347
Forfeited Property, Net (Note 8)	172,746	189,122
General Property, Plant and Equipment, Net (Note 9)	10,217,770	9,741,154
Advances and Prepayments	1,079,767	1,501,404
Other Assets (Note 10)	5,982	5,826
Total Assets	\$ 42,793,090	\$ 40,090,690
LIABILITIES (Note 11)		
Intragovernmental		
Accounts Payable	\$ 366,027	\$ 273,619
Accrued Federal Employees' Compensation Act Liabilities	250,625	243,446
Custodial Liabilities (Note 21)	605,009	331,172
Other Liabilities (Note 15)	389,522	951,367
Total Intragovernmental	1,611,183	1,799,604
Accounts Payable	2,504,820	2,520,022
Accrued Grant Liabilities	614,419	530,823
Actuarial Federal Employees' Compensation Act Liabilities	1,359,360	1,314,105
Accrued Payroll and Benefits	644,502	594,981
Accrued Annual and Compensatory Leave Liabilities	831,783	826,881
Environmental and Disposal Liabilities (Note 12)	72,709	71,657
Deferred Revenue	533,427	502,119
Seized Cash and Monetary Instruments (Note 14)	4,063,738	1,470,383
Contingent Liabilities (Note 16)	68,652	101,760
Capital Lease Liabilities (Note 13)	25,141	33,649
Radiation Exposure Compensation Act Liabilities	535,838	541,784
Other Liabilities (Note 15)	403,905	267,369
Total Liabilities	\$ 13,269,477	\$ 10,575,137
NET POSITION		
Unexpended Appropriations - Earmarked Funds (Note 17)	\$ 21,727	\$ 19,585
Unexpended Appropriations - All Other Funds	11,952,581	13,791,272
Cumulative Results of Operations - Earmarked Funds (Note 17)	9,066,816	7,636,045
Cumulative Results of Operations - All Other Funds	8,482,489	8,068,651
Total Net Position	\$ 29,523,613	\$ 29,515,553
Total Liabilities and Net Position	\$ 42,793,090	\$ 40,090,690

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

U. S. Department of Justice
Consolidated Statements of Net Cost
For the Fiscal Years Ended September 30, 2011 and 2010

Dollars in Thousands

	FY	Gross Costs			Less: Earned Revenues			Net Cost of Operations (Note 18)
		Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	
Goal 1	2011	\$ 1,486,363	\$ 4,239,731	\$ 5,726,094	\$ 446,831	\$ 37,178	\$ 484,009	\$ 5,242,085
	2010	\$ 1,358,260	\$ 4,187,272	\$ 5,545,532	\$ 474,421	\$ 32,042	\$ 506,463	\$ 5,039,069
Goal 2	2011	3,663,829	13,563,302	17,227,131	758,583	789,114	1,547,697	15,679,434
	2010	3,464,016	13,201,427	16,665,443	751,806	736,287	1,488,093	15,177,350
Goal 3	2011	2,328,468	10,685,190	13,013,658	777,487	522,584	1,300,071	11,713,587
	2010	2,113,376	10,436,797	12,550,173	801,044	480,246	1,281,290	11,268,883
Total	2011	<u>\$ 7,478,660</u>	<u>\$ 28,488,223</u>	<u>\$ 35,966,883</u>	<u>\$ 1,982,901</u>	<u>\$ 1,348,876</u>	<u>\$ 3,331,777</u>	<u>\$ 32,635,106</u>
	2010	<u>\$ 6,935,652</u>	<u>\$ 27,825,496</u>	<u>\$ 34,761,148</u>	<u>\$ 2,027,271</u>	<u>\$ 1,248,575</u>	<u>\$ 3,275,846</u>	<u>\$ 31,485,302</u>

Goal 1: Prevent Terrorism and Promote the Nation's Security

Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People

Goal 3: Ensure the Fair and Efficient Administration of Justice

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

U. S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Year Ended September 30, 2011

Dollars in Thousands

	2011			
	Earmarked Funds	All Other Funds	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	\$ 19,585	\$ 13,791,272	\$ -	\$ 13,810,857
Budgetary Financing Sources				
Appropriations Received	71,746	27,408,088	-	27,479,834
Appropriations Transferred-In/Out	-	400,839	-	400,839
Other Adjustments	(326)	(105,930)	-	(106,256)
Appropriations Used	(69,278)	(29,541,688)	-	(29,610,966)
Total Budgetary Financing Sources	2,142	(1,838,691)	-	(1,836,549)
Unexpended Appropriations	\$ 21,727	\$ 11,952,581	\$ -	\$ 11,974,308
Cumulative Results of Operations				
Beginning Balances	\$ 7,636,045	\$ 8,068,651	\$ -	\$ 15,704,696
Budgetary Financing Sources				
Other Adjustments	-	(26,000)	-	(26,000)
Appropriations Used	69,278	29,541,688	-	29,610,966
Nonexchange Revenues	2,003,887	508	-	2,004,395
Donations and Forfeitures of Cash and Cash Equivalents	1,580,584	-	-	1,580,584
Transfers-In/Out Without Reimbursement	-	113,735	-	113,735
Other Financing Sources				
Donations and Forfeitures of Property	157,381	226	-	157,607
Transfers-In/Out Without Reimbursement	(6,192)	50,748	-	44,556
Imputed Financing from Costs Absorbed by Others (Note 19)	16,069	1,007,880	(25,464)	998,485
Other Financing Sources	-	(4,613)	-	(4,613)
Total Financing Sources	3,821,007	30,684,172	(25,464)	34,479,715
Net Cost of Operations	(2,390,236)	(30,270,334)	25,464	(32,635,106)
Net Change	1,430,771	413,838	-	1,844,609
Cumulative Results of Operations	\$ 9,066,816	\$ 8,482,489	\$ -	\$ 17,549,305
Net Position	\$ 9,088,543	\$ 20,435,070	\$ -	\$ 29,523,613

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

U. S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Year Ended September 30, 2010

Dollars in Thousands

	2010			
	Earmarked Funds	All Other Funds	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	\$ 22,207	\$ 13,902,525	\$ -	\$ 13,924,732
Budgetary Financing Sources				
Appropriations Received	90,312	28,251,841	-	28,342,153
Appropriations Transferred-In/Out	-	510,516	-	510,516
Other Adjustments	(9,001)	(144,750)	-	(153,751)
Appropriations Used	(83,933)	(28,728,860)	-	(28,812,793)
Total Budgetary Financing Sources	<u>(2,622)</u>	<u>(111,253)</u>	<u>-</u>	<u>(113,875)</u>
Unexpended Appropriations	<u>\$ 19,585</u>	<u>\$ 13,791,272</u>	<u>\$ -</u>	<u>\$ 13,810,857</u>
Cumulative Results of Operations				
Beginning Balances	\$ 5,631,023	\$ 7,828,974	\$ -	\$ 13,459,997
Budgetary Financing Sources				
Appropriations Used	83,933	28,728,860	-	28,812,793
Nonexchange Revenues	2,366,521	932	-	2,367,453
Donations and Forfeitures of Cash and Cash Equivalents	1,502,466	-	-	1,502,466
Transfers-In/Out Without Reimbursement	-	75,097	-	75,097
Other Financing Sources				
Donations and Forfeitures of Property	70,864	340	-	71,204
Transfers-In/Out Without Reimbursement	(31,173)	29,284	-	(1,889)
Imputed Financing from Costs Absorbed by Others (Note 19)	12,161	918,164	(27,448)	902,877
Total Financing Sources	<u>4,004,772</u>	<u>29,752,677</u>	<u>(27,448)</u>	<u>33,730,001</u>
Net Cost of Operations	<u>(1,999,750)</u>	<u>(29,513,000)</u>	<u>27,448</u>	<u>(31,485,302)</u>
Net Change	2,005,022	239,677	-	2,244,699
Cumulative Results of Operations	<u>\$ 7,636,045</u>	<u>\$ 8,068,651</u>	<u>\$ -</u>	<u>\$ 15,704,696</u>
Net Position	<u>\$ 7,655,630</u>	<u>\$ 21,859,923</u>	<u>\$ -</u>	<u>\$ 29,515,553</u>

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

U. S. Department of Justice
Combined Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2011 and 2010

Dollars in Thousands	2011	2010
Budgetary Resources		
Unobligated Balance, Net, Brought Forward, October 1	\$ 4,039,298	\$ 4,046,852
Recoveries of Prior Year Unpaid Obligations	753,442	766,846
Budget Authority		
Appropriations Received	36,902,262	32,769,570
Spending Authority from Offsetting Collections Earned		
Collected	7,056,837	7,071,984
Change in Receivables from Federal Sources	95,361	(133,650)
Change in Unfilled Customer Orders		
Advance Received	(138,396)	(46,906)
Without Advance from Federal Sources	(57,799)	(31,324)
Subtotal Budget Authority	<u>43,858,265</u>	<u>39,629,674</u>
Nonexpenditure Transfers, Net, Anticipated and Actual	514,574	585,613
Temporarily not Available Pursuant to Public Law	(6,595,224)	(2,041,625)
Permanently not Available	<u>(140,590)</u>	<u>(154,303)</u>
Total Budgetary Resources (Note 20)	<u>\$ 42,429,765</u>	<u>\$ 42,833,057</u>
Status of Budgetary Resources		
Obligations Incurred		
Direct	\$ 31,840,621	\$ 32,257,303
Reimbursable	<u>6,706,821</u>	<u>6,536,456</u>
Total Obligations Incurred (Note 20)	38,547,442	38,793,759
Unobligated Balance - Available		
Apportioned	2,426,008	2,739,193
Exempt from Apportionment	<u>211,197</u>	<u>120,016</u>
Total Unobligated Balance - Available	2,637,205	2,859,209
Unobligated Balance not Available	<u>1,245,118</u>	<u>1,180,089</u>
Total Status of Budgetary Resources	<u>\$ 42,429,765</u>	<u>\$ 42,833,057</u>

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

U. S. Department of Justice
Combined Statements of Budgetary Resources - Continued
For the Fiscal Years Ended September 30, 2011 and 2010

Dollars in Thousands	2011	2010
Change in Obligated Balance		
Obligated Balance, Net - Brought Forward, October 1		
Unpaid Obligations	\$ 17,759,329	\$ 17,646,368
Less: Uncollected Customer Payments from Federal Sources	1,753,098	1,918,071
Total Unpaid Obligated Balance, Net - Brought Forward, October 1	<u>16,006,231</u>	<u>15,728,297</u>
Obligations Incurred	38,547,442	38,793,759
Less: Gross Outlays	38,876,674	37,913,953
Less: Recoveries of Prior Year Unpaid Obligations, Actual	753,442	766,846
Change in Uncollected Customer Payments from Federal Sources	(37,562)	164,974
Obligated Balance, Net - End of Period		
Unpaid Obligations	16,676,654	17,759,329
Less: Uncollected Customer Payments from Federal Sources	1,790,659	1,753,098
Total Unpaid Obligated Balance, Net - End of Period	<u>\$ 14,885,995</u>	<u>\$ 16,006,231</u>
Net Outlays		
Gross Outlays	\$ 38,876,674	\$ 37,913,953
Less: Offsetting Collections	6,918,445	7,025,077
Less: Distributed Offsetting Receipts (Note 20)	1,025,644	941,368
Total Net Outlays (Note 20)	<u>\$ 30,932,585</u>	<u>\$ 29,947,508</u>

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

U. S. Department of Justice
Combined Statements of Custodial Activity
For the Fiscal Years Ended September 30, 2011 and 2010

Dollars in Thousands	2011	2010
Revenue Activity		
Sources of Cash Collections		
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	\$ 5,222,083	\$ 4,789,655
Fees and Licenses	32,437	28,985
Fines, Penalties and Restitution Payments - Civil	82,288	5,985
Fines, Penalties and Restitution Payments - Criminal	38,350	33,048
Miscellaneous	3,951	704
Total Cash Collections	<u>5,379,109</u>	<u>4,858,377</u>
Accrual Adjustments	<u>3,643</u>	<u>271</u>
Total Custodial Revenue	<u>5,382,752</u>	<u>4,858,648</u>
Disposition of Collections		
Transferred to Federal Agencies		
U.S. Department of Agriculture	(96,346)	(84,620)
U.S. Department of Commerce	(5,103)	(1,725)
U.S. Department of the Interior	(29,959)	(283,244)
U.S. Department of Justice	(81,181)	(24,865)
U.S. Department of Labor	(736)	(3,537)
U.S. Postal Service	(4,362)	(6,762)
U.S. Department of State	(8,535)	(199)
U.S. Department of the Treasury	(249,184)	(606,978)
Office of Personnel Management	(58,144)	(46,636)
Federal Communications Commission	(14,727)	(2,693)
Social Security Administration	(2,726)	(3,558)
Smithsonian Institution	(190)	(209)
U.S. Department of Veterans Affairs	(28,703)	(35,068)
General Services Administration	(88,447)	(4,008)
Securities and Exchange Commission	(3)	(2)
Federal Deposit Insurance Corporation	(71)	(42)
Railroad Retirement Board	(100)	(143)
Environmental Protection Agency	(341,267)	(720,010)
U.S. Department of Transportation	(7,236)	(765)
U.S. Department of Homeland Security	(66,843)	(30,872)
Agency for International Development	(22,233)	(2,155)
Small Business Administration	(10,447)	(5,360)
U.S. Department of Health and Human Services	(2,001,923)	(1,528,861)
National Aeronautics and Space Administration	(3,792)	(2,859)
Export-Import Bank of the United States	(24,643)	(4,704)
U.S. Department of Housing and Urban Development	(11,099)	(25,985)
U.S. Department of Energy	(2,093)	(2,281)
U.S. Department of Education	(55,431)	(63,002)
Independent Agencies	(67,264)	(54,493)
Treasury General Fund	(618,814)	(485,769)
U.S. Department of Defense	(173,894)	(112,640)
Transferred to the Public	(516,597)	(391,304)
(Increase)/Decrease in Amounts Yet to be Transferred	(307,947)	(210,508)
Refunds and Other Payments	(364,644)	(11,016)
Retained by the Reporting Entity	<u>(118,068)</u>	<u>(101,775)</u>
Net Custodial Activity (Note 21)	<u>\$ -</u>	<u>\$ -</u>

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

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Department of Justice (Department) has a wide range of responsibilities which include: detecting, apprehending, prosecuting, and incarcerating criminal offenders; operating federal prison factories; upholding the civil rights of all Americans; enforcing laws to protect the environment; ensuring healthy competition of business in the United States' free enterprise system; safeguarding the consumer from fraudulent activity; carrying out the immigration laws of the United States; and representing the American people in all legal matters involving the U.S. Government. Under the direction of the Attorney General, these responsibilities are discharged by the components of the Department.

For purposes of these consolidated/combined financial statements, the following components comprise the Department's reporting entity:

- Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF)
- Offices, Boards and Divisions (OBDs)
- U.S. Marshals Service (USMS)
- Office of Justice Programs (OJP)
- Drug Enforcement Administration (DEA)
- Federal Bureau of Investigation (FBI)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Bureau of Prisons (BOP)
- Federal Prison Industries, Inc. (FPI)

The American Recovery and Reinvestment Act of 2009 (ARRA) (Public Law 111-5) was signed into law by President Obama on February 17, 2009. As one of its many elements, the Recovery Act provides the Department with funding for grants to assist state, local, and tribal law enforcement (including support for hiring), to combat violence against women, to fight internet crimes against children, to improve the functioning of the criminal justice system, to assist victims of crime, and to support youth mentoring.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

B. Basis of Presentation

These financial statements have been prepared from the books and records of the Department in accordance with United States generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) and presentation guidelines in the Office of Management and Budget (OMB) Circular A-136. These financial statements are different from the financial reports prepared pursuant to OMB directives which are used to monitor and control the use of the Department's budgetary resources. The accompanying financial statements include the accounts of all funds under the Department's control. To ensure that the Department financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Other Assets and Other Liabilities as defined by OMB Circular A-136 have been disaggregated on the balance sheet. These include Forfeited Property, Net; Advances and Prepayments; Accrued Grant Liabilities; Accrued Federal Employees' Compensation Act Liabilities; Custodial Liabilities; Accrued Payroll and Benefits; Accrued Annual and Compensatory Leave Liabilities; Deferred Revenue; Seized Cash and Monetary Instruments; Contingent Liabilities; Capital Lease Liabilities; and Radiation Exposure Compensation Act Liabilities.

C. Basis of Consolidation

The consolidated/combined financial statements of the Department include the accounts of the AFF/SADF, OBDs, USMS, OJP, DEA, FBI, ATF, BOP, and FPI. All significant proprietary intra-departmental transactions and balances have been eliminated in consolidation. The Statements of Budgetary Resources and Statements of Custodial Activity are combined statements for FYs 2011 and 2010, and as such, intra-departmental transactions have not been eliminated.

D. Basis of Accounting

Transactions are recorded on the accrual and budgetary bases of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the budgetary basis, however, funds availability is recorded based upon legal considerations and constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements. FPI is non-appropriated and self-sustaining. While FPI performs budgetary accounting in preparing its financial statements, FPI does not record budgetary information at the transaction level.

Custodial activity reported on the Combined Statement of Custodial Activity is prepared on the modified cash basis. Civil and Criminal Debt Collections are recorded when the Department receives payment from debtors. Accrual adjustments are made related to collections of fees and licenses.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

D. Basis of Accounting (continued)

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

E. Non-Entity Assets

Non-entity assets are not available for use by the Department and consist primarily of restricted undisbursed civil and criminal debt collections, seized cash, accounts receivable, and other monetary assets.

F. Fund Balance with U.S. Treasury and Cash

Funds with the Department of the Treasury (Treasury) represent primarily appropriated, revolving, and trust funds available to pay current liabilities and finance future authorized purchases. The Treasury, as directed by authorized certifying officers, processes cash receipts and disbursements. The Department does not, for the most part, maintain cash in commercial bank accounts. Certain receipts, however, are processed by commercial banks for deposit into individual accounts maintained at the Treasury. The Department's cash and other monetary assets consist of undeposited collections, imprest funds, cash used in undercover operations, cash held as evidence, and seized cash.

G. Investments

Investments are market-based Treasury securities issued by the Bureau of Public Debt. When securities are purchased, the investment is recorded at face value (the value at maturity). The Department's intent is to hold investments to maturity, unless the invested funds are needed to sustain operations. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity. The market value of the investments is the current market value at the end of the reporting period. It is calculated by using the "End of Day" price listed in The FedInvest Price File which can be found on the Bureau of Public Debt website (<http://www.fedinvest.gov/>). Investments are reported on the Consolidated Balance Sheet at their net value, the face value plus or minus any unamortized premium or discount. Premiums and discounts are amortized over the life of the Treasury security. The interest method is used for the amortization of premium and discount of Treasury notes and the straight-line method is used for Treasury bills. Amortization is based on the straight-line method over the term of the securities.

