

Department of Defense
US Army Corps of Engineers
CONSOLIDATED BALANCE SHEET
As of June 30, 2009 and 2008

	<u>2009 Consolidated</u>	<u>2008 Consolidated</u>
1. ASSETS (Note 2)		
A. Intragovernmental:		
1. Fund Balance with Treasury (Note 3)	\$ 26,890,504,039.89	\$ 13,995,003,010.50
2. Investments (Note 4)	5,230,753,699.40	4,576,822,213.01
3. Accounts Receivable (Note 5)	899,905,916.56	935,695,154.23
5. Total Intragovernmental Assets	<u>\$ 33,021,163,655.85</u>	<u>\$ 19,507,520,377.74</u>
B. Cash and Other Monetary Assets (Note 7)	\$ 1,228,219.67	\$ 606,953.91
C. Accounts Receivable, Net (Note 5)	946,443,982.01	1,595,464,401.74
E. Inventory and Related Property, Net (Note 9)	126,423,679.44	113,868,401.05
F. General Property, Plant and Equipment, Net (Note 10)	26,912,100,842.23	26,884,135,578.05
H. Other Assets (Note 6)	616,330.60	608,382.21
2. TOTAL ASSETS	<u>\$ 61,007,976,709.80</u>	<u>\$ 48,102,204,094.70</u>
3. STEWARDSHIP PROPERTY, PLANT & EQUIPMENT (Note 10)		
4. LIABILITIES (Note 11)		
A. Intragovernmental:		
1. Accounts Payable (Note 12)	\$ 305,299,611.78	\$ 390,663,443.90
2. Debt (Note 13)	8,227,267.04	12,340,502.39
3. Other Liabilities (Note 15 & 16)	1,854,594,660.07	2,099,735,686.70
4. Total Intragovernmental Liabilities	<u>\$ 2,168,121,538.89</u>	<u>\$ 2,502,739,632.99</u>
B. Accounts Payable (Note 12)	\$ 853,834,482.59	\$ 368,051,695.34
C. Military Retirement and Other Federal Employment Benefits (Note 17)	253,356,063.87	251,886,940.53
D. Environmental and Disposal Liabilities (Note 14)	1,452,905,050.00	1,041,155,200.00
F. Other Liabilities (Note 15 & Note 16)	1,537,106,995.14	647,996,407.25
5. TOTAL LIABILITIES	<u>\$ 6,265,324,130.49</u>	<u>\$ 4,811,829,876.11</u>
6. COMMITMENTS AND CONTINGENCIES (NOTE 16)		
7. NET POSITION		
B. Unexpended Appropriations - Other Funds	20,962,393,471.91	9,948,449,444.55
C. Cumulative Results of Operations - Earmarked Funds	7,434,881,708.47	7,880,970,166.79
D. Cumulative Results of Operations - Other Funds	26,345,377,398.93	25,460,954,607.25
8. TOTAL NET POSITION	<u>\$ 54,742,652,579.31</u>	<u>\$ 43,290,374,218.59</u>
9. TOTAL LIABILITIES AND NET POSITION	<u>\$ 61,007,976,709.80</u>	<u>\$ 48,102,204,094.70</u>

Department of Defense
US Army Corps of Engineers
CONSOLIDATED STATEMENT OF NET COST
For the periods ended June 30, 2009 and 2008

	<u>2009 Consolidated</u>	<u>2008 Consolidated</u>
1. Program Costs		
A. Gross Costs	\$ 9,120,693,239.07	\$ 6,203,040,529.55
B. (Less: Earned Revenue)	(2,016,716,644.83)	(1,563,720,452.96)
C. Net Program Costs	<u>\$ 7,103,976,594.24</u>	<u>\$ 4,639,320,076.59</u>
4. Net Cost of Operations	<u>\$ 7,103,976,594.24</u>	<u>\$ 4,639,320,076.59</u>

Department of Defense
US Army Corps of Engineers
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
For the periods ended June 30, 2009 and 2008