The AFF, the U.S. Trustee System Fund, and the Federal Prison Commissary Fund are three earmarked funds that invest in Treasury securities. The Treasury does not set aside assets to pay future expenditures associated with earmarked funds. Instead, the cash generated from earmarked funds is used by the Treasury for general Government purposes. When these earmarked funds redeem their Treasury securities to make expenditures, the Treasury will finance the expenditures in the same manner that it finances all other expenditures.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

G. Investments (continued)

Treasury securities are issued to the earmarked funds as evidence of earmarked receipts and provide the funds with the authority to draw upon the U.S. Treasury for future authorized expenditures. Treasury securities held by an earmarked fund are an asset of the fund and a liability of the Treasury, so they are eliminated in consolidation for the U.S. Government-wide financial statements.

H. Accounts Receivable

Net accounts receivable includes reimbursement and refund receivables due from federal agencies and others, less the allowance for doubtful accounts. Generally, most intragovernmental accounts receivable are considered fully collectible. The allowance for doubtful accounts for public receivables is estimated based on past collection experience and analysis of outstanding receivable balances at year end.

I. Inventory and Related Property

Inventory is maintained primarily for the manufacture of goods for sale to customers. This inventory is composed of three categories: Raw Materials, Work in Process, and Finished Goods. Raw material inventory value is based upon moving average costs. Inventories are valued at the lower of average cost or market value (LCM) and include materials, labor and manufacturing overhead. Market value is calculated on the basis of the contractual or anticipated selling price, less allowance for administrative expenses. DOJ values its finished goods and sub-assembly items at a standard cost that is periodically adjusted to approximate actual cost. DOJ has established inventory allowances to account for LCM adjustments and obsolete items that may not be utilized in future periods.

Additional inventories consist of new and rehabilitated office furniture, equipment and supplies used for the repair of airplanes, administrative supplies and materials, commissary sales to inmates (sundry items), metals, plastics, electronics, graphics, and optics.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

J. General Property, Plant and Equipment

With the exception of land, real property and leasehold improvements are capitalized when the cost of acquiring and/or improving the asset is \$100 or more and the asset has a useful life of two or more years. Land is capitalized regardless of the acquisition cost. Real property is depreciated or amortized, based on historical cost, using the straight-line method over the estimated useful life of the asset.

Except for BOP and FPI, Department acquisitions of personal property, excluding internal use software, costing \$25 or more is capitalized if the asset has an estimated useful life of two or more years. Personal property is depreciated, based on historical cost, using the straight-line method over the estimated useful life of the asset. BOP and FPI capitalize personal property acquisitions over \$5.

Internal use software is capitalized when developmental phase costs or enhancement costs are \$500 or more and the asset has an estimated useful life of two or more years. Except for FBI, aircraft are capitalized when the initial cost of acquiring those assets is \$100 or more. FBI capitalized aircraft over \$25. Internal use software and aircraft are depreciated, based on historical cost, using the straight-line method over the estimated useful life of the asset.

K. Advances and Prepayments

Advances and prepayments, classified as assets on the Consolidated Balance Sheets, consist primarily of funds disbursed to grantees in excess of total expenditures made by those grantees to third parties, funds advanced to state and local participants in the DEA Domestic Cannabis Eradication and Suppression Program, and travel advances issued to federal employees for official travel. Travel advances are limited to meals and incidental expenses expected to be incurred by the employees during official travel. Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of payment and are recognized as expenses when the goods and services are received.

L. Forfeited and Seized Property

Forfeited property is property for which the title has passed to the U.S. Government. This property is recorded at the estimated fair market value at the time of forfeiture and is not adjusted for any subsequent increases and decreases in estimated fair market value. The value of the property is reduced by the estimated liens of record.

Property is seized in consequence of a violation of public law. Seized property can include monetary instruments, real property, and tangible personal property of others in the actual or constructive possession of the custodial agency. Most non-cash property is held by the USMS from the point of seizure until its disposition. This property is recorded at the estimated fair market value at the time of seizure and is not adjusted for any subsequent increases and decreases in estimated fair market value.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

M. Liabilities

Liabilities represent the monies or other resources that are likely to be paid by the Department as the result of a transaction or event that has already occurred. However, no liability can be paid by the Department absent proper budget authority. Liabilities that are not funded by the current year appropriation are classified as liabilities not covered by budgetary resources in Note 11. Accrued payroll and benefits are accrued based on the number of days in a pay period earned but not paid to employees at the end of the quarter

On October 15, 1990, Congress passed the Radiation Exposure Compensation Act (RECA), 42 U.S.C. § 2210 (1990), providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. The September 30, 2011 and 2010 estimated liabilities are based on activity between FYs 2006 - 2011, and management's assumptions concerning receipt and approval of claims in the future.

Key factors in determining liability are the number of claims filed, the number of claims approved, and estimates for these factors through FY 2022. These estimates are then discounted in accordance with the discount rates set by OMB.

N. Accrued Grant Liabilities

Disbursements of grant funds are recognized as expenses at the time of disbursement. However, some grant recipients incur expenditures prior to initiating a request for disbursement based on the nature of the expenditures. The OBDs and OJP accrue a liability for expenditures incurred by grantees prior to receiving grant funds for expenditures. The amount to be accrued is determined through an analysis of historic grant expenditures. These estimates are based on the most current information available at the time the financial statements are prepared.

Estimates for the grant accrual contain assumptions that have an impact on the financial statements. The key assumptions used in the grant accrual are: grantees have consistent spending patterns throughout the life of the grant, grantees will drawdown throughout the life of the grant, and the grant has a determined end date. The primary elements of these assumptions include, but are not limited to, type of grant that has been awarded, grant period, accounting basis used by the grantees, and the grant expenditure rate.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

O. Contingencies and Commitments

The Department is involved in various legal actions, including administrative proceedings, lawsuits, and claims. A liability is generally recognized on the Balance Sheet as an unfunded liability for those legal actions where unfavorable decisions are considered “probable” and an estimate for the liability can be made. Contingent liabilities that are considered “probable” or “reasonably possible” are disclosed in Note 16. However, there are cases where amounts have not been accrued or disclosed because the amounts of the potential loss cannot be estimated or the likelihood of an unfavorable outcome is considered “remote”.

P. Annual, Sick, and Other Leave

Annual and compensatory leave is expensed with an offsetting liability as it is earned and the liability is reduced as leave is taken. Each year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual and compensatory leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of nonvested leave are expensed as taken.

Q. Interest on Late Payments

Pursuant to the Prompt Payment Act, 31 U.S.C. §3901-3907, the Department pays interest on payments for goods or services made to business concerns after the due date. The due date is generally 30 days after receipt of a proper invoice or acceptance of the goods or services, whichever is later.

R. Retirement Plan

With few exceptions, employees hired before January 1, 1984 are covered by the Civil Service Retirement System (CSRS) and employees hired on or after that date are covered by the Federal Employees Retirement System (FERS). For employees covered by CSRS, the Department contributes 7% of the employees’ gross pay for regular and 7.5% for law enforcement officers’ retirement. For employees covered by FERS, the Department contributes 11.7% of employees’ gross pay for regular and 25.7% for law enforcement officers’ retirement. All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For those employees covered by the FERS, a TSP account is automatically established to which the Department is required to contribute an additional 1% of gross pay and match employee contributions up to 4%. No contributions are made to the TSP accounts established by the CSRS employees. The Department does not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to its employees. Such reporting is the responsibility of the Office of Personnel Management (OPM). Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees’ active years of service. Refer to Note 19, *Imputed Financing from Costs Absorbed by Others*, for additional details.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

S. Federal Employee Compensation Benefits

The Federal Employees' Compensation Act (FECA) 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 total FECA liability consists of an actuarial and an accrued portion as discussed below.

Actuarial Liability: The Department of Labor (DOL) calculates the liability of the federal government for future compensation benefits, which includes the expected liability for death, disability, medical, and other approved costs. The liability is determined using the paid-losses extrapolation method calculated over the next 37-year period. This method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments are discounted to present value. The resulting federal government liability is then distributed by agency. The Department's portion of this liability includes the estimated future cost of death benefits, workers' compensation, medical, and miscellaneous cost for approved compensation cases for the Department employees. The Department liability is further allocated to component reporting entities on the basis of actual payments made to the FECA Special Benefits Fund (SBF) for the three prior years as compared to the total Department payments made over the same period.

The FECA actuarial liability is recorded for reporting purposes only. This liability constitutes an extended future estimate of cost, which will not be obligated against budgetary resources until the fiscal year in which the cost is actually billed to the Department. The cost associated with this liability cannot be met by the Department without further appropriation action.

Accrued Liability: The accrued FECA liability is the amount owed to the DOL for the benefits paid from the FECA SBF directly to Department employees.

T. Intragovernmental Activity

Intragovernmental costs and exchange revenue represent transactions made between two reporting entities within the federal government. Costs and earned revenues with the public represent exchange transactions made between the reporting entity and a non-federal entity. The classification of revenue or cost as "intragovernmental" or "with the public" is defined on a transaction-by-transaction basis. The purpose of this classification is to enable the federal government to prepare consolidated financial statements, not to match public and intragovernmental revenue with the costs incurred to produce public and intragovernmental revenue.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

U. Revenues and Other Financing Sources

The Department receives the majority of funding needed to support its programs through Congressional appropriations. The Department receives annual, multi-year, and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Additional funding is obtained through exchange revenues, nonexchange revenues, and transfers-in.

Appropriations Used are recognized as budgetary financing sources at the time the related program or administrative expenses are incurred. Exchange revenues are recognized when earned, for example, when goods have been delivered or services rendered. Nonexchange revenues are resources that the government demands or receives, for example, forfeiture revenue and fines and penalties.

The Department's exchange revenue consists of the following activities: licensing fees to manufacture and distribute controlled substances; services rendered for legal activities; space management; data processing services; sale of merchandise and telephone services to inmates; sale of manufactured goods and services to other federal agencies; and other services. Fees are set by law and are periodically evaluated in accordance with OMB guidance.

The Department's nonexchange revenue consists of forfeiture income resulting from the sale of forfeited property, penalties in lieu of forfeiture, recovery of returned asset management cost, judgment collections, and other miscellaneous income. Other nonexchange revenue includes the OJP Crime Victims Fund receipts, ATF fees from firearms and ammunition industries, and AFF/SADF interest on investments with the Treasury.

The Department's deferred revenue includes fees received for processing various applications and licenses with DEA for which the process was not completed at the end of fiscal year or for licenses that are valid for multiple years. These monies are recorded as liabilities in the financial statements. Deferred revenue also includes forfeited property held for sale. When the property is sold, deferred revenue is reversed and forfeiture revenue in the amount of the gross proceeds of the sale is recorded.

V. Earmarked Funds

SFFAS No. 27, *Identifying and Reporting Earmarked Funds*, defines 'earmarked funds' as being financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the government's general revenues. The three required criteria for an Earmarked Fund are:

1. A statute committing the federal government to use specifically identified revenues and other financing sources only for designated activities, benefits or purposes;

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

V. Earmarked Funds (continued)

2. Explicit authority for the earmarked fund to retain revenues and other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and
3. A requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the earmarked fund from the Government's general revenues.

The following funds meet the definition of an earmarked fund: AFF, UST System Fund, Antitrust Division, Crime Victims Fund, Diversion Control Fee Account, and Federal Prison Commissary Fund.

W. Allocation Transfer of Appropriation

The Department is a party to allocation transfers with other Federal agencies as a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. An exception to this general rule affecting the Department includes the funds transferred from the Judicial Branch to the USMS, for whom the USMS is the child to the allocation transfer, but, per OMB guidance, will report all activity relative to these allocation transfers in the USMS financial statements.

The activity related to these transfers, included as part of these financial statements, is highlighted below:

OJP, as the parent, transfers funds from the Crime Victims Fund (CVF) to the Department of Health and Human Services (HHS). This transfer is required by 42 U.S.C. §10603a {Sec. 14-4A} for *Child Abuse Prevention and Treatment Grants*. Amounts made available by section §10601(d)(2) of this title, for the purposes of this section, are to be obligated and expended by the Secretary of HHS for grants under section §5106c of this title.

The Department also allocated funds from BOP, as the parent, to the Public Health Service (PHS). PHS provides a portion of medical treatment for federal inmates. The money is designated and expended for current year obligation of PHS staff salaries, benefits, and applicable relocation expenses.

USMS, as the child, receives allocation transfers of appropriation from the Administrative Office of U.S. Courts (AOUSC). The allocation transfers are used for costs associated with protective guard services - Court Security Officers at United States courthouses and other facilities housing federal court operations. These costs include their salaries (paid through contracts), equipment, and supplies. This transfer is performed on an annual basis.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

X. Tax Exempt Status

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

Y. 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.

Z. Reclassifications

The FY 2010 financial statements were reclassified to conform to the FY 2011 Departmental financial statement presentation requirements. The reclassifications had no material effect on total assets, liabilities, net position, change in net position or budgetary resources as previously reported.

AA. Subsequent Events

Subsequent events and transactions occurring after September 30, 2011 through the date of the auditors' opinion have been evaluated for potential recognition or disclosure in the financial statements. The date of the auditors' opinion also represents the date that the financial statements were available to be issued.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 2. Non-Entity Assets

As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Intragovernmental		
Fund Balance with U.S. Treasury	\$ 727,647	\$ 908,929
Investments, Net	<u>3,989,294</u>	<u>1,379,942</u>
Total Intragovernmental	<u>4,716,941</u>	<u>2,288,871</u>
With the Public		
Cash and Monetary Assets	233,376	228,085
Accounts Receivable, Net	<u>7,304</u>	<u>15,257</u>
Total With the Public	<u>240,680</u>	<u>243,342</u>
Total Non-Entity Assets	4,957,621	2,532,213
Total Entity Assets	<u>37,835,469</u>	<u>37,558,477</u>
Total Assets	<u>\$ 42,793,090</u>	<u>\$ 40,090,690</u>

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 3. Fund Balance with U.S. Treasury

The Fund Balances with U.S. Treasury represent the unexpended balances on the Department's books for all the Department's Treasury Symbols.

As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Fund Balances		
Trust Funds	\$ 104,879	\$ 84,695
Special Funds	7,609,838	6,248,505
Revolving Funds	473,319	455,486
General Funds	15,105,225	16,746,926
Other Fund Types	<u>61,191</u>	<u>60,975</u>
Total Fund Balances with U.S. Treasury	<u>\$ 23,354,452</u>	<u>\$ 23,596,587</u>
Status of Fund Balances		
Unobligated Balance - Available	\$ 2,637,205	\$ 2,859,209
Unobligated Balance - Unavailable	1,245,118	1,180,089
Obligated Balance not yet Disbursed	14,885,995	16,006,230
Other Funds (With)/Without Budgetary Resources	<u>4,586,134</u>	<u>3,551,059</u>
Total Status of Fund Balances	<u>\$ 23,354,452</u>	<u>\$ 23,596,587</u>

Annual and multi-year budget authority expires at the end of its period of availability. During the first through the fifth expired years, the unobligated balance is unavailable and may only be used to adjust obligations and disbursements that were recorded before the budgetary authority expired or to meet a legitimate or bona fide need arising in the fiscal year for which the appropriation was made. The unobligated balance for no-year budget authority may be used to incur obligations indefinitely for the purpose specified by the appropriation act. No-year budget authority unobligated balances are still subject to the annual apportionment and allotment process.

Unobligated Balance - Unavailable includes amounts appropriated in prior fiscal years that are no longer available to fund new obligations, but can be used for upward and/or downward adjustments for existing obligations. Additionally, this line includes amounts received that are restricted to future use and as a result are not apportioned for current use. Other restricted funds include the collections of fees in excess of amounts budgeted for administering the Diversion Control Program. These collections may not be used until authorized by Congress.

Other Funds (With)/Without Budgetary Resources primarily represent the net of 1) investments in short-term securities with budgetary resources, 2) resources temporarily not available pursuant to public law, 3) custodial liabilities, and 4) miscellaneous receipts.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 4. Cash and Monetary Assets

As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash		
Undeposited Collections	\$ 2,813	\$ 3,132
Imprest Funds	14,071	14,068
Seized Cash Deposited	87,243	106,154
Other Cash	<u>72,700</u>	<u>51,476</u>
Total Cash	<u>176,827</u>	<u>174,830</u>
Monetary Assets		
Seized Monetary Instruments	<u>73,426</u>	<u>70,453</u>
Total Cash and Monetary Assets	<u>\$ 250,253</u>	<u>\$ 245,283</u>

The majority of Other Cash consists of project-generated proceeds from undercover operations.

Note 5. Investments, Net

	<u>Face Value</u>	<u>Unamortized Premium (Discount)</u>	<u>Interest Receivable</u>	<u>Investments, Net</u>	<u>Market Value</u>
As of September 30, 2011					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 6,919,892	\$ (137)	\$ 44	\$ 6,919,799	\$ 6,920,238
As of September 30, 2010					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 4,062,336	\$ (798)	\$ 195	\$ 4,061,733	\$ 4,061,690

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 6. Accounts Receivable, Net

As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Intragovernmental		
Accounts Receivable	\$ 380,562	\$ 304,000
Allowance for Uncollectible Accounts	(131)	(1,690)
Total Intragovernmental	<u>380,431</u>	<u>302,310</u>
With the Public		
Accounts Receivable	141,934	93,552
Allowance for Uncollectible Accounts	(16,036)	(6,292)
Total With the Public	<u>125,898</u>	<u>87,260</u>
Total Accounts Receivable, Net	<u>\$ 506,329</u>	<u>\$ 389,570</u>

Intragovernmental accounts receivable consists mainly of amounts due under reimbursable agreements with federal entities for services and goods provided.

The accounts receivable with the public primarily consists of OBDs U.S. Trustee Chapter 11 quarterly fees, FBI Non-Federal User Fee Program, FBI National Name Check Program, court mandated restitution, and refunds due from the public.

Note 7. Inventory and Related Property, Net

As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Inventory		
Raw Materials	\$ 42,832	\$ 116,826
Work in Process	30,583	38,442
Finished Goods	60,697	53,308
Inventory Purchased for Resale	18,286	16,580
Excess, Obsolete, and Unserviceable	27,087	43,494
Inventory Allowance	(27,265)	(48,739)
Operating Materials and Supplies		
Held for Current Use	18,669	17,436
Total Inventory and Related Property, Net	<u>\$ 170,889</u>	<u>\$ 237,347</u>

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property

Equitable Sharing Payments:

The statute governing the use of the AFF (28 U.S.C. §524(c)) permits the payment of equitable shares of forfeiture proceeds to participating foreign governments and state and local law enforcement agencies. The statute does not require such sharing and permits the Attorney General wide discretion in determining those transfers. Actual sharing is difficult to predict because many factors influence both the amount and timing of disbursement of equitable sharing payments, such as the length of time required to move an asset through the forfeiture process to disposition, the amount of net proceeds available for sharing, the elapse of time for Departmental approval of equitable sharing requests for cases with asset values exceeding \$1 million, and appeal of forfeiture judgments. Because of uncertainties surrounding the timing and amount of any equitable sharing payment, an obligation and expense are recorded only when the actual disbursement of the equitable sharing payment is imminent. The anticipated equitable sharing allocation level for FY 2012 is \$446 million.

Analysis of Change in Forfeited Property:

The number of items represents quantities calculated using many different units of measure. If necessary, the adjustments column includes property status and valuation changes received after, but properly credited to the appropriate fiscal years. The valuation changes include updates and corrections to an asset's value recorded in the prior year.

These notes are an integral part of the financial statements.

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Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

For the Fiscal Year Ended September 30, 2011

Forfeited Property Category		Beginning Balance	Adjust- ments	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	97	-	155	(135)	117	-	117
	Value	\$ 2,219	\$ -	\$ 15,822	\$ (16,311)	\$ 1,730	\$ -	\$ 1,730
Real Property	Number	477	-	315	(340)	452	-	452
	Value	\$ 89,018	\$ -	\$ 74,928	\$ (65,938)	\$ 98,008	\$ (866)	\$ 97,142
Personal Property	Number	3,047	-	5,996	(5,659)	3,384	-	3,384
	Value	\$ 102,196	\$ -	\$ 93,813	\$ (121,163)	\$ 74,846	\$ (972)	\$ 73,874
Non-Valued Firearms	Number	19,378	-	16,231	(12,016)	23,593	-	23,593
Total	Number	22,999	-	22,697	(18,150)	27,546	-	27,546
	Value	\$ 193,433	\$ -	\$ 184,563	\$ (203,412)	\$ 174,584	\$ (1,838)	\$ 172,746

For the Fiscal Year Ended September 30, 2010

Forfeited Property Category		Beginning Balance	Adjust- ments	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	90	-	162	(155)	97	-	97
	Value	\$ 19,680	\$ -	\$ 10,043	\$ (27,504)	\$ 2,219	\$ (155)	\$ 2,064
Real Property	Number	496	-	358	(377)	477	-	477
	Value	\$ 104,905	\$ -	\$ 60,739	\$ (76,626)	\$ 89,018	\$ (3,468)	\$ 85,550
Personal Property	Number	3,496	-	5,264	(5,713)	3,047	-	3,047
	Value	\$ 105,038	\$ -	\$ 67,480	\$ (70,322)	\$ 102,196	\$ (688)	\$ 101,508
Non-Valued Firearms	Number	21,940	-	9,457	(12,019)	19,378	-	19,378
Total	Number	26,022	-	15,241	(18,264)	22,999	-	22,999
	Value	\$ 229,623	\$ -	\$ 138,262	\$ (174,452)	\$ 193,433	\$ (4,311)	\$ 189,122

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

Method of Disposition of Forfeited Property:

During FYs 2011 and 2010, \$165,406 and \$103,678 of forfeited property were sold, \$16,211 and \$6,560 were destroyed or donated, \$9,262 and \$17,045 were returned to owners, and \$12,533 and \$47,169 were disposed of by other means, respectively. Other means of distribution include property transferred to other federal agencies for official use or equitable sharing, or property distributed to a state or local agency.

Analysis of Change in Seized Property:

Property seized for any purpose other than forfeiture and held by the seizing agency or a custodial agency should be disclosed by the seizing agency. All property seized for forfeiture, including property with evidentiary value, will be reported by the AFF/SADF. The Department has established a reporting threshold of \$1 or more for Personal Property seized for evidentiary purposes.

A seizure is the act of taking possession of goods in consequence of a violation of public law. Seized property consists of seized cash, monetary instruments, real property and tangible personal property in the actual or constructive possession of the seizing and the custodial agencies. The Department, until judicially or administratively forfeited, does not legally own such property. Seized evidence includes cash, financial instruments, non-monetary valuables, firearms, and illegal drugs. The AFF/SADF reports property seized for forfeiture and the FBI, DEA, and ATF report property seized for evidence.

The adjustments for FYs 2011 and 2010 include property status and valuation changes received after, but properly credited to FYs 2010 and 2009, respectively. The valuation changes include updates and corrections to an asset's value recorded in a prior year. During FY 2011, the DEA had access to better information that allowed the reporting of partial destructions of drugs held for evidence at the time of partial destruction rather than at the time the exhibit was fully destroyed. Therefore, the DEA has recorded an adjustment in the FY 2011 "Adjustment" column to primarily reflect the partial destruction of exhibits destroyed in prior years. ATF's adjustments for non-valued firearms are items determined to be seized for evidence that were not included in the seized for evidence balances in prior years.

The DEA, FBI, and ATF have custody of illegal drugs taken as evidence for legal proceedings. In accordance with Federal Financial Accounting and Auditing Technical Release No. 4, *Reporting on Non-Valued Seized and Forfeited Property*, the Department reports the total amount of seized drugs by quantity only, as illegal drugs have no value and are destroyed upon resolution of legal proceedings.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

Analyzed drug evidence includes cocaine, heroin, marijuana and methamphetamine and represents actual laboratory tested classification and weight in kilograms (KG). Since enforcing the controlled substances laws and regulations of the United States is a primary mission of the DEA, the DEA reports all analyzed drug evidence regardless of seizure weight. However, the enforcement of these laws and regulations is incidental to the missions of the FBI and ATF and therefore they only report those individual seizures exceeding 1 KG in weight.

“Other” primarily consist of illegal substances other than those discussed above. “Bulk Drug Evidence” is comprised of controlled substances housed by the DEA in secured storage facilities of which only a sample is taken for laboratory analysis. The actual bulk drug weight may vary from seizure weight due to changes in moisture content over time.

Unanalyzed drug evidence is qualitatively different from analyzed and bulk drug evidence because unanalyzed drug evidence includes the weight of packaging and drug categories are based on the determination of Special Agents instead of laboratory chemists. For these reasons, unanalyzed drug evidence is not reported by the Department. Seized drug evidence must be analyzed and confirmed through laboratory testing to be placed in one of the five categories of drug above.

“Disposals” occur when seized property is forfeited, returned to parties with a bona fide interest, or destroyed in accordance with federal guidelines.

These notes are an integral part of the financial statements.

FY 2011 U. S. Department of Justice Annual Financial Statements

**Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)**

Note 8. Forfeited and Seized Property (continued)

For the Fiscal Year Ended September 30, 2011

Seized Property Category		Beginning Balance	Adjust- ments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash Deposited and Seized Monetary Instruments	Value	\$ 1,424,806	\$ -	\$ 3,844,026	\$ (1,251,941)	\$ 4,016,891	\$ (92,080)	\$ 3,924,811
Financial Instruments	Number	413	(109)	274	(101)	477	-	477
	Value	\$ 99,712	\$ (66,438)	\$ 24,101	\$ (4,134)	\$ 53,241	\$ (3,236)	\$ 50,005
Real Property	Number	183	-	153	(190)	146	-	146
	Value	\$ 61,270	\$ -	\$ 49,431	\$ (62,337)	\$ 48,364	\$ (16,030)	\$ 32,334
Personal Property	Number	7,319	-	7,171	(7,013)	7,477	-	7,477
	Value	\$ 161,552	\$ -	\$ 124,371	\$ (101,920)	\$ 184,003	\$ (16,209)	\$ 167,794
Non-Valued Firearms	Number	34,281	-	23,858	(21,224)	36,915	-	36,915

For the Fiscal Year Ended September 30, 2010

Seized Property Category		Beginning Balance	Adjust- ments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash Deposited and Seized Monetary Instruments	Value	\$ 1,451,259	\$ -	\$ 1,588,064	\$ (1,614,517)	\$ 1,424,806	\$ (91,260)	\$ 1,333,546
Financial Instruments	Number	365	-	114	(66)	413	-	413
	Value	\$ 124,578	\$ (37,259)	\$ 28,692	\$ (16,299)	\$ 99,712	\$ (9,045)	\$ 90,667
Real Property	Number	210	-	162	(189)	183	-	183
	Value	\$ 66,178	\$ (5,699)	\$ 56,409	\$ (55,618)	\$ 61,270	\$ (9,675)	\$ 51,595
Personal Property	Number	7,429	-	6,699	(6,809)	7,319	-	7,319
	Value	\$ 158,880	\$ -	\$ 88,032	\$ (85,360)	\$ 161,552	\$ (11,544)	\$ 150,008
Non-Valued Firearms	Number	39,569	-	9,459	(14,747)	34,281	-	34,281

These notes are an integral part of the financial statements.

FY 2011 U. S. Department of Justice Annual Financial Statements

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

For the Fiscal Year Ended September 30, 2011

Seized Property Category		Beginning Balance	Adjustments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Evidence								
Seized Monetary Instruments	Value	\$ 45,577	\$ (4,903)	\$ 45,419	\$ (39,246)	\$ 46,847	\$ -	\$ 46,847
Personal Property	Number	1,602	(85)	412	(508)	1,421	-	1,421
	Value	\$ 26,691	\$ 8,649	\$ 13,946	\$ (12,907)	\$ 36,379	\$ -	\$ 36,379
Non-Valued								
Firearms	Number	44,465	7,405	14,268	(3,543)	62,595	-	62,595
Drug Evidence								
Cocaine	KG	278,449	(222,619)	27,429	(27,098)	56,161	-	56,161
Heroin	KG	3,450	(589)	812	(565)	3,108	-	3,108
Marijuana	KG	20,061	(1,521)	6,362	(7,095)	17,807	-	17,807
Bulk Drug Evidence	KG	227,564	1,043	1,058,390	(1,008,845)	278,152	-	278,152
Methamphetamine	KG	7,622	(1,928)	2,649	(1,386)	6,957	-	6,957
Other	KG	46,663	(16,935)	3,563	(8,528)	24,763	-	24,763
Total Drug Evidence	KG	583,809	(242,549)	1,099,205	(1,053,517)	386,948	-	386,948

For the Fiscal Year Ended September 30, 2010

Seized Property Category		Beginning Balance	Adjustments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Evidence								
Seized Monetary Instruments	Value	\$ 40,401	\$ (2,164)	\$ 34,425	\$ (27,085)	\$ 45,577	\$ -	\$ 45,577
Personal Property	Number	1,485	47	300	(230)	1,602	-	1,602
	Value	\$ 27,943	\$ (2,186)	\$ 13,202	\$ (12,268)	\$ 26,691	\$ -	\$ 26,691
Non-Valued								
Firearms	Number	43,878	(230)	8,685	(7,868)	44,465	-	44,465
Drug Evidence								
Cocaine	KG	349,451	(34,698)	33,711	(70,015)	278,449	-	278,449
Heroin	KG	3,572	(20)	643	(745)	3,450	-	3,450
Marijuana	KG	19,913	(26)	5,400	(5,226)	20,061	-	20,061
Bulk Drug Evidence	KG	223,936	1,278	1,128,098	(1,125,748)	227,564	-	227,564
Methamphetamine	KG	6,791	(47)	2,154	(1,276)	7,622	-	7,622
Other	KG	47,180	386	5,359	(6,262)	46,663	-	46,663
Total Drug Evidence	KG	650,843	(33,127)	1,175,365	(1,209,272)	583,809	-	583,809

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 8. Forfeited and Seized Property (continued)

Method of Disposition of Seized Property:

During FYs 2011 and 2010, \$1,297,764 and \$1,628,886 of seized property were forfeited, \$120,156 and \$155,022 of valued property seized for evidence were returned to parties with a bonafide interest, and \$54,566 and \$27,239 were either released to a designated party or transferred to the appropriate federal entity under forfeiture or abandonment procedures. Non-valued property was primarily disposed of through destruction.

Note 9. General Property, Plant and Equipment, Net

As of September 30, 2011

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 193,042	\$ -	\$ 193,042	N/A
Improvements to Land	4,584	(866)	3,718	15 yrs
Construction in Progress	894,755	-	894,755	N/A
Buildings, Improvements and Renovations	9,578,003	(4,001,606)	5,576,397	2-50 yrs
Other Structures and Facilities	849,524	(433,515)	416,009	10-50 yrs
Aircraft	450,418	(132,678)	317,740	5-30 yrs
Boats	10,078	(5,943)	4,135	5-25 yrs
Vehicles	594,285	(368,856)	225,429	2-25 yrs
Equipment	1,676,992	(1,007,478)	669,514	2-25 yrs
Assets Under Capital Lease	105,246	(61,623)	43,623	5-30 yrs
Leasehold Improvements	1,338,886	(714,246)	624,640	2-20 yrs
Internal Use Software	773,237	(287,106)	486,131	3-10 yrs
Internal Use Software in Development	762,637	-	762,637	N/A
Total	<u>\$ 17,231,687</u>	<u>\$ (7,013,917)</u>	<u>\$ 10,217,770</u>	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2011	<u>\$ 229,207</u>	<u>\$ 1,023,422</u>	<u>\$ 1,252,629</u>

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 9. General Property, Plant and Equipment, Net (continued)

As of September 30, 2010

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 192,821	\$ -	\$ 192,821	N/A
Improvements to Land	4,518	(552)	3,966	15 yrs
Construction in Progress	728,617	-	728,617	N/A
Buildings, Improvements and Renovations	9,365,319	(3,679,717)	5,685,602	2-50 yrs
Other Structures and Facilities	808,964	(395,986)	412,978	10-50 yrs
Aircraft	377,329	(115,798)	261,531	5-30 yrs
Boats	9,967	(5,302)	4,665	5-25 yrs
Vehicles	549,692	(335,338)	214,354	2-25 yrs
Equipment	1,612,309	(995,050)	617,259	2-25 yrs
Assets Under Capital Lease	107,399	(58,688)	48,711	5-30 yrs
Leasehold Improvements	1,129,117	(609,571)	519,546	2-20 yrs
Internal Use Software	408,472	(194,868)	213,604	3-10 yrs
Internal Use Software in Development	837,500	-	837,500	N/A
Total	\$ 16,132,024	\$ (6,390,870)	\$ 9,741,154	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2010	\$ 235,776	\$ 1,121,727	\$ 1,357,503

These notes are an integral part of the financial statements.

FY 2011 U. S. Department of Justice Annual Financial Statements

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 10. Other Assets

As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Intragovernmental		
Advances and Prepayments	\$ 115,075	\$ 122,609
Other Intragovernmental Assets	28	55
Total Intragovernmental	<u>115,103</u>	<u>122,664</u>
Other Assets With the Public	<u>5,982</u>	<u>5,826</u>
Total Other Assets	<u>\$ 121,085</u>	<u>\$ 128,490</u>

Other Assets With the Public primarily consist of farm livestock held by the BOP.

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Intragovernmental		
Accrued FECA Liabilities	\$ 247,813	\$ 241,124
Other Unfunded Employment Related Liabilities	2,178	1,758
Other	3,690	58
Total Intragovernmental	<u>253,681</u>	<u>242,940</u>
With the Public		
Actuarial FECA Liabilities	1,359,360	1,314,105
Accrued Annual and Compensatory Leave Liabilities	822,891	816,970
Environmental and Disposal Liabilities (Note 12)	72,709	71,657
Deferred Revenue	358,742	311,164
Contingent Liabilities (Note 16)	68,652	101,760
Capital Lease Liabilities (Note 13)	23,941	30,703
RECA Liabilities	535,838	541,784
Other	122,152	47,300
Total With the Public	<u>3,364,285</u>	<u>3,235,443</u>
Total Liabilities not Covered by Budgetary Resources	<u>3,617,966</u>	<u>3,478,383</u>
Total Liabilities Covered by Budgetary Resources	<u>9,651,511</u>	<u>7,096,754</u>
Total Liabilities	<u>\$ 13,269,477</u>	<u>\$ 10,575,137</u>

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 11. Liabilities not Covered by Budgetary Resources (continued)

Generally, liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. However, some liabilities do not require appropriations and will be liquidated by the assets of the entities holding these liabilities. Such assets include civil and criminal debt collections, seized cash and monetary instruments, and revolving fund operations.

Note 12. Environmental and Disposal Liabilities

Per SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, and Technical Release No. 2, *Determining Probably and Reasonably Estimable for Environmental Liabilities in the Federal Government*, federal agencies are required to recognize liabilities for environmental clean-up costs when the future outflow or sacrifice of resources is probable and reasonably estimable.

Firing Ranges

The BOP operates firing ranges on 65 of the sites where its institutions are located. Use of these firing ranges generates waste consisting primarily of lead shot and spent rounds from rifles, shotguns, pistols, and automatic weapons. At operational firing ranges, lead-containing bullets are fired and eventually fall to the ground at or near the range. As of September 30, 2010, BOP management determined their estimated clean-up liability to be \$25,069. In FY 2011, BOP management adjusted the estimated clean-up liability by the current U.S. inflation rate as determined by the U.S. Treasury and as such determined that an estimated firing range clean-up liability of \$26,045, based on an inflation rate of 3.9 percent, should be recorded.

Asbestos

BOP conducted a review of 46 institutions that were built prior to 1980; the review provided an estimate of the extent of friable and non-friable Asbestos Containing Materials (ACM) remaining in each of the institutions as of October 30, 2009. As of September 30, 2010, BOP management determined their estimated clean-up liability to be \$36,833. As of September 30, 2011, BOP management adjusted the clean-up liability in the amount of \$156 for the removal of asbestos at 5 locations and by the U.S. inflation rate of 3.9 percent as determined by the U.S. Treasury and as such determined that an estimated asbestos clean-up liability of \$36,677, should be recorded.

The FBI operates facilities in Quantico, Virginia that contain friable and non-friable ACM. The facilities have a useful life of 50 years. The estimated total liability of \$11,613 is based on the square footage of the facilities that may be contaminated. This value, divided by the useful life and multiplied by the number of years in service, is the estimated cleanup liability. As of September 30, 2011 and 2010, the FBI recognized the estimated cleanup liability of \$9,987 and \$9,755. The estimated asbestos cleanup liability is increased each quarter by recording future expenses for the asbestos clean-up costs. During FY 2011, future funded expense for asbestos cleanup is \$232. There are no other potentially responsible parties to the environmental liability and there are no unrecognized amounts to disclose as of September 30, 2011.