	<u>2009 Earmarked Funds</u>	<u>2009 All Other Funds</u>
CUMULATIVE RESULTS OF OPERATIONS		
1. Beginning Balances	\$ 7,062,829,046.29	\$ 26,765,509,664.01
3. Beginning balances, as adjusted	<u>7,062,829,046.29</u>	<u>26,765,509,664.01</u>
4. Budgetary Financing Sources:		
4.B. Appropriations used	0.00	5,548,126,247.91
4.C. Nonexchange revenue	1,074,904,507.45	(12,199,115.10)
4.E. Transfers-in/out without reimbursement	(689,415,604.58)	885,626,267.91
5. Other Financing Sources:		
5.A. Donations and forfeitures of property	660,587.28	2,141,022.05
5.B. Transfers-in/out without reimbursement (+/-)	(31,355,591.70)	75,356,224.34
5.C. Imputed financing from costs absorbed by others	5,218.04	202,047,227.74
6. Total Financing Sources	<u>354,799,116.49</u>	<u>6,701,097,874.85</u>
7. Net Cost of Operations (+/-)	852,349,905.04	6,251,626,689.20
8. Net Change	<u>(497,550,788.55)</u>	<u>449,471,185.65</u>
9. Cumulative Results of Operations	6,565,278,257.74	27,214,980,849.66
UNEXPENDED APPROPRIATIONS		
10. Beginning Balances	\$ 0.00	\$ 10,611,801,106.70
12. Beginning balances, as adjusted	<u>0.00</u>	<u>10,611,801,106.70</u>
13. Budgetary Financing Sources:		
13.A. Appropriations received	0.00	15,898,718,613.12
13.B. Appropriations transferred-in/out	0.00	0.00
13.C. Other adjustments (rescissions, etc)	0.00	0.00
13.D. Appropriations used	0.00	(5,548,126,247.91)
14. Total Budgetary Financing Sources	0.00	10,350,592,365.21
15. Unexpended Appropriations	<u>0.00</u>	<u>20,962,393,471.91</u>
16. Net Position	<u>6,565,278,257.74</u>	<u>48,177,374,321.57</u>

Department of Defense
US Army Corps of Engineers
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
For the periods ended June 30, 2009 and 2008

	<u>2009 Eliminations</u>	<u>2009 Consolidated</u>
CUMULATIVE RESULTS OF OPERATIONS		
1. Beginning Balances	\$ 0.00	\$ 33,828,338,710.30
3. Beginning balances, as adjusted	0.00	33,828,338,710.30
4. Budgetary Financing Sources:		
4.B. Appropriations used	0.00	5,548,126,247.91
4.C. Nonexchange revenue	0.00	1,062,705,392.35
4.E. Transfers-in/out without reimbursement	0.00	196,210,663.33
5. Other Financing Sources:		
5.A. Donations and forfeitures of property	0.00	2,801,609.33
5.B. Transfers-in/out without reimbursement (+/-)	0.00	44,000,632.64
5.C. Imputed financing from costs absorbed by others	0.00	202,052,445.78
6. Total Financing Sources	0.00	7,055,896,991.34
7. Net Cost of Operations (+/-)	0.00	7,103,976,594.24
8. Net Change	0.00	(48,079,602.90)
9. Cumulative Results of Operations	0.00	33,780,259,107.40
UNEXPENDED APPROPRIATIONS		
10. Beginning Balances	\$ 0.00	\$ 10,611,801,106.70
12. Beginning balances, as adjusted	0.00	10,611,801,106.70
13. Budgetary Financing Sources:		
13.A. Appropriations received	0.00	15,898,718,613.12
13.B. Appropriations transferred-in/out	0.00	0.00
13.C. Other adjustments (rescissions, etc)	0.00	0.00
13.D. Appropriations used	0.00	(5,548,126,247.91)
14. Total Budgetary Financing Sources	0.00	10,350,592,365.21
15. Unexpended Appropriations	0.00	20,962,393,471.91
16. Net Position	0.00	54,742,652,579.31