These notes are an integral part of the financial statements.

FY 2011 U. S. Department of Justice Annual Financial Statements

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 13. Leases

Capital leases include a Federal Transfer Center (25 year lease term) in Oklahoma City, Oklahoma; an airplane hangar (20 year lease term) in Oklahoma City, Oklahoma, which expired in FY 2011 and will not be renewed; and other machinery and equipment that expire over future periods.

As of September 30, 2011 and 2010

Capital Leases	<u>2011</u>	<u>2010</u>
Summary of Assets Under Capital Lease		
Land and Buildings	\$ 100,352	\$ 100,352
Machinery and Equipment	4,894	7,047
Accumulated Amortization	<u>(61,623)</u>	<u>(58,688)</u>
Total Assets Under Capital Lease (Note 9)	<u>\$ 43,623</u>	<u>\$ 48,711</u>

Future Capital Lease Payments Due

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2012	\$ 9,073	\$ 970	\$ 10,043
2013	9,073	592	9,665
2014	9,073	15	9,088
2015	32	15	47
2016	32	14	46
After 2016	<u>96</u>	<u>-</u>	<u>96</u>
Total Future Capital Lease Payments	<u>\$ 27,379</u>	<u>\$ 1,606</u>	<u>\$ 28,985</u>
Less: Imputed Interest	(3,438)	(41)	(3,479)
Less: Executory Costs	-	(365)	(365)
FY 2011 Net Capital Lease Liabilities	<u>\$ 23,941</u>	<u>\$ 1,200</u>	<u>\$ 25,141</u>
FY 2010 Net Capital Lease Liabilities	<u>\$ 31,649</u>	<u>\$ 2,000</u>	<u>\$ 33,649</u>

	<u>2011</u>	<u>2010</u>
Net Capital Lease Liabilities Covered by Budgetary Resources	\$ 1,200	\$ 2,946
Net Capital Lease Liabilities not Covered by Budgetary Resources	\$ 23,941	\$ 30,703

The net capital lease liability not covered by budgetary resources primarily represents the capital lease of the Federal Transfer Center for which the Department received Congressional authority to fund with annual appropriations.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 13. Leases (continued)

Future Noncancelable Operating Lease Payments

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2012	\$ 223,236	\$ 10,505	\$ 233,741
2013	283,190	9,543	292,733
2014	314,601	4,408	319,009
2015	313,075	4,386	317,461
2016	313,609	-	313,609
After 2016	<u>3,417,847</u>	<u>-</u>	<u>3,417,847</u>
Total Future Noncancelable Operating Lease Payments	<u>\$ 4,865,558</u>	<u>\$ 28,842</u>	<u>\$ 4,894,400</u>

Note 14. Seized Cash and Monetary Instruments

The Seized Cash and Monetary Instruments represent liabilities for seized assets held by the Department pending disposition.

As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Investments, Net	\$ 3,903,069	\$ 1,293,776
Seized Cash Deposited	87,243	106,154
Seized Monetary Instruments	<u>73,426</u>	<u>70,453</u>
Total Seized Cash and Monetary Instruments	<u>\$ 4,063,738</u>	<u>\$ 1,470,383</u>

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 15. Other Liabilities

As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	\$ 197,871	\$ 176,303
Other Post-Employment Benefits Due and Payable	25	37
Other Unfunded Employment Related Liabilities	2,178	1,759
Advances from Others	169,108	262,847
Liability for Deposit Funds, Clearing		
Accounts and Undeposited Collections	13,138	4,208
Other Liabilities	<u>7,202</u>	<u>506,213</u>
Total Intragovernmental	<u>389,522</u>	<u>951,367</u>
With the Public		
Other Accrued Liabilities	122,184	47,360
Advances from Others	6,992	3,951
Liability for Deposit Funds, Clearing		
Accounts and Undeposited Collections	49,022	45,616
Custodial Liabilities	152,987	118,879
Other Liabilities	<u>72,720</u>	<u>51,563</u>
Total With the Public	<u>403,905</u>	<u>267,369</u>
Total Other Liabilities	<u>\$ 793,427</u>	<u>\$ 1,218,736</u>

In prior years, the majority of Intragovernmental Other Liabilities were related to miscellaneous receipts of civil and criminal debt collections where Treasury was designated as the recipient of either a portion of a collection or the entire amount. As of September 30, 2010 this amount totaled \$485,769. In FY 2011, OBDs changed its method of reporting for these miscellaneous receipts. As outlined in Note 25, *Changes in Accounting Principle*, these miscellaneous receipts will no longer be reported as Other Liabilities on the Consolidated Balance Sheet.

Other Accrued Liabilities with the Public consists primarily of future funded energy savings performance contracts and utilities.

The majority of Other Liabilities with the Public consists of project-generated proceeds from undercover operations. The proceeds not subject to forfeiture will be returned to the Department of Treasury General Fund at the conclusion of the project.

The majority of Liabilities are current with the exception of a portion that consists of capital leases and those liabilities related to future employee related expenses, such as accrued retirement contributions, life insurance, and retiree health benefits.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 16. Contingencies and Commitments

	<u>Accrued Liabilities</u>	<u>Estimated Range of Loss</u>	
		<u>Lower</u>	<u>Upper</u>
As of September 30, 2011			
Probable	\$ 68,652	\$ 68,652	\$ 190,144
Reasonably Possible		86,576	135,569
As of September 30, 2010			
Probable	\$ 101,760	\$ 101,760	\$ 214,237
Reasonably Possible		95,585	124,326

Additionally, FPI has entered into firm purchase commitments for solar panel material totaling \$36,801 of which \$13,129 is to be delivered in FY 2012 and \$23,672 is to be delivered in FY 2015.

These notes are an integral part of the financial statements.

FY 2011 U. S. Department of Justice Annual Financial Statements

**Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)**

Note 17. Earmarked Funds

Earmarked funds are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes, and must be accounted for separately from the Government's general revenues. See SFFAS 27, *Identifying and Reporting Earmarked Funds*, for the required criteria for an earmarked fund.

As of September 30, 2011

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
Balance Sheet							
Assets							
Fund Balance with U. S. Treasury	\$ 229,030	\$ 14,532	\$ 33,106	\$ 7,260,185	\$ 104,565	\$ 80,240	\$ 7,721,658
Investments, Net	2,443,702	216,029	-	-	-	-	2,659,731
Other Assets	180,020	58,406	3,152	275	46,184	27,572	315,609
Total Assets	\$ 2,852,752	\$ 288,967	\$ 36,258	\$ 7,260,460	\$ 150,749	\$ 107,812	\$ 10,696,998
Liabilities							
Accounts Payable	\$ 918,358	\$ 8,236	\$ 5,949	\$ 9,664	\$ 6,923	\$ 11,131	\$ 960,261
Other Liabilities	173,850	21,594	15,090	48,548	375,988	13,124	648,194
Total Liabilities	\$ 1,092,208	\$ 29,830	\$ 21,039	\$ 58,212	\$ 382,911	\$ 24,255	\$ 1,608,455
Net Position							
Unexpended Appropriations	\$ -	\$ -	\$ 21,727	\$ -	\$ -	\$ -	\$ 21,727
Cumulative Results of Operations	1,760,544	259,137	(6,508)	7,202,248	(232,162)	83,557	9,066,816
Total Net Position	\$ 1,760,544	\$ 259,137	\$ 15,219	\$ 7,202,248	\$ (232,162)	\$ 83,557	\$ 9,088,543
Total Liabilities and Net Position	\$ 2,852,752	\$ 288,967	\$ 36,258	\$ 7,260,460	\$ 150,749	\$ 107,812	\$ 10,696,998

For the Fiscal Year Ended September 30, 2011

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
Statement of Net Cost							
Gross Cost of Operations	\$ 1,673,412	\$ 234,356	\$ 162,760	\$ 662,569	\$ 277,514	\$ 332,106	\$ 3,342,717
Less: Exchange Revenues	9,513	314,921	91,636	-	195,235	341,176	952,481
Net Cost of Operations	\$ 1,663,899	\$ (80,565)	\$ 71,124	\$ 662,569	\$ 82,279	\$ (9,070)	\$ 2,390,236
Statement of Changes in Net Position							
Net Position Beginning of Period	\$ 1,687,400	\$ 176,675	\$ 14,385	\$ 5,866,596	\$ (159,279)	\$ 69,853	\$ 7,655,630
Budgetary Financing Sources	1,585,180	1,070	71,420	1,998,221	-	-	3,655,891
Other Financing Sources	151,863	827	538	-	9,396	4,634	167,258
Total Financing Sources	1,737,043	1,897	71,958	1,998,221	9,396	4,634	3,823,149
Net Cost of Operations	(1,663,899)	80,565	(71,124)	(662,569)	(82,279)	9,070	(2,390,236)
Net Change	73,144	82,462	834	1,335,652	(72,883)	13,704	1,432,913
Net Position End of Period	\$ 1,760,544	\$ 259,137	\$ 15,219	\$ 7,202,248	\$ (232,162)	\$ 83,557	\$ 9,088,543

These notes are an integral part of the financial statements.

FY 2011 U. S. Department of Justice Annual Financial Statements

**Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)**

Note 17. Earmarked Funds (continued)

As of September 30, 2010

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
Balance Sheet							
Assets							
Fund Balance with U. S. Treasury	\$ 180,150	\$ 4,439	\$ 30,210	\$ 5,938,699	\$ 123,755	\$ 67,328	\$ 6,344,581
Investments, Net	2,197,486	184,105	-	-	-	-	2,381,591
Other Assets	197,403	20,704	4,894	3,380	52,534	27,560	306,475
Total Assets	\$ 2,575,039	\$ 209,248	\$ 35,104	\$ 5,942,079	\$ 176,289	\$ 94,888	\$ 9,032,647
Liabilities							
Accounts Payable	\$ 698,517	\$ 11,370	\$ 5,652	\$ 15,560	\$ 8,479	\$ 12,696	\$ 752,274
Other Liabilities	189,122	21,203	15,067	59,923	327,089	12,339	624,743
Total Liabilities	\$ 887,639	\$ 32,573	\$ 20,719	\$ 75,483	\$ 335,568	\$ 25,035	\$ 1,377,017
Net Position							
Unexpended Appropriations	\$ -	\$ -	\$ 19,585	\$ -	\$ -	\$ -	\$ 19,585
Cumulative Results of Operations	1,687,400	176,675	(5,200)	5,866,596	(159,279)	69,853	7,636,045
Total Net Position	\$ 1,687,400	\$ 176,675	\$ 14,385	\$ 5,866,596	\$ (159,279)	\$ 69,853	\$ 7,655,630
Total Liabilities and Net Position	\$ 2,575,039	\$ 209,248	\$ 35,104	\$ 5,942,079	\$ 176,289	\$ 94,888	\$ 9,032,647

For the Fiscal Year Ended September 30, 2010

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
Statement of Net Cost							
Gross Cost of Operations	\$ 1,291,742	\$ 229,760	\$ 166,135	\$ 608,723	\$ 255,152	\$ 338,286	\$ 2,889,798
Less: Exchange Revenues	7,324	289,191	72,958	-	189,376	331,199	890,048
Net Cost of Operations	\$ 1,284,418	\$ (59,431)	\$ 93,177	\$ 608,723	\$ 65,776	\$ 7,087	\$ 1,999,750
Statement of Changes in Net Position							
Net Position Beginning of Period	\$ 1,425,883	\$ 116,141	\$ 25,734	\$ 4,112,981	\$ (100,558)	\$ 73,049	\$ 5,653,230
Budgetary Financing Sources	1,506,330	319	81,311	2,362,338	-	-	3,950,298
Other Financing Sources	39,605	784	517	-	7,055	3,891	51,852
Total Financing Sources	1,545,935	1,103	81,828	2,362,338	7,055	3,891	4,002,150
Net Cost of Operations	(1,284,418)	59,431	(93,177)	(608,723)	(65,776)	(7,087)	(1,999,750)
Net Change	261,517	60,534	(11,349)	1,753,615	(58,721)	(3,196)	2,002,400
Net Position End of Period	\$ 1,687,400	\$ 176,675	\$ 14,385	\$ 5,866,596	\$ (159,279)	\$ 69,853	\$ 7,655,630

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 17. Earmarked Funds (continued)

The Comprehensive Crime Control Act of 1984 established the AFF to receive the proceeds of forfeiture and to pay the costs associated with such forfeitures, including the costs of managing and disposing of property, satisfying valid liens, mortgages, and other innocent owner claims, and costs associated with accomplishing the legal forfeiture of the property. Authorities of the fund have been amended by various public laws enacted since 1984. Under current law, authority to use the fund for certain investigative expenses shall be specified in annual appropriation acts. Expenses necessary to seize, detain, inventory, safeguard, maintain, advertise or sell property under seizure are funded through a permanent, indefinite appropriation. In addition, beginning in FY 1993, other general expenses of managing and operating the Asset Forfeiture Program are paid from the permanent, indefinite portion of the fund. Once all expenses are covered, the balance is maintained to meet ongoing expenses of the program. Excess unobligated balances may also be allocated by the Attorney General in accordance with 28 U.S.C. §524(c)(8)(E).

United States Trustees (UST) supervise the administration of bankruptcy cases and private trustees in the Federal Bankruptcy Courts. The Bankruptcy Judges, UST, and Family Farmer Bankruptcy Act of 1986 (Public Law 99-554) expanded the pilot trustee program to a 21 region, nationwide program encompassing 88 judicial districts. The UST System Fund collects user fees assessed against debtors, which offset the annual appropriation.

The Antitrust Division administers and enforces antitrust and related statutes. This program primarily involves the investigation of suspected violations of the antitrust laws, the conduct of civil and criminal proceedings in the federal courts, and the maintenance of competitive conditions. The Antitrust Division collects filing fees for pre-merger notifications and retains these fees for expenditure in support of its programs.

The Crime Victims Fund is financed by collections of fines, penalty assessments, and bond forfeitures from defendants convicted of federal crimes. This fund supports victim assistance and compensation programs around the country and advocates, through policy development, for the fair treatment of crime victims. The Office for Victims of Crime administers formula and discretionary grants for programs designed to benefit victims, provides training for diverse professionals who work with victims, develops projects to enhance victims' rights and services, and undertakes public education and awareness activities on behalf of crime victims.

The Diversion Control Fee Account is established in the General Fund of the Treasury as a separate account. Fees charged by the DEA under the Diversion Control Program are set at a level that ensures the recovery of the full costs of operating this program. The program's purpose is to prevent, detect, and investigate the diversion of controlled substances from legitimate channels, while ensuring an adequate and uninterrupted supply of controlled substances required to meet legitimate needs.

The Federal Prison Commissary Fund was created in the early 1930s to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds, e.g., personal grooming products, snacks, postage stamps, and telephone services. The Trust Fund is a self-sustaining trust revolving fund account that is funded through sales of goods and services to inmates.

These notes are an integral part of the financial statements.

FY 2011 U. S. Department of Justice Annual Financial Statements

**Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)**

Note 18. Net Cost of Operations by Suborganization

For the Fiscal Year Ended September 30, 2011

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security											
Gross Cost	\$ -	\$ 378,325	\$ 6,484	\$ -	\$ 106,082	\$ 5,326,383	\$ 5,649	\$ -	\$ -	\$ (96,829)	\$ 5,726,094
Less: Earned Revenue	-	116,209	-	-	693	463,936	-	-	-	(96,829)	484,009
Net Cost of Operations	-	262,116	6,484	-	105,389	4,862,447	5,649	-	-	-	5,242,085
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People											
Gross Cost	1,673,412	5,858,718	30,396	2,680,635	2,929,005	3,903,753	1,268,049	6,613	-	\$ (1,123,450)	17,227,131
Less: Earned Revenue	9,513	1,002,609	-	32,322	722,217	813,186	91,300	-	-	(1,123,450)	1,547,697
Net Cost of Operations	1,663,899	4,856,109	30,396	2,648,313	2,206,788	3,090,567	1,176,749	6,613	-	-	15,679,434
Goal 3: Ensure the Fair and Efficient Administration of Justice											
Gross Cost	-	2,441,919	3,174,846	1,054,276	-	-	-	7,213,365	942,915	(1,813,663)	13,013,658
Less: Earned Revenue	-	203,511	1,583,960	10,440	-	-	-	385,676	904,683	(1,788,199)	1,300,071
Net Cost of Operations	-	2,238,408	1,590,886	1,043,836	-	-	-	6,827,689	38,232	(25,464)	11,713,587
Net Cost of Operations	\$ 1,663,899	\$ 7,356,633	\$ 1,627,766	\$ 3,692,149	\$ 2,312,177	\$ 7,953,014	\$ 1,182,398	\$ 6,834,302	\$ 38,232	\$ (25,464)	\$ 32,635,106

For the Fiscal Year Ended September 30, 2010

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security											
Gross Cost	\$ -	\$ 359,943	\$ 5,159	\$ -	\$ 100,315	\$ 5,185,327	\$ 7,185	\$ -	\$ -	\$ (112,397)	\$ 5,545,532
Less: Earned Revenue	-	110,232	-	-	632	507,996	-	-	-	(112,397)	506,463
Net Cost of Operations	-	249,711	5,159	-	99,683	4,677,331	7,185	-	-	-	5,039,069
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People											
Gross Cost	1,291,742	5,763,437	4,872	2,757,971	2,801,202	3,846,770	1,265,934	6,860	-	(1,073,345)	16,665,443
Less: Earned Revenue	7,324	968,224	-	49,851	677,670	767,210	91,159	-	-	(1,073,345)	1,488,093
Net Cost of Operations	1,284,418	4,795,213	4,872	2,708,120	2,123,532	3,079,560	1,174,775	6,860	-	-	15,177,350
Goal 3: Ensure the Fair and Efficient Administration of Justice											
Gross Cost	-	2,269,929	3,016,174	988,230	-	-	-	7,021,759	951,139	(1,697,058)	12,550,173
Less: Earned Revenue	-	180,804	1,514,103	26,252	-	-	-	372,199	857,542	(1,669,610)	1,281,290
Net Cost of Operations	-	2,089,125	1,502,071	961,978	-	-	-	6,649,560	93,597	(27,448)	11,268,883
Net Cost of Operations	\$ 1,284,418	\$ 7,134,049	\$ 1,512,102	\$ 3,670,098	\$ 2,223,215	\$ 7,756,891	\$ 1,181,960	\$ 6,656,420	\$ 93,597	\$ (27,448)	\$ 31,485,302

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 19. Imputed Financing from Costs Absorbed by Others

Imputed Inter-Departmental Financing Sources are the unreimbursed (i.e., non-reimbursed and under-reimbursed) portion of the full costs of goods and services received by the Department from a providing entity that is not part of the Department. In accordance with SFFAS No. 30, *Inter-Entity Cost Implementation Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, the material Imputed Inter-Departmental financing sources currently recognized by the Department include the cost of benefits for the Federal Employees Health Benefits Program (FEHB), the Federal Employees' Group Life Insurance Program (FEGLI), and the Federal Pension plans that are paid by other federal entities, and any un-reimbursed payments made from the Treasury Judgment Fund on behalf of the Department. The Treasury Judgment Fund was established by the Congress and funded at 31 U.S.C. §1304 to pay in whole or in part the court judgments and settlement agreements negotiated by the Department on behalf of agencies, as well as certain types of administrative awards. Interpretation of Federal Financial Accounting Standards Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions*, requires agencies to recognize liabilities and expenses when unfavorable litigation outcomes are probable and the amount can be estimated and will be paid by the Treasury Judgment Fund.

SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, requires that employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires OPM to provide cost factors necessary to calculate cost. OPM actuaries calculate the value of pension benefits expected to be paid in the future, and then determine the total funds to be contributed by and for covered employees, such that the amount calculated would be sufficient to fund the projected pension benefits. For employees covered by Civil Service Retirement System (CSRS), the cost factors are 30.1% of basic pay for regular, 51.1% law enforcement officers, 23.5% regular offset, and 45.6% law enforcement officers offset. For employees covered by Federal Employees Retirement System (FERS), the cost factors are 13.8% of basic pay for regular and 29.8% for law enforcement officers.

The cost to be paid by other agencies is the total calculated future costs, less employee and employer contributions. In addition, other retirement benefits, which include health and life insurance that are paid by other federal entities, must also be disclosed.

For the Fiscal Years Ended September 30, 2011 and 2010

	2011	2010
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	\$ 71,537	\$ 135,498
Health Insurance	594,476	553,366
Life Insurance	2,038	1,969
Pension	330,434	212,044
Total Imputed Inter-Departmental	\$ 998,485	\$ 902,877

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 19. Imputed Financing from Costs Absorbed by Others (continued)

Imputed Intra-Departmental Financing Sources as defined in SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, are the unreimbursed portion of the full costs of goods and services received by a Department component from a providing entity that is part of the Department. Recognition is required for those transactions determined to be material to the receiving entity. The determination of whether the cost is material requires considerable judgment based on the specific facts and circumstances of each type of good or service provided. SFFAS No. 4 also states that costs for broad and general support need not be recognized by the receiving entity, unless such services form a vital and integral part of the operations or output of the receiving entity. Costs are considered broad and general if they are provided to many, if not all, reporting components and not specifically related to the receiving entity's output. The FPI imputed \$25,464 and \$27,448 for FYs 2011 and 2010, respectively of unreimbursed costs for BOP warehouse space used in the production of goods by the FPI and for managerial and operational services BOP provided to FPI. These imputed costs have been eliminated from the consolidated financial statements.

Note 20. Information Related to the Statement of Budgetary Resources

Apportionment Categories of Obligations Incurred:

	<u>Direct Obligations</u>	<u>Reimbursable Obligations</u>	<u>Total Obligations Incurred</u>
For the Fiscal Year Ended September 30, 2011			
Obligations Apportioned Under			
Category A	\$ 28,235,878	\$ 5,835,181	\$ 34,071,059
Category B	3,604,743	46,787	3,651,530
Exempt from Apportionment	-	824,853	824,853
Total	<u>\$ 31,840,621</u>	<u>\$ 6,706,821</u>	<u>\$ 38,547,442</u>
For the Fiscal Year Ended September 30, 2010			
Obligations Apportioned Under			
Category A	\$ 29,509,630	\$ 5,664,568	\$ 35,174,198
Category B	2,747,673	30,019	2,777,692
Exempt from Apportionment	-	841,869	841,869
Total	<u>\$ 32,257,303</u>	<u>\$ 6,536,456</u>	<u>\$ 38,793,759</u>

The apportionment categories are determined in accordance with the guidance provided in Part 4 "Instructions on Budget Execution" of OMB Circular A-11, *Preparation, Submission and Execution of the Budget*. Category A obligations represent resources apportioned for calendar quarters. Category B obligations represent resources apportioned for other time periods; for activities, projects, and objectives or for a combination thereof.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 20. Information Related to the Statement of Budgetary Resources (continued)

Status of Undelivered Orders:

Undelivered Orders (UDO) represent the amount of goods and/or services ordered, which have not been actually or constructively received. This amount includes any orders which may have been prepaid or advanced but for which delivery or performance has not yet occurred.

As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
UDO Obligations Unpaid	\$ 11,606,422	\$ 12,835,522
UDO Obligations Prepaid/Advanced	<u>1,344,717</u>	<u>1,824,439</u>
Total UDO	<u>\$ 12,951,139</u>	<u>\$ 14,659,961</u>

Permanent Indefinite Appropriations:

A permanent indefinite appropriation is open-ended as to both its period of availability (amount of time the agency has to spend the funds) and its amount. Following are the Department's permanent indefinite appropriations.

- 28 U.S.C. §524(c)(4) authorized the Attorney General to retain AFF receipts to pay operations expenses, equitable sharing to state and local law enforcement agencies who assist in forfeiture cases, and lien holders.
- On October 5, 1990, Congress passed the Radiation Exposure Compensation Act ("RECA" or "the Act"), 42 U.S.C. §2210, providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department of Justice and published in the Federal Register on April 10, 1992. These regulations established procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the Federal Register on March 22, 1999, served to greater assist claimants in establishing entitlement to an award. On July 10, 2000, P.L. 106-245, the Radiation Exposure Compensation Act Amendments of 2000 ("the 2000 Amendments") were passed. On November 2, 2002, the President signed the "21st Century Department of Justice Appropriation Authorization Act" (P.L. 107-273). Contained in the law were several provisions relating to RECA. While most of these amendments were "technical" in nature, some affected eligibility criteria and revised claims adjudication procedures. The Consolidated Appropriations Act, 2005 provides a permanent indefinite appropriation for the OBDs' Radiation Exposure Compensation Act program beginning FY 2006.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 20. Information Related to the Statement of Budgetary Resources (continued)

Permanent Indefinite Appropriations (continued):

- Congress established the Federal Prison Commissary Fund (Trust Fund) in 1932 to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds. The BOP Trust Fund is now a self-sustaining revolving account that is funded through the sales of goods and services, rather than annual or no-year appropriations.
- The Public Safety Officers' Benefits Act of 1976 (the "PSOB Act") is generally codified at 42 U.S.C. §46 Subchapter XII.

OJP's PSOB appropriation supports one mandatory and two discretionary programs that provide benefits to public safety officers who are severely injured in the line of duty and to the families and survivors of public safety officers killed or mortally injured in the line of duty.

The PSOB Program offers three types of benefits:

1. Death Benefits, a one-time financial benefit to survivors of public safety officers whose deaths resulted from injuries sustained in the line of duty. Under the Hometown Heroes Survivors Benefit Act of 2003, survivors of public safety officers who die of a heart attack or stroke within 24 hours of stressful, non-routine public safety activities may also qualify for death benefits.
2. Disability Benefits, a one-time financial benefit to public safety officers permanently disabled by catastrophic injuries sustained in the line of duty.
3. Education Benefits, which provide financial support for higher education expenses (such as tuition and fees, books, supplies, and room and board) to the eligible spouses and children of public safety officers killed or permanently disabled in the line of duty.

Legal Arrangements Affecting Use of Unobligated Balances:

Unobligated balances represent the cumulative amount of budget authority that is not obligated and that remains available for obligation under law, unless otherwise restricted. The use of unobligated balances is restricted based on annual legislation requirements and other enabling authorities. Funds are appropriated on an annual, multi-year, and no-year basis. Appropriated funds shall expire on the last day of availability and are no longer available for new obligations. Unobligated balances in unexpired fund symbols are available in the next fiscal year for new obligations unless some restrictions had been placed on those funds by law. Amounts in expired fund symbols are unavailable for new obligations, but may be used to adjust previously established obligations.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 20. Information Related to the Statement of Budgetary Resources (continued)

Statement of Budgetary Resources vs Budget of the United States Government:

The reconciliation as of September 30, 2010 is presented below. The reconciliation as of September 30, 2011 is not presented, because the submission of the Budget of the United States (Budget) for FY 2013, which presents the execution of the FY 2011 Budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website (<http://www.whitehouse.gov/omb/budget>) and will be available in early February 2012.

For the Fiscal Year Ended September 30, 2010
(Dollars in Millions)

	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources (SBR)	\$ 42,833	\$ 38,794	\$ 941	\$ 29,948
Funds not Reported in the Budget				
Expired Funds: OBDs, USMS, DEA, OJP, FBI, ATF & BOP	(786)	(211)	-	-
AFF/SADF Forfeiture Activity	(12)	-	-	-
OCDETF Adjustments	(9)	15	-	-
USMS Court Security Funds	(418)	(398)	-	(380)
Distributed Offsetting Receipts	-	-	(368)	368
Special and Trust Fund Receipts	-	-	-	573
Other	(4)	2	1	(1)
Budget of the United States Government	<u>\$ 41,604</u>	<u>\$ 38,202</u>	<u>\$ 574</u>	<u>\$ 30,508</u>

Other differences represent financial statement adjustments, timing differences and other immaterial differences between amounts reported in the Department SBR and the Budget of the United States Government.

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 21. Net Custodial Revenue Activity

Custodial revenue activity represents those collections of non-exchange revenue on behalf of other recipient entities. These collections are not recorded as revenue by the Department but as activity on the Statement of Custodial Activity. The custodial liabilities presented on the Consolidated Balance Sheet and Note 15 represent funds held by the Department that have yet to be disbursed to the appropriate Federal agency or individual.

The primary source of the Department's Office of Debt Collection Management (DCM) collections consists of civil litigated matters i.e., student loan defaults, health care fraud, etc. The DCM also processes certain payments on criminal debts as an accommodation for the BOP and the Clerks of the U.S. District Courts. The BOP aggregates collections of inmate criminal debt by correction facility, and the DCM sorts the collections by judicial district and disburses payments to the respective Clerks of the U.S. Court. The DCM also accepts wire transfers or other payments on a criminal debt if a Clerk of the U.S. Court is unable or unwilling to do so. In addition, other negligible custodial collections occur for interest, fines, and penalties.

The OBDs collect civil fines, penalties, and restitution payments that are incidental to its mission. By court order, the OBDs were given the investment authority and the settlement funds collected must be invested. The OBDs invest these funds with the Treasury, Bureau of the Public Debt. As of September 30, 2011 and 2010, the custodial assets and liabilities recorded by the OBDs on the Consolidated Balance Sheet are \$752,797 and \$448,467, respectively. The OBDs custodial collections totaled \$5,260,397 and \$4,822,740 for the fiscal years ended September 30, 2011 and 2010.

For the fiscal years ended September 30, 2011 and 2010, DEA collected \$97,268 and \$20,963, respectively. DEA's collections include \$15 million of the total fees collected for the Diversion Control Program and civil monetary penalties related to violations of the Controlled Substances Act that were incidental to DEA's mission. Since DEA has no statutory authority to use these excess funds, DEA transmits them to the Treasury General Fund. The DEA has a custodial liability for funds that have not yet been transmitted to the Treasury General Fund. As of September 30, 2011 and 2010 balances for custodial liabilities were \$5,199 and \$1,584, respectively.

As an agent of the federal government and as authorized by 26 U.S.C. § 6301, ATF collects fees from firearms and explosives industries, as well as import, permit and license fees. Special Occupational Taxes are collected from certain firearms businesses. Miscellaneous collections include project-generated proceeds. As ATF is unable to use these collections in its operations, ATF also has the authority to transfer these collections to the Treasury General Fund. The ATF custodial collections totaled \$21,444 and \$14,674 for the fiscal years ended September 30, 2011 and 2010, respectively.

These notes are an integral part of the financial statements.

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Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 22. OMB Circular A-136 Consolidated Balance Sheet Presentation

U.S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2011 and 2010

Dollars in Thousands	2011	2010
ASSETS		
Intragovernmental		
Fund Balance with U.S. Treasury	\$ 23,354,452	\$ 23,596,587
Investments, Net	6,919,799	4,061,733
Accounts Receivable, Net	380,431	302,310
Other Assets	115,103	122,664
Total Intragovernmental	<u>30,769,785</u>	<u>28,083,294</u>
Cash and Other Monetary Assets	250,253	245,283
Accounts Receivable, Net	125,898	87,260
Inventory and Related Property, Net	170,889	237,347
General Property, Plant and Equipment, Net	10,217,770	9,741,154
Other Assets	1,258,495	1,696,352
Total Assets	<u>\$ 42,793,090</u>	<u>\$ 40,090,690</u>
LIABILITIES		
Intragovernmental		
Accounts Payable	\$ 366,027	\$ 273,619
Other Liabilities	1,245,156	1,525,985
Total Intragovernmental	<u>1,611,183</u>	<u>1,799,604</u>
Accounts Payable	2,504,820	2,520,022
Federal Employee and Veteran Benefits	1,359,360	1,314,105
Environmental and Disposal Liabilities	72,709	71,657
Other Liabilities	7,721,405	4,869,749
Total Liabilities	<u>\$ 13,269,477</u>	<u>\$ 10,575,137</u>
NET POSITION		
Unexpended Appropriations - Earmarked Funds	\$ 21,727	\$ 19,585
Unexpended Appropriations - All Other Funds	11,952,581	13,791,272
Cumulative Results of Operations - Earmarked Funds	9,066,816	7,636,045
Cumulative Results of Operations - All Other Funds	8,482,489	8,068,651
Total Net Position	<u>\$ 29,523,613</u>	<u>\$ 29,515,553</u>
Total Liabilities and Net Position	<u>\$ 42,793,090</u>	<u>\$ 40,090,690</u>

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 23. Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)

For the Fiscal Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	\$ 38,547,442	\$ 38,793,759
Less: Spending Authority from Offsetting Collections and Recoveries	<u>7,709,445</u>	<u>7,626,950</u>
Obligations Net of Offsetting Collections and Recoveries	30,837,997	31,166,809
Less: Offsetting Receipts	<u>1,025,644</u>	<u>941,368</u>
Net Obligations	29,812,353	30,225,441
Other Resources		
Donations and Forfeitures of Property	157,607	71,204
Transfers-In/Out Without Reimbursement	44,556	(3,433)
Imputed Financing from Costs Absorbed by Others (Note 19)	998,485	902,877
Other	<u>(4,613)</u>	<u>-</u>
Net Other Resources Used to Finance Activities	<u>1,196,035</u>	<u>970,648</u>
Total Resources Used to Finance Activities	31,008,388	31,196,089
Resources Used to Finance Items not Part of the Net Cost of Operations		
Net Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not Yet Provided	1,608,057	139,965
Resources That Fund Expenses Recognized in Prior Periods (Note 24)	(45,816)	(77,146)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	294,218	300,608
Resources That Finance the Acquisition of Assets	(1,184,420)	(1,295,160)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	<u>14,296</u>	<u>(49,768)</u>
Total Resources Used to Finance Items not Part of the Net Cost of Operations	<u>686,335</u>	<u>(981,501)</u>
Total Resources Used to Finance the Net Cost of Operations	\$ 31,694,723	\$ 30,214,588

These notes are an integral part of the financial statements.

FY 2011 U. S. Department of Justice Annual Financial Statements

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 23. Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing) (continued)

For the Fiscal Years Ended September 30, 2011 and 2010	<u>2011</u>	<u>2010</u>
Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period		
Components That will Require or Generate Resources in Future Periods (Note 24)	\$ 129,497	\$ 450,866
Depreciation and Amortization	826,899	727,012
Revaluation of Assets or Liabilities	23,586	29,772
Other	<u>(39,599)</u>	<u>63,064</u>
Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period	<u>940,383</u>	<u>1,270,714</u>
Net Cost of Operations	<u><u>\$ 32,635,106</u></u>	<u><u>\$ 31,485,302</u></u>

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 24. Explanation of Differences Between Liabilities not Covered by Budgetary Resources and Components of Net Cost of Operations Requiring or Generating Resources in Future Periods

Liabilities that are not covered by realized budgetary resources and for which there is not certainty that budgetary authority will be realized, such as the enactment of an appropriation, are considered liabilities not covered by budgetary resources. These liabilities totaling \$3,617,966 and \$3,478,383 on September 30, 2011 and 2010, respectively, are discussed in Note 11, *Liabilities not Covered by Budgetary Resources*. Decreases in these liabilities result from current year budgetary resources that were used to fund expenses recognized in prior periods. Increases in these liabilities represent unfunded expenses that were recognized in the current period. These increases along with the change in the portion of exchange revenue receivables from the public, which are not considered budgetary resources until collected, represent components of current period net cost of operations that will require or generate budgetary resources in future periods. The changes in liabilities not covered by budgetary resources and receivables generating resources in future periods are comprised of the following:

For the Fiscal Years Ended September 30, 2011 and 2010

	2011	2010
Resources that Fund Expenses Recognized in Prior Periods		
Other		
Decrease in Contingent Liabilities	\$ (33,108)	\$ (70,893)
Decrease in Unfunded Capital Lease Liabilities	(6,762)	(6,253)
Decrease in RECA Liabilities	(5,946)	-
Total Resources that Fund Expenses Recognized in Prior Periods	\$ (45,816)	\$ (77,146)
Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods		
Increase in Accrued Annual and Compensatory Leave Liabilities	\$ 5,921	\$ 45,156
Increase in Environmental and Disposal Liabilities	1,052	49,545
(Increase)/Decrease in Exchange Revenue Receivable from the Public	(51,628)	(1,671)
Other		
Increase in Actuarial FECA Liabilities	45,255	80,206
Increase in Accrued FECA Liabilities	6,689	6,951
Increase in Deferred Revenue	47,578	41,324
Increase in RECA Liabilities	-	197,949
Increase in Other Unfunded Employee Related Liabilities	420	230
Increase in Other Liabilities	78,484	33,030
(Increase)/Decrease in Nonexchange Receivables from the Public	(94)	(63)
(Increase)/Decrease in Surcharge Revenue Receivable from Other Federal Agencies	(4,180)	(1,791)
Total Other	174,152	357,836
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	\$ 129,497	\$ 450,866

These notes are an integral part of the financial statements.