Department of Defense
 US Army Corps of Engineers
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
 For the periods ended June 30, 2009 and 2008

	<u>2008 Earmarked Funds</u>	<u>2008 All Other Funds</u>
CUMULATIVE RESULTS OF OPERATIONS		
1. Beginning Balances	\$ 6,310,601,369.70	\$ 25,474,051,121.86
3. Beginning balances, as adjusted	<u>6,310,601,369.70</u>	<u>25,474,051,121.86</u>
4. Budgetary Financing Sources:		
4.B. Appropriations used	0.00	4,103,869,797.69
4.C. Nonexchange revenue	1,695,249,761.83	0.00
4.E. Transfers-in/out without reimbursement	(664,283,360.26)	881,649,787.19
5. Other Financing Sources:		
5.A. Donations and forfeitures of property	0.00	137,746.23
5.B. Transfers-in/out without reimbursement (+/-)	3,485,914.51	(12,445,794.87)
5.C. Imputed financing from costs absorbed by others	0.00	188,928,506.75
6. Total Financing Sources	<u>1,034,452,316.08</u>	<u>5,162,140,042.99</u>
7. Net Cost of Operations (+/-)	<u>303,328,403.21</u>	<u>4,335,991,673.38</u>
8. Net Change	<u>731,123,912.87</u>	<u>826,148,369.61</u>
9. Cumulative Results of Operations	<u>7,041,725,282.57</u>	<u>26,300,199,491.47</u>
UNEXPENDED APPROPRIATIONS		
10. Beginning Balances	\$ 0.00	\$ 8,578,322,211.69
12. Beginning balances, as adjusted	<u>0.00</u>	<u>8,578,322,211.69</u>
13. Budgetary Financing Sources:		
13.A. Appropriations received	0.00	5,466,285,030.55
13.B. Appropriations transferred-in/out	0.00	12,500,000.00
13.C. Other adjustments (rescissions, etc)	0.00	(4,788,000.00)
13.D. Appropriations used	0.00	(4,103,869,797.69)
14. Total Budgetary Financing Sources	<u>0.00</u>	<u>1,370,127,232.86</u>
15. Unexpended Appropriations	<u>0.00</u>	<u>9,948,449,444.55</u>
16. Net Position	<u>7,041,725,282.57</u>	<u>36,248,648,936.02</u>

Department of Defense
US Army Corps of Engineers
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
For the periods ended June 30, 2009 and 2008

	<u>2008 Eliminations</u>	<u>2008 Consolidated</u>
CUMULATIVE RESULTS OF OPERATIONS		
1. Beginning Balances	\$ 0.00	\$ 31,784,652,491.56
3. Beginning balances, as adjusted	0.00	31,784,652,491.56
4. Budgetary Financing Sources:		
4.B. Appropriations used	0.00	4,103,869,797.69
4.C. Nonexchange revenue	0.00	1,695,249,761.83
4.E. Transfers-in/out without reimbursement	0.00	217,366,426.93
5. Other Financing Sources:		
5.A. Donations and forfeitures of property	0.00	137,746.23
5.B. Transfers-in/out without reimbursement (+/-)	0.00	(8,959,880.36)
5.C. Imputed financing from costs absorbed by others	0.00	188,928,506.75
6. Total Financing Sources	0.00	6,196,592,359.07
7. Net Cost of Operations (+/-)	0.00	4,639,320,076.59
8. Net Change	0.00	1,557,272,282.48
9. Cumulative Results of Operations	0.00	33,341,924,774.04
UNEXPENDED APPROPRIATIONS		
10. Beginning Balances	\$ 0.00	\$ 8,578,322,211.69
12. Beginning balances, as adjusted	0.00	8,578,322,211.69
13. Budgetary Financing Sources:		
13.A. Appropriations received	0.00	5,466,285,030.55
13.B. Appropriations transferred-in/out	0.00	12,500,000.00
13.C. Other adjustments (rescissions, etc)	0.00	(4,788,000.00)
13.D. Appropriations used	0.00	(4,103,869,797.69)
14. Total