Notes to the Financial Statements
(Dollars in Thousands, Except as Noted)

Note 25. Changes in Accounting Principle

Based upon guidance received from the U.S. Department of Treasury in FY 2011, the OBDs has changed its method of reporting for Debt Collection Management miscellaneous receipts, which as of September 30, 2011 totaled \$618,814. This change in method of reporting results in a change in accounting principle, which OBDs is applying prospectively beginning with FY 2011. The cumulative amount of miscellaneous receipts from prior years that were reported as Other Liabilities (Note 15) will no longer be reported in the Consolidated Balance Sheet, and will be reflected in the Statement of Custodial Activity as Transfers to the Treasury General Fund.

Based upon guidance received from OMB regarding their interpretation of P.L. 112-10, Section 1101, OJP has changed its method of accounting for previous years' unobligated CVF collections, which as of October 1, 2010, totaled \$4,801,473. As a result of this change in accounting principle, which OJP is applying prospectively beginning with FY 2011 (subject to the annual appropriation language for the CVF fund), the cumulative amount of unobligated CVF collections from prior years is included in the 'Appropriations Received' and 'Temporarily Not Available Pursuant to Public Law' line items of the Combined Statement of Budgetary Resources.

These notes are an integral part of the financial statements.

**Consolidating and Combining
Financial Statements**

**U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2011**

	AFF/SADF	OBDS	USMS	OMP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with U.S. Treasury	\$ 229,030	\$ 5,223,163	\$ 562,246	\$ 11,287,838	\$ 702,470	\$ 3,618,458	\$ 241,768	\$ 1,468,669	\$ 20,810	\$ -	\$ 23,554,452
Investments, Net	6,346,771	302,328	-	-	-	-	-	-	270,700	-	6,919,799
Accounts Receivable, Net	4,869	350,778	168,560	6,970	43,655	181,271	27,803	3,347	34,360	(441,182)	380,431
Other Assets	1,766	95,294	15,506	78,054	47,061	27,867	7,643	-	-	(158,068)	115,103
Total Intragovernmental	6,582,436	5,971,563	746,312	11,372,842	793,186	3,827,596	27,1214	1,472,016	325,870	(599,250)	30,769,785
Cash and Monetary Assets	113,822	46	-	16,575	50,843	783	-	-	-	-	250,253
Accounts Receivable, Net	-	59,086	35	6,056	5,998	256	-	-	12,320	-	125,898
Inventory and Related Property, Net	-	106	3,060	7,506	8,103	-	-	-	133,934	-	170,889
Forfeited Property, Net	172,746	-	-	-	-	-	-	-	-	-	172,746
General Property, Plant and Equipment, Net	633	280,102	264,246	12,526	401,220	2,558,525	210,262	6,387,481	102,775	-	10,217,770
Advances and Prepayments	6	1,978	-	1,009,997	14,700	47,144	786	-	1,257	-	1,079,767
Other Assets	-	-	184	-	-	-	-	-	1,325	-	5,982
Total Assets	\$ 6,869,643	\$ 6,312,881	\$ 1,013,837	\$ 12,401,421	\$ 1,239,185	\$ 6,524,580	\$ 556,702	\$ 7,896,610	\$ 577,481	\$ (599,250)	\$ 42,793,090
LIABILITIES											
Intragovernmental											
Accounts Payable	\$ 67,345	\$ 317,501	\$ 31,314	\$ 54,240	\$ 46,943	\$ 229,722	\$ 14,942	\$ 37,098	\$ 3,612	\$ (436,690)	\$ 366,027
Accrued FECA Liabilities	-	9,780	15,912	86	27,222	30,829	20,074	1,942	-	-	250,625
Custodial Liabilities	-	599,810	-	-	5,199	-	-	-	-	-	608,009
Other Liabilities	169	83,592	26,609	117,275	20,766	121,218	10,474	69,364	102,615	(162,560)	385,522
Total Intragovernmental	67,514	1,010,683	73,835	171,601	100,130	381,769	45,490	251,242	108,169	(599,250)	1,611,183
Accounts Payable	851,013	307,561	354,200	24,177	92,054	416,733	45,450	367,973	45,659	-	2,504,820
Accrued Grant Liabilities	-	245,174	-	369,245	-	-	-	-	614,419	-	1,159,560
Actuarial FECA Liabilities	-	51,746	86,365	680	149,846	182,426	110,697	761,197	16,403	-	644,502
Accrued Payroll and Benefits	767	137,132	33,239	8,182	63,094	208,273	34,276	151,321	8,218	-	831,783
Accrued Annual and Compensatory Leave Liabilities	168	181,586	43,940	6,148	98,437	270,528	51,897	170,187	8,892	-	72,709
Environmental and Disposal Liabilities	-	-	-	-	-	9,987	-	62,722	-	-	533,427
Deferred Revenue	172,746	-	-	-	358,742	-	-	1,939	-	-	4,063,738
Seized Cash and Monetary Instruments	4,016,891	-	-	-	440	42,880	3,527	8,563	-	-	68,652
Contingent Liabilities	-	-	-	14	7,754	52,335	1,071	23,941	115	-	25,151
Capital Lease Liabilities	-	-	-	-	-	-	-	-	-	-	535,838
Radiation Exposure Compensation Act Liabilities	-	535,838	-	-	-	-	-	-	-	-	405,905
Other Liabilities	-	152,987	-	-	9,720	4,687	59,905	176,606	-	-	-
Total Liabilities	\$ 5,109,099	\$ 2,622,707	\$ 591,579	\$ 580,047	\$ 880,217	\$ 1,569,618	\$ 352,313	\$ 1,975,691	\$ 187,456	\$ (599,250)	\$ 13,269,477
NET POSITION											
Unexpended Appropriations - Earmarked Funds	\$ -	\$ 21,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,727
Unexpended Appropriations - All Other Funds	-	3,472,362	257,093	4,605,970	503,763	2,194,512	174,210	744,671	-	-	11,952,581
Cumulative Results of Operations - Earmarked Funds	1,760,544	252,629	(56,544)	7,202,248	(232,162)	83,557	-	-	-	-	9,066,816
Cumulative Results of Operations - All Other Funds	-	(56,544)	165,165	13,156	87,367	2,760,450	30,179	5,092,691	390,025	-	8,482,489
Total Net Position	\$ 1,760,544	\$ 3,690,174	\$ 422,258	\$ 11,821,374	\$ 358,968	\$ 4,954,962	\$ 204,389	\$ 5,920,919	\$ 390,025	\$ -	\$ 29,523,613
Total Liabilities and Net Position	\$ 6,869,643	\$ 6,312,881	\$ 1,013,837	\$ 12,401,421	\$ 1,239,185	\$ 6,524,580	\$ 556,702	\$ 7,896,610	\$ 577,481	\$ (599,250)	\$ 42,793,090

**U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2010**

	AFF/SAFE	ORBS	USMS	OIP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with U.S. Treasury	\$ 180,150	\$ 5,825,079	\$ 684,086	\$ 10,519,156	\$ 809,035	\$ 3,094,239	\$ 261,136	\$ 1,600,858	\$ 22,248	\$ -	\$ 23,596,887
Investments, Net	3,491,262	270,271	-	6,883	39,117	158,737	28,291	6,235	300,200	-	4,061,733
Accounts Receivable, Net	4,245	291,193	149,713	6,883	39,117	158,737	28,291	6,235	25,219	(407,323)	302,310
Other Assets	2,607	134,244	17,212	76,831	51,090	30,638	14,349	407	-	(204,714)	122,664
Total Intragovernmental	3,678,264	6,520,787	851,611	10,602,870	899,242	3,883,614	303,776	1,607,500	347,667	(612,037)	28,083,294
Cash and Monetary Assets	131,030	46	-	-	13,407	51,017	49,009	774	8,787	-	245,283
Accounts Receivable, Net	-	19,769	47	5,774	2,325	30,384	162	20,012	8,787	-	87,560
Inventory and Related Property, Net	-	106	2,739	-	6,770	7,927	-	16,474	203,531	-	237,417
Forfeited Property, Net	189,122	-	-	-	-	-	-	-	-	-	189,122
General Property, Plant and Equipment, Net	1,417	231,301	257,937	12,032	382,137	2,197,590	207,118	6,334,726	116,896	-	9,741,154
Advances and Prepayments	12	8,225	17	1,428,298	9,929	46,698	1,669	3,845	2,711	-	1,501,404
Other Assets	-	-	184	-	-	-	-	4,662	980	-	5,826
Total Assets	\$ 3,999,845	\$ 6,780,234	\$ 1,112,535	\$ 12,048,974	\$ 1,313,810	\$ 6,217,230	\$ 561,734	\$ 7,987,993	\$ 680,372	\$ (612,037)	\$ 40,090,690
LIABILITIES											
Intragovernmental											
Accounts Payable	\$ 69,170	\$ 306,300	\$ 26,177	\$ 18,928	\$ 42,007	\$ 162,573	\$ 14,803	\$ 33,303	\$ 4,621	\$ (404,263)	\$ 273,619
Accrued FECA Liabilities	-	9,265	15,725	129	26,651	31,231	19,567	139,222	1,656	-	243,446
Custodial Liabilities	-	329,588	-	-	1,584	-	-	-	-	-	331,172
Other Liabilities	-	569,083	24,344	147,914	18,726	114,588	9,393	73,926	201,167	(207,774)	951,367
Total Intragovernmental	69,170	1,214,236	66,246	166,971	88,968	308,392	43,763	246,451	207,444	(612,037)	1,799,604
Accounts Payable	629,347	363,569	406,268	33,369	117,280	488,886	45,744	389,178	46,381	-	2,520,022
Accrued Grant Liabilities	-	147,652	-	383,171	-	-	-	-	-	-	530,823
Accrued FECA Liabilities	-	50,022	83,490	657	144,858	176,353	107,012	735,856	15,857	-	1,314,105
Accrued Payroll and Benefits	-	128,797	30,525	7,930	59,032	187,572	31,560	140,727	8,838	-	594,981
Accrued Annual and Compensatory Leave Liabilities	-	183,120	42,138	6,068	98,608	265,775	52,408	168,853	9,911	-	826,881
Environmental and Disposal Liabilities	-	-	-	-	-	9,755	-	61,902	-	-	71,657
Deferred Revenue	189,122	-	-	-	311,164	-	-	1,833	-	-	502,119
Seized Cash and Monetary Instruments	1,424,806	-	-	-	447	42,120	3,010	4,827	-	-	1,470,883
Contingent Liabilities	-	4,738	17,000	-	4,928	66,762	3,905	4,827	30,703	-	101,760
Capital Lease Liabilities	-	-	946	18	-	-	1,875	30,703	107	-	33,649
Radiation Exposure Compensation Act Liabilities	-	541,784	-	-	-	-	-	-	-	-	541,784
Other Liabilities	-	118,879	-	-	7,639	3,297	41,416	96,138	-	-	267,369
Total Liabilities	\$ 2,312,445	\$ 2,752,797	\$ 646,613	\$ 598,184	\$ 832,924	\$ 1,548,912	\$ 330,293	\$ 1,876,468	\$ 288,538	\$ (612,037)	\$ 10,575,137
NET POSITION											
Unexpended Appropriations - Earmarked Funds	\$ -	\$ 19,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,585
Unexpended Appropriations - All Other Funds	-	3,979,216	328,900	5,571,977	559,167	2,255,206	202,183	894,623	-	-	13,791,272
Cumulative Results of Operations - Earmarked Funds	1,687,400	171,475	-	5,866,596	(159,279)	-	-	69,853	-	-	7,636,045
Cumulative Results of Operations - All Other Funds	(142,839)	(142,839)	137,022	12,217	80,998	2,413,112	29,258	5,147,049	391,834	-	8,068,051
Total Net Position	\$ 1,687,400	\$ 4,027,437	\$ 465,922	\$ 11,450,790	\$ 480,886	\$ 4,668,318	\$ 231,441	\$ 6,111,525	\$ 391,834	\$ -	\$ 29,515,553
Total Liabilities and Net Position	\$ 3,999,845	\$ 6,780,234	\$ 1,112,535	\$ 12,048,974	\$ 1,313,810	\$ 6,217,230	\$ 561,734	\$ 7,987,993	\$ 680,372	\$ (612,037)	\$ 40,090,690

**U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2011**

Dollars in Thousands	AFJ/SADF	OBPs	USMS	OJP	DEA	FBI	ATF	ROP	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security											
\$	-	-	6,484	-	15,196	1,448,527	-	-	-	(96,829)	1,486,363
Gross Cost - Intragovernmental	112,985	-	-	-	15,196	1,448,527	-	-	-	(96,829)	1,486,363
Gross Cost - With the Public	265,340	-	-	-	90,886	3,877,856	5,649	-	-	-	4,239,731
Subtotal Gross Costs	378,325	-	6,484	-	106,082	5,326,383	5,649	-	-	(96,829)	5,726,094
Earned Revenues - Intragovernmental	93,776	-	-	-	687	449,197	-	-	-	(96,829)	446,831
Earned Revenues - With the Public	22,433	-	-	-	6	14,739	-	-	-	-	37,178
Subtotal Earned Revenues	116,209	-	-	-	693	463,936	-	-	-	(96,829)	484,009
Subtotal Net Cost of Operations	262,116	-	6,484	-	105,389	4,862,447	5,649	-	-	-	5,242,085
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People											
\$	380,028	1,868,383	30,396	158,357	907,038	1,061,638	381,239	-	-	(1,123,450)	3,663,829
Gross Cost - Intragovernmental	1,293,384	3,990,335	-	2,522,078	2,021,967	2,842,115	886,810	6,613	-	-	13,563,302
Gross Cost - With the Public	1,673,412	5,858,718	30,396	2,680,635	2,929,065	3,903,753	1,268,049	6,613	-	(1,123,450)	17,227,131
Subtotal Gross Costs	9,513	575,651	-	32,377	521,896	652,046	90,650	-	-	(1,123,450)	758,583
Earned Revenues - Intragovernmental	-	42,658	-	45	200,321	161,140	650	-	-	-	789,114
Earned Revenues - With the Public	9,513	1,002,609	-	32,522	722,217	813,186	91,300	-	-	(1,123,450)	1,547,697
Subtotal Earned Revenues	1,663,899	4,856,109	30,396	2,648,313	2,206,788	3,090,567	1,176,749	6,613	-	-	15,679,434
Subtotal Net Cost of Operations	-	-	-	-	-	-	-	-	-	-	-
Goal 3: Ensure the Fair and Efficient Administration of Justice											
\$	-	1,736,875	546,964	65,346	-	-	-	1,639,744	163,202	(1,813,663)	2,328,468
Gross Cost - Intragovernmental	-	705,044	2,627,882	988,930	-	-	-	5,583,621	779,713	-	10,685,190
Gross Cost - With the Public	-	2,441,979	3,174,846	1,054,276	-	-	-	7,213,365	942,915	(1,813,663)	13,013,658
Subtotal Gross Costs	-	158,055	1,581,441	10,440	-	-	-	15,252	800,498	(1,788,199)	777,487
Earned Revenues - Intragovernmental	-	45,456	2,519	-	-	-	-	370,424	104,185	-	522,584
Earned Revenues - With the Public	-	203,511	1,583,560	10,440	-	-	-	385,676	904,683	(1,788,199)	1,300,071
Subtotal Earned Revenues	-	2,238,408	1,590,886	1,043,836	-	-	-	6,827,689	38,232	(25,464)	11,713,587
Subtotal Net Cost of Operations	-	-	-	-	-	-	-	-	-	-	-
Total Net Cost of Operations	\$ 1,663,899	\$ 7,356,633	\$ 1,627,766	\$ 3,692,149	\$ 2,312,177	\$ 7,953,014	\$ 1,182,998	\$ 6,834,302	\$ 38,232	\$ (25,464)	\$ 32,635,106

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2010

	AFF/SADF	OBDs	USMS	OIP	DEA	FBI	ATF	BOB	FPI	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security											
Gross Cost - Intragovernmental	\$ -	\$ 82,443	\$ 5,159	\$ -	\$ 24,424	\$ 1,358,631	\$ -	\$ -	\$ -	\$ (112,397)	\$ 1,358,260
Gross Cost - With the Public	-	277,500	-	-	75,891	3,826,696	7,185	-	-	-	4,187,272
Subtotal Gross Costs	-	359,943	5,159	-	100,315	5,185,327	7,185	-	-	(112,397)	5,545,532
Earned Revenues - Intragovernmental	-	90,793	-	-	632	495,393	-	-	-	(112,397)	474,421
Earned Revenues - With the Public	-	19,439	-	-	-	12,603	-	-	-	-	32,042
Subtotal Earned Revenues	-	110,232	-	-	632	507,996	-	-	-	(112,397)	506,463
Subtotal Net Cost of Operations	\$ -	\$ 249,711	\$ 5,159	\$ -	\$ 99,683	\$ 4,677,331	\$ 7,185	\$ -	\$ -	\$ -	\$ 5,039,069
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People											
Gross Cost - Intragovernmental	\$ 382,798	\$ 1,799,980	\$ 4,872	\$ 140,429	\$ 836,028	\$ 1,007,910	\$ 365,344	\$ -	\$ -	\$ (1,073,345)	\$ 3,464,016
Gross Cost - With the Public	908,944	5,963,457	-	2,617,542	1,965,174	2,838,860	900,590	6,860	-	-	13,201,427
Subtotal Gross Costs	1,291,742	7,763,437	4,872	2,757,971	2,801,202	3,846,770	1,265,934	6,860	-	(1,073,345)	16,665,443
Earned Revenues - Intragovernmental	7,324	563,603	-	49,844	482,951	631,012	90,417	-	-	(1,073,345)	751,806
Earned Revenues - With the Public	-	404,621	-	7	194,719	156,138	742	-	-	-	736,287
Subtotal Earned Revenues	7,324	968,224	-	49,851	677,670	787,150	91,159	-	-	(1,073,345)	1,488,093
Subtotal Net Cost of Operations	\$ 1,284,418	\$ 4,795,213	\$ 4,872	\$ 2,708,120	\$ 2,123,532	\$ 3,079,560	\$ 1,174,775	\$ 6,860	\$ -	\$ -	\$ 15,177,350
Goal 3: Ensure the Fair and Efficient Administration of Justice											
Gross Cost - Intragovernmental	\$ -	\$ 1,535,834	\$ 523,823	\$ 56,647	\$ -	\$ -	\$ -	\$ 1,513,891	\$ 180,239	\$ (1,697,058)	\$ 2,113,376
Gross Cost - With the Public	-	734,095	2,492,351	931,583	-	-	-	5,507,868	770,900	-	10,456,797
Subtotal Gross Costs	-	2,269,929	3,016,174	988,230	-	-	-	7,021,759	951,139	(1,697,058)	12,550,173
Earned Revenues - Intragovernmental	-	141,722	1,511,198	26,252	-	-	-	12,903	778,579	(1,669,610)	801,044
Earned Revenues - With the Public	-	39,082	2,905	-	-	-	-	359,296	78,963	-	480,246
Subtotal Earned Revenues	-	180,804	1,514,103	26,252	-	-	-	372,199	857,542	(1,669,610)	1,281,290
Subtotal Net Cost of Operations	\$ -	\$ 2,089,125	\$ 1,502,071	\$ 961,978	\$ -	\$ -	\$ -	\$ 6,649,560	\$ 93,597	\$ (27,448)	\$ 11,268,883
Total Net Cost of Operations	\$ 1,284,418	\$ 7,134,049	\$ 1,512,102	\$ 3,670,098	\$ 2,223,215	\$ 7,756,891	\$ 1,181,960	\$ 6,656,420	\$ 93,597	\$ (27,448)	\$ 31,485,302

U. S. Department of Justice
 Consolidating Statement of Changes in Net Position
 For the Fiscal Year Ended September 30, 2011

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances	\$ -	\$ 19,585	\$ 328,900	\$ 5,571,977	\$ 559,167	\$ 2,255,206	\$ 202,183	\$ 894,623	\$ -	\$ -	\$ 19,585
All Other Funds	-	3,975,216	-	-	-	-	-	-	-	-	13,791,272
Budgetary Financing Sources											
Appropriations Received	-	71,746	-	-	-	-	-	-	-	-	71,746
Earmarked Funds	-	6,901,999	1,142,388	1,893,160	2,019,682	7,941,932	1,114,772	6,394,155	-	-	27,408,088
All Other Funds	-	(187,823)	388,191	200,344	71,029	(61,176)	(7,892)	(1,834)	-	-	400,839
Appropriations Transferred-In/Out	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	(326)	(2,285)	(45,365)	(4,039)	(15,884)	(2,231)	(12,788)	-	-	(326)
All Other Funds	-	(23,338)	-	-	-	-	-	-	-	-	(105,930)
Appropriations Used	-	(69,278)	(1,600,101)	(3,014,146)	(2,142,076)	(7,925,566)	(1,132,622)	(6,529,485)	-	-	(69,278)
Earmarked Funds	-	(7,197,692)	-	-	-	-	-	-	-	-	(29,541,688)
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Total Financing Sources	-	2,142	-	(966,007)	(55,404)	(60,694)	(27,973)	(149,952)	-	-	2,142
Earmarked Funds	-	(506,854)	(71,807)	(966,007)	(55,404)	(60,694)	(27,973)	(149,952)	-	-	(1,838,691)
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Net Change	-	2,142	-	(966,007)	(55,404)	(60,694)	(27,973)	(149,952)	-	-	2,142
Earmarked Funds	-	2,142	-	-	-	-	-	-	-	-	2,142
All Other Funds	-	(506,854)	(71,807)	(966,007)	(55,404)	(60,694)	(27,973)	(149,952)	-	-	(1,838,691)
Ending Balances											
Earmarked Funds	-	21,727	257,093	4,605,970	503,763	2,194,512	174,210	744,671	-	-	21,727
All Other Funds	-	3,472,362	-	-	-	-	-	-	-	-	11,952,581
Total All Funds	-	3,494,089	257,093	4,605,970	503,763	2,194,512	174,210	744,671	-	-	11,974,308

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2011

	AFF/SAFE	ORIS	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances	\$ 1,687,400	\$ 171,475	\$ 137,022	\$ 5,866,596	\$ (159,279)	\$ 2,413,112	\$ 29,258	\$ 69,853	\$ 391,834	\$ -	\$ 7,636,045
Earmarked Funds	-	(142,839)	-	12,217	80,998	-	-	5,147,049	-	-	8,068,651
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Beginning Balances, as Adjusted	1,687,400	171,475	137,022	5,866,596	(159,279)	2,413,112	29,258	69,853	391,834	-	7,636,045
Earmarked Funds	-	(142,839)	-	12,217	80,998	-	-	5,147,049	-	-	8,068,651
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Budgetary Financing Source											
Other Adjustments	-	-	-	-	-	-	-	-	-	-	(26,000)
All Other Funds	-	(26,000)	-	-	-	-	-	-	-	-	-
Appropriations Used	-	69,278	-	-	-	-	-	-	-	-	69,278
Earmarked Funds	-	7,197,692	1,600,101	3,014,146	2,142,076	7,925,566	1,132,622	6,529,485	-	-	29,541,688
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Nonexchange Revenues	-	-	-	-	-	-	-	-	-	-	-
Earmarked Funds	4,596	1,070	-	1,998,221	-	-	-	-	-	-	2,003,887
All Other Funds	-	-	-	508	-	-	-	-	-	-	508
Donations and Forfeitures of Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-	-
Earmarked Funds	1,580,584	-	-	-	-	-	-	-	-	-	1,580,584
All Other Funds	-	113,735	-	-	-	-	-	-	-	-	113,735
Transfers-In/Out Without Reimbursement	-	-	-	-	-	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Other Financing Sources											
Donations and Forfeitures of Property	157,381	-	-	-	-	-	-	226	-	-	157,381
Earmarked Funds	-	-	-	-	-	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Transfers-In/Out Without Reimbursement	(6,120)	-	162	10,600	14,358	74,270	3,153	(72)	24	-	(6,192)
Earmarked Funds	-	(53,304)	-	-	-	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Imputed Financing from Costs Absorbed by Others	602	1,365	55,646	5,265	79,833	305,129	47,544	257,818	36,399	(25,464)	16,069
Earmarked Funds	-	220,246	-	-	-	-	-	-	-	-	220,246
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Other Financing Sources	-	-	-	-	-	(4,613)	-	-	-	-	-
All Other Funds	-	-	-	-	-	(4,613)	-	-	-	-	(4,613)
Total Financing Sources											
Earmarked Funds	1,737,043	71,713	1,655,909	1,998,221	9,396	8,300,352	1,183,319	4,634	36,423	(25,464)	3,821,007
All Other Funds	-	7,452,369	-	3,030,519	2,236,267	-	-	6,789,014	-	-	30,658,708
Net Cost of Operations	(1,663,899)	9,441	(1,627,766)	(662,569)	(82,279)	(7,953,014)	(1,182,398)	9,070	(38,232)	25,464	(2,390,236)
Earmarked Funds	-	(7,366,074)	-	(3,029,580)	(2,229,898)	-	-	(6,843,372)	-	-	(30,244,870)
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Net Change											
Earmarked Funds	73,144	81,154	28,143	1,335,652	(72,883)	347,338	921	13,704	(1,809)	-	1,430,771
All Other Funds	-	86,295	-	939	6,369	-	-	(54,358)	-	-	413,838
Ending Balances											
Earmarked Funds	1,760,544	252,629	165,165	7,202,248	(232,162)	2,760,450	30,179	83,557	390,025	-	9,066,816
All Other Funds	-	(56,544)	13,156	13,156	87,367	-	-	5,092,691	-	-	8,482,489
Total All Funds	\$ 1,760,544	\$ 196,085	\$ 165,165	\$ 7,215,404	\$ (144,795)	\$ 2,760,450	\$ 30,179	\$ 5,176,248	\$ 390,025	\$ -	\$ 17,549,305

U. S. Department of Justice
 Consolidating Statement of Changes in Net Position
 For the Fiscal Year Ended September 30, 2010

Dollars in Thousands	AFF/SAF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Earmarked Funds	\$	22,207	\$	\$	\$	\$	\$	\$	\$	\$	22,207
All Other Funds		3,782,236	222,502	5,951,999	540,670	2,114,589	183,607	1,106,922			13,902,525
Beginning Balances, as Adjusted											
Earmarked Funds		22,207									22,207
All Other Funds		3,782,236	222,502	5,951,999	540,670	2,114,589	183,607	1,106,922			13,902,525
Budgetary Financing Sources											
Appropriations Received											
Earmarked Funds		90,312									90,312
All Other Funds		7,220,403	1,190,039	2,501,851	2,063,353	7,922,537	1,158,272	6,205,386			28,251,841
Appropriations Transferred-In/Out											
All Other Funds		(209,609)	393,936	200,453	39,756	90,116	(3,318)	(818)			510,516
Other Adjustments											
Earmarked Funds		(9,001)									(9,001)
All Other Funds		(40,750)		(54,000)		(50,000)					(144,750)
Appropriations Used											
Earmarked Funds		(83,933)									(83,933)
All Other Funds		(6,773,064)	(1,477,577)	(3,028,326)	(2,074,612)	(7,822,036)	(1,136,378)	(6,416,867)			(28,728,860)
Total Financing Sources											
Earmarked Funds		(2,622)	106,398	(380,022)	18,497	140,617	18,576	(212,299)			(2,622)
All Other Funds		196,980	196,980	196,980	18,497	140,617	18,576	(212,299)			(111,253)
Net Change											
Earmarked Funds											
All Other Funds											
Ending Balances											
Earmarked Funds		19,585	328,900	5,571,977	559,167	2,255,206	202,183	894,623			19,585
All Other Funds		3,979,216	328,900	5,571,977	559,167	2,255,206	202,183	894,623			13,791,272
Total All Funds		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
		3,998,801	328,900	5,571,977	559,167	2,255,206	202,183	894,623			13,810,857

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2010

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Earmarked Funds	1,425,883	119,668	132,920	4,112,981	(100,558)	1,923,897	33,169	73,049	448,162	-	5,631,023
All Other Funds	-	29,192	15,014	15,014	85,653	-	5,160,967	-	-	-	7,828,974
Beginning Balances, as Adjusted											
Earmarked Funds	1,425,883	119,668	132,920	4,112,981	(100,558)	1,923,897	33,169	73,049	448,162	-	5,631,023
All Other Funds	-	29,192	132,920	15,014	85,653	-	5,160,967	-	-	-	7,828,974
Budgetary Financing Sources											
Appropriations Used											
Earmarked Funds	-	83,933	1,477,577	3,028,326	2,074,612	7,822,056	1,136,378	6,416,867	-	-	83,933
All Other Funds	-	6,773,064	-	-	-	-	-	-	-	-	28,728,860
Nonexchange Revenues											
Earmarked Funds	3,864	319	-	2,363,338	-	-	-	-	-	-	2,366,521
All Other Funds	-	-	-	932	-	-	-	-	-	-	932
Donations and Forfeitures of Cash and Cash Equivalents											
Earmarked Funds	1,502,466	-	-	-	-	-	-	-	-	-	1,502,466
All Other Funds	-	75,097	-	-	-	-	-	-	-	-	75,097
Other Financing Sources											
Donations and Forfeitures of Property											
Earmarked Funds	70,864	-	-	-	-	-	-	-	-	-	70,864
All Other Funds	-	-	-	-	-	-	-	340	-	-	340
Transfers-In/Out Without Reimbursement											
Earmarked Funds	(31,259)	-	-	-	86	-	-	-	-	-	(31,173)
All Other Funds	-	(81,783)	186	24,608	9,432	69,206	2,407	5,394	(166)	-	29,284
Imputed Financing from Costs Absorbed by Others											
Earmarked Funds	-	1,301	-	-	6,969	-	-	3,891	-	-	12,161
All Other Funds	-	161,894	38,441	4,712	68,740	354,864	39,264	212,814	37,435	(27,448)	890,716
Total Financing Sources											
Earmarked Funds	1,545,935	85,553	1,516,204	2,562,338	7,055	8,246,106	1,178,049	3,891	37,269	-	4,004,772
All Other Funds	-	6,928,272	3,058,578	3,058,578	2,152,784	-	6,635,415	-	(27,448)	-	29,725,229
Net Cost of Operations											
Earmarked Funds	(1,284,418)	(33,746)	(1,512,102)	(608,723)	(65,776)	(7,756,891)	(1,181,960)	(7,087)	-	-	(1,999,750)
All Other Funds	-	(7,100,303)	(1,512,102)	(3,061,375)	(2,157,439)	(6,649,333)	(6,649,333)	(93,597)	27,448	-	(29,485,552)
Net Change											
Earmarked Funds	261,517	51,807	4,102	1,753,615	(58,721)	489,215	(3,911)	(3,196)	-	-	2,005,022
All Other Funds	-	(172,031)	-	(2,797)	(4,655)	-	(56,328)	-	-	-	(239,677)
Ending Balances											
Earmarked Funds	1,687,400	171,475	137,022	5,866,596	(159,279)	2,413,112	29,258	69,853	391,834	-	7,636,045
All Other Funds	-	(142,839)	12,217	80,998	80,998	2,413,112	29,258	5,147,049	-	-	8,068,651
Total All Funds											
	\$ 1,687,400	\$ 28,636	\$ 137,022	\$ 5,878,813	\$ (78,281)	\$ 2,413,112	\$ 29,258	\$ 5,216,902	\$ 391,834	\$ -	\$ 15,704,696

**U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2011**

Dollars in Thousands	AF/SA/DF	OBDs	USMS	GIP	DEA	FBI	A/T/F	BOP	FPI	Combined										
Budgetary Resources																				
Unobligated Balance, Net, Brought Forward, October 1	\$	1,010,179	\$	929,953	\$	133,375	\$	232,500	\$	223,391	\$	946,877	\$	110,131	\$	377,906	\$	74,986	\$	4,039,298
Recoveries of Prior Year Unpaid Obligations		83,669		206,483		64,819		54,156		102,053		216,564		21,159		4,539		-		753,442
Budget Authority Appropriations Received		2,097,810		7,255,995		1,142,388		8,692,854		2,262,356		7,941,932		1,114,772		6,394,155		-		36,902,262
Spending Authority from Offsetting Collections Earned		11,665		2,095,196		1,576,541		62,049		529,938		1,307,280		95,965		384,112		994,091		7,056,837
Change in Receivables from Federal Sources		624		43,636		16,620		87		4,563		19,410		(488)		1,768		9,141		95,361
Change in Unfilled Customer Orders		-		(81,500)		(3,869)		(28,370)		771		(5,967)		(201)		(98,549)				(138,396)
Advance Received Without Advance from Federal Sources		20		(21,863)		6,998		(517)		(29,182)		(5,967)		(10,057)		2,769				(57,789)
Subtotal Budget Authority		2,110,119		9,364,814		2,738,678		8,726,103		2,767,647		9,263,426		1,200,192		6,782,603		904,683		43,858,265
Nonexpenditure Transfers, Net, Anticipated and Actual		-		(74,088)		388,191		200,344		71,029		(61,176)		(7,892)		(1,834)		-		514,574
Temporarily not Available Pursuant to Public Law		(495,042)		(439)		-		(6,099,743)		-		-		-		-		-		(6,595,224)
Permanently not Available		-		(57,709)		(2,285)		(45,654)		(4,039)		(15,884)		(2,231)		(12,788)		-		(140,590)
Total Budgetary Resources	\$	2,708,925	\$	10,369,014	\$	3,322,778	\$	3,067,706	\$	3,160,081	\$	10,349,807	\$	1,321,359	\$	7,150,426	\$	979,669	\$	42,429,765
Status of Budgetary Resources																				
Obligations Incurred	\$	1,615,962	\$	7,259,310	\$	1,622,322	\$	2,848,111	\$	2,492,777	\$	8,101,889	\$	1,174,282	\$	6,725,908	\$	-	\$	31,840,621
Direct Reimbursable		4,244		2,295,381		1,610,059		32,133		309,012		1,300,384		86,110		44,643		834,883		6,706,821
Total Obligations Incurred		1,620,206		9,554,691		3,232,381		2,880,244		3,001,789		9,402,273		1,260,392		6,770,613		824,883		38,547,442
Unobligated Balance - Available		635,227		554,020		57,730		169,067		118,503		594,313		38,931		258,217		-		2,426,008
Apportioned Exempt from Apportionment		635,227		554,020		57,730		169,067		118,503		594,313		38,931		314,598		154,816		211,197
Total Unobligated Balance - Available		453,492		260,303		32,667		18,395		39,789		353,221		22,036		65,215		-		2,637,205
Unobligated Balance not Available		-		-		-		-		-		-		-		-		-		1,245,118
Total Status of Budgetary Resources	\$	2,708,925	\$	10,369,014	\$	3,322,778	\$	3,067,706	\$	3,160,081	\$	10,349,807	\$	1,321,359	\$	7,150,426	\$	979,669	\$	42,429,765

U. S. Department of Justice
 Combining Statement of Budgetary Resources - Continued
 For the Fiscal Year Ended September 30, 2011

Dollars in Thousands	AFPS/ADF	OBDS	USMS	GIP	DEA	FBI	ATF	BOP	FPI	Combined
Change in Obligated Balance										
Obligated Balance, Net - Brought Forward, October 1										
Unpaid Obligations	\$ 982,679	\$ 4,874,461	\$ 708,551	\$ 5,510,847	\$ 777,043	\$ 3,221,811	\$ 226,043	\$ 1,185,212	\$ 272,682	\$ 17,759,329
Less: Uncollected Customer Payments from Federal Sources	4,245	794,774	165,214	25,666	181,976	479,261	70,398	6,245	25,210	1,753,098
Total Unpaid Obligated Balance, Net - Brought Forward, October 1	978,434	4,079,687	543,337	5,485,181	595,067	2,742,550	155,645	1,178,967	247,463	16,006,231
Obligations Incurred	1,620,206	9,554,691	3,232,381	2,880,244	3,001,789	9,402,273	1,260,392	6,770,613	824,853	38,547,442
Less: Gross Outlays	1,426,916	9,658,520	3,227,503	3,311,068	2,964,749	9,242,252	1,219,844	6,899,342	926,480	38,876,674
Less: Recoveries of Prior Year Unpaid Obligations, Actual	83,669	206,483	64,819	54,156	102,053	216,564	21,159	4,539	-	753,442
Change in Uncollected Customer Payments from Federal Sources	(644)	(21,773)	(23,618)	430	24,619	(13,443)	10,545	(4,537)	(9,141)	(37,562)
Obligated Balance, Net - End of Period	1,092,300	4,564,149	648,610	5,025,867	712,030	3,165,268	245,431	1,051,944	171,055	16,676,654
Unpaid Obligations	4,889	816,547	188,832	25,236	157,357	492,704	59,852	10,882	34,360	1,790,659
Less: Uncollected Customer Payments from Federal Sources	1,087,411	3,747,602	459,778	5,000,631	554,673	2,672,564	185,579	1,041,062	136,695	14,885,995
Total Unpaid Obligated Balance, Net - End of Period	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Outlays										
Gross Outlays	\$ 1,426,916	\$ 9,658,520	\$ 3,227,503	\$ 3,311,068	\$ 2,964,749	\$ 9,242,252	\$ 1,219,844	\$ 6,899,342	\$ 926,480	\$ 38,876,674
Less: Offsetting Collections	11,665	2,087,046	1,572,672	33,683	529,910	1,308,051	95,965	383,911	895,542	6,918,445
Less: Distributed Offsetting Receipts	4,596	777,312	-	206	243,616	(7,284)	3,892	3,306	-	1,025,644
Total Net Outlays	\$ 1,410,655	\$ 6,794,162	\$ 1,654,831	\$ 3,277,179	\$ 2,191,223	\$ 7,941,485	\$ 1,119,987	\$ 6,512,125	\$ 30,928	\$ 30,932,585

**U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2010**

Dollars in Thousands	AFF/SADE	OBDs	USMS	OJP	DEA	FBI	ATF	ROP	FPI	Combined
Budgetary Resources										
Unobligated Balance, Net, Brought Forward, October 1	1,195,445	653,984	75,661	224,290	323,879	1,060,034	82,195	372,051	59,313	\$ 4,046,832
Recoveries of Prior Year Unpaid Obligations	67,328	225,639	66,898	66,225	129,127	166,563	38,221	6,845	-	766,846
Budget Authority	1,554,993	7,589,965	1,190,039	4,864,189	2,284,189	7,922,537	1,158,272	6,205,386	-	32,769,570
Appropriations Received	10,073	2,135,632	1,592,758	129,382	537,802	1,338,006	81,707	374,407	872,217	7,071,984
Spending Authority from Offsetting Collections	223	(44,709)	(39,937)	(3,489)	(33,532)	1,699	9,679	(2,005)	(21,579)	(133,650)
Change in Receivables from Federal Sources	-	7,520	4,475	(83,090)	25	17,463	-	(203)	6,904	(46,906)
Advance Received	-	92,950	(18,314)	4,745	(5,407)	(106,807)	1,509	-	-	(31,324)
Without Advance from Federal Sources	-	-	-	-	-	-	-	-	-	-
Subtotal Budget Authority	1,565,289	9,781,338	2,729,021	4,911,737	2,783,077	9,172,898	1,251,167	6,577,585	857,542	39,629,674
Nonexpenditure Transfers, Net, Anticipated and Actual	-	(134,512)	393,956	200,453	39,756	90,116	(3,318)	(818)	-	585,613
Temporarily not Available Pursuant to Public Law	(387,200)	-	-	(1,654,425)	-	-	-	-	-	(2,041,625)
Permanently not Available	-	(50,303)	-	(54,000)	-	(50,000)	-	-	-	(154,303)
Total Budgetary Resources	\$ 2,440,862	\$ 10,476,166	\$ 3,265,516	\$ 3,694,280	\$ 3,275,839	\$ 10,439,611	\$ 1,368,265	\$ 6,955,663	\$ 916,855	\$ 42,833,057
Status of Budgetary Resources										
Obligations Incurred										
Direct	1,423,309	7,327,826	1,569,307	3,434,149	2,532,674	8,278,414	1,155,484	6,536,140	-	32,257,303
Reimbursable	7,374	2,218,387	1,562,834	27,631	519,774	1,214,320	102,650	41,617	841,869	6,536,456
Total Obligations Incurred	1,430,683	9,546,213	3,132,141	3,461,780	3,052,448	9,492,734	1,258,134	6,577,757	841,869	38,793,759
Unobligated Balance - Available	669,036	667,416	97,391	208,972	195,008	547,896	53,461	300,013	-	2,739,193
Appropriated	669,036	667,416	97,391	208,972	195,008	547,896	53,461	300,013	-	2,739,193
Exempt from Apportionment	341,143	262,537	35,984	23,528	28,383	398,981	56,670	32,863	-	1,180,089
Total Unobligated Balance - Available	1,010,179	929,953	133,375	232,500	223,391	946,877	110,131	332,876	-	3,919,282
Unobligated Balance not Available	-	-	-	-	-	-	-	-	-	-
Total Status of Budgetary Resources	\$ 2,440,862	\$ 10,476,166	\$ 3,265,516	\$ 3,694,280	\$ 3,275,839	\$ 10,439,611	\$ 1,368,265	\$ 6,955,663	\$ 916,855	\$ 42,833,057

U. S. Department of Justice
 Combining Statement of Budgetary Resources - Continued
 For the Fiscal Year Ended September 30, 2010

Dollars in Thousands	AFF/SADE	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Change in Obligated Balance										
Obligated Balance, Net - Brought Forward, October 1	919,387	4,771,602	634,587	5,959,947	687,246	2,810,122	238,351	1,352,082	273,044	\$ 17,646,368
Unpaid Obligations	4,022	746,533	223,465	24,410	220,915	584,369	59,209	8,350	46,298	1,918,071
Less: Uncollected Customer Payments from Federal Sources										
Total Unpaid Obligated Balance, Net - Brought Forward, October 1	915,365	4,025,069	411,122	5,935,537	466,331	2,225,753	179,142	1,343,732	226,346	15,728,297
Obligations Incurred	1,430,683	9,546,213	3,132,141	3,461,780	3,052,448	9,492,734	1,258,134	6,577,757	841,869	38,793,759
Less: Gross Outlays	1,300,063	9,217,715	2,991,279	3,844,655	2,833,524	8,914,482	1,232,222	6,737,782	842,231	37,913,953
Less: Recoveries of Prior Year Unpaid Obligations, Actual	67,328	225,639	66,898	66,225	129,127	166,563	38,221	6,845	-	766,846
Change in Uncollected Customer Payments from Federal Sources	(223)	(48,241)	58,251	(1,256)	38,939	105,108	(11,188)	2,005	21,579	164,974
Obligated Balance, Net - End of Period	982,679	4,874,461	708,551	5,510,847	777,043	3,221,811	226,043	1,852,212	272,882	17,759,329
Unpaid Obligations	4,245	794,774	165,214	25,666	181,976	479,261	70,398	6,345	25,219	1,753,098
Less: Uncollected Customer Payments from Federal Sources										
Total Unpaid Obligated Balance, Net - End of Period	\$ 978,434	\$ 4,079,687	\$ 543,337	\$ 5,485,181	\$ 595,067	\$ 2,742,550	\$ 155,645	\$ 1,178,867	\$ 247,663	\$ 16,006,231
Outlays										
Gross Outlays	1,300,063	9,217,715	2,991,279	3,844,655	2,833,524	8,914,482	1,232,222	6,737,782	842,231	\$ 37,913,953
Less: Offsetting Collections	10,073	2,143,152	1,597,233	46,292	537,827	1,355,469	81,707	374,204	879,120	7,025,077
Less: Distributed Offsetting Receipts	3,864	691,754	212	212	231,967	253	632	12,666		941,368
Total Net Outlays	\$ 1,286,126	\$ 6,382,809	\$ 1,394,046	\$ 3,798,121	\$ 2,063,730	\$ 7,558,760	\$ 1,149,893	\$ 6,350,912	\$ (36,889)	\$ 29,947,508

U. S. Department of Justice
 Combining Statement of Custodial Activity
 For the Fiscal Year Ended September 30, 2011

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Revenue Activity										
Sources of Cash Collections										
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	\$	-	\$	-	\$	-	\$	-	\$	5,222,083
Fees and Licenses	-	5,222,083	-	-	-	-	17,437	-	-	32,437
Fines, Penalties and Restitution Payments - Civil	-	-	-	-	15,000	-	-	20	-	82,288
Fines, Penalties and Restitution Payments - Criminal	-	38,235	-	-	82,268	-	-	95	-	38,350
Miscellaneous	-	59	-	-	-	-	3,892	-	-	3,951
Total Cash Collections	\$	-	\$	5,260,397	\$	97,268	\$	21,444	\$	5,379,109
Accrual Adjustments	-	-	-	-	5,617	-	26	-	-	5,643
Total Custodial Revenue	\$	-	\$	5,260,397	\$	100,885	\$	21,470	\$	5,382,752
Disposition of Collections										
Transferred to Federal Agencies	-	(96,346)	-	-	-	-	-	-	-	(96,346)
U.S. Department of Agriculture	-	(5,105)	-	-	-	-	-	-	-	(5,105)
U.S. Department of Commerce	-	(29,959)	-	-	-	-	-	-	-	(29,959)
U.S. Department of the Interior	-	(81,181)	-	-	-	-	-	-	-	(81,181)
U.S. Department of Justice	-	(736)	-	-	-	-	-	-	-	(736)
U.S. Department of Labor	-	(4,362)	-	-	-	-	-	-	-	(4,362)
U.S. Postal Service	-	(8,535)	-	-	-	-	-	-	-	(8,535)
U.S. Department of State	-	(1,307,778)	-	-	-	-	(2,113,88)	-	-	(249,184)
U.S. Department of the Treasury	-	(58,144)	-	-	-	-	-	-	-	(58,144)
Office of Personnel Management	-	(14,727)	-	-	-	-	-	-	-	(14,727)
Federal Communications Commission	-	(2,726)	-	-	-	-	-	-	-	(2,726)
Social Security Administration	-	(190)	-	-	-	-	-	-	-	(190)
Smithsonian Institution	-	(28,703)	-	-	-	-	-	-	-	(28,703)
U.S. Department of Veterans Affairs	-	(88,447)	-	-	-	-	-	-	-	(88,447)
General Services Administration	-	(3)	-	-	-	-	-	-	-	(3)
Securities and Exchange Commission	-	(71)	-	-	-	-	-	-	-	(71)
Railroad Retirement Board	-	(100)	-	-	-	-	-	-	-	(100)
Environmental Protection Agency	-	(341,267)	-	-	-	-	-	-	-	(341,267)
U.S. Department of Transportation	-	(7,236)	-	-	-	-	-	-	-	(7,236)
U.S. Department of Homeland Security	-	(66,843)	-	-	-	-	-	-	-	(66,843)
Agency for International Development	-	(22,233)	-	-	-	-	-	-	-	(22,233)
Small Business Administration	-	(10,447)	-	-	-	-	-	-	-	(10,447)
U.S. Department of Health and Human Services	-	(2,001,923)	-	-	-	-	-	-	-	(2,001,923)
National Aeronautics and Space Administration	-	(3,792)	-	-	-	-	-	-	-	(3,792)
Export-Import Bank of the United States	-	(24,643)	-	-	-	-	-	-	-	(24,643)
U.S. Department of Housing and Urban Development	-	(11,099)	-	-	-	-	-	-	-	(11,099)
U.S. Department of Energy	-	(2,093)	-	-	-	-	-	-	-	(2,093)
U.S. Department of Education	-	(55,431)	-	-	-	-	-	-	-	(55,431)
Independent Agencies	-	(67,264)	-	-	-	-	-	-	-	(67,264)
Treasury General Fund	-	(618,814)	-	-	-	-	-	-	-	(618,814)
U.S. Department of Defense	-	(173,894)	-	-	-	-	-	-	-	(173,894)
Transferred to the Public	-	(516,597)	-	-	-	-	-	-	-	(516,597)
(Increase)/Decrease in Amounts Yet to be Transferred	-	(304,330)	-	-	(3,617)	-	(332)	-	-	(307,947)
Refunds and Other Payments	-	(364,312)	-	-	-	-	-	-	-	(364,312)
Retained by the Reporting Entity	-	(118,068)	-	-	-	-	-	-	-	(118,068)
Net Custodial Activity	\$	-	\$	-	\$	-	\$	-	\$	-

U. S. Department of Justice
 Combining Statement of Custodial Activity
 For the Fiscal Year Ended September 30, 2010

Dollars in Thousands	AFFSADF	OBDS	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
Revenue Activity										
Sources of Cash Collections										
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	\$	-	\$	-	-	-	-	-	-	4,789,655
Fees and Licenses	-	4,789,655	-	-	-	-	13,985	-	-	28,985
Fines, Penalties and Restitution Payments - Civil	-	-	-	-	15,000	-	22	-	-	5,985
Fines, Penalties and Restitution Payments - Criminal	-	-	-	-	5,963	-	44	-	-	33,048
Miscellaneous	-	81	-	-	-	-	623	-	-	704
Total Cash Collections	\$	4,822,740	\$	20,963	\$	14,674	\$	14,674	\$	4,858,377
Accrual Adjustments	-	-	-	211	-	-	60	-	-	271
Total Custodial Revenue	\$	4,822,740	\$	21,174	\$	14,734	\$	14,734	\$	4,858,648
Disposition of Collections										
Transferred to Federal Agencies	-	(84,620)	-	-	-	-	-	-	-	(84,620)
U.S. Department of Agriculture	-	(1,725)	-	-	-	-	-	-	-	(1,725)
U.S. Department of Commerce	-	(283,244)	-	-	-	-	-	-	-	(283,244)
U.S. Department of the Interior	-	(24,865)	-	-	-	-	-	-	-	(24,865)
U.S. Department of Justice	-	(3,537)	-	-	-	-	-	-	-	(3,537)
U.S. Department of Labor	-	(6,762)	-	-	-	-	-	-	-	(6,762)
U.S. Postal Service	-	(199)	-	-	-	-	-	-	-	(199)
U.S. Department of State	-	(571,742)	-	(20,891)	-	-	-	-	-	(592,633)
U.S. Department of the Treasury	-	(46,636)	-	-	-	-	-	-	-	(46,636)
Office of Personnel Management	-	(2,693)	-	-	-	-	-	-	-	(2,693)
Federal Communications Commission	-	(3,558)	-	-	-	-	-	-	-	(3,558)
Social Security Administration	-	(209)	-	-	-	-	-	-	-	(209)
Smithsonian Institution	-	(35,068)	-	-	-	-	-	-	-	(35,068)
U.S. Department of Veterans Affairs	-	(4,008)	-	-	-	-	-	-	-	(4,008)
General Services Administration	-	(2)	-	-	-	-	-	-	-	(2)
Securities and Exchange Commission	-	(42)	-	-	-	-	-	-	-	(42)
Federal Deposit Insurance Corporation	-	(143)	-	-	-	-	-	-	-	(143)
Railroad Retirement Board	-	(720,010)	-	-	-	-	-	-	-	(720,010)
Environmental Protection Agency	-	(765)	-	-	-	-	-	-	-	(765)
U.S. Department of Transportation	-	(30,872)	-	-	-	-	-	-	-	(30,872)
U.S. Department of Homeland Security	-	(2,155)	-	-	-	-	-	-	-	(2,155)
Agency for International Development	-	(5,360)	-	-	-	-	-	-	-	(5,360)
Small Business Administration	-	(1,528,861)	-	-	-	-	-	-	-	(1,528,861)
U.S. Department of Health and Human Services	-	(2,859)	-	-	-	-	-	-	-	(2,859)
National Aeronautics and Space Administration	-	(4,704)	-	-	-	-	-	-	-	(4,704)
Export-Import Bank of the United States	-	(25,985)	-	-	-	-	-	-	-	(25,985)
U.S. Department of Housing and Urban Development	-	(2,281)	-	-	-	-	-	-	-	(2,281)
U.S. Department of Energy	-	(63,002)	-	-	-	-	-	-	-	(63,002)
U.S. Department of Education	-	(54,493)	-	-	-	-	-	-	-	(54,493)
Independent Agencies	-	(485,769)	-	-	-	-	-	-	-	(485,769)
Treasury General Fund	-	(112,640)	-	-	-	-	-	-	-	(112,640)
U.S. Department of Defense	-	(391,304)	-	-	-	-	-	-	-	(391,304)
Transferred to the Public	-	(210,225)	-	(283)	-	-	-	-	-	(210,508)
(Increase)/Decrease in Amounts Yet to be Transferred	-	(10,627)	-	-	-	-	-	-	-	(10,627)
Refunds and Other Payments	-	(101,775)	-	-	-	-	-	-	-	(101,775)
Retained by the Reporting Entity	-	-	-	-	-	-	-	-	-	-
Net Custodial Activity	\$	-	\$	-	\$	-	\$	-	\$	-

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Required Supplementary Stewardship Information

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U.S. Department of Justice
Required Supplementary Stewardship Information
Consolidated Stewardship Investments
For the Fiscal Years Ended September 30, 2011, 2010, 2009, 2008 and 2007

The Violent Offender Incarceration and Truth-In Sentencing (VOI/TIS) and the Correctional Grants for Tribal Programs are administered by OJP's Bureau of Justice Assistance (BJA). The VOI/TIS and Correctional Grants for Tribal Land programs provide grants to all states as well as the District of Columbia, Puerto Rico, Virgin Islands, American Samoa, Guam, the Northern Mariana Islands, and Tribes for the purposes of building or expanding correctional facilities and jails to increase secure confinement space for violent offenders. The facilities built or expanded with these funds constitute non-federal physical property.

VOI/TIS and CSCATL funds are available for the following purposes:

- Build or expand correctional facilities to increase the bed capacity for the confinement of persons convicted of a Part 1 violent crime or adjudicated delinquent for an act that, if committed by an adult, would be a Part 1 violent crime. NOTE: Part 1 violent crime included murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault as reported to the Federal Bureau of Investigation for purposes of the Uniform Crime Reports.
- Build or expand temporary or permanent correctional facilities, including facilities on military bases, prison barges, and boot camps, for the confinement of convicted offenders and criminal aliens, for the purpose of freeing suitable existing prison space for the confinement of persons convicted of a Part 1 violent crime.
- Build or expand jails.
- Additionally, since fiscal year (FY) 1999, up to 10.0 percent of a state's VOI/TIS award may be applied to the costs of offender drug testing or intervention programs during periods of incarceration and post-incarceration criminal justice supervision and/or pay the costs of providing the required reports on prison drug use.

VOI/TIS and CSCATL funds expended from FY 2007 through FY 2011 are as follows:

Dollars in Thousands	2011	2010	2009	2008	2007
Cooperative Agreement Program Administered by USMS	\$0	\$0	\$0	\$1,140	\$2,839
Discretionary Grants to Indian Tribes	52,339	24,768	14,320	5,094	11,334
Formula Grants to States	-1,139	11,389	41,561	59,011	188,171
Total	\$51,200	\$36,157	\$55,881	\$65,245	\$202,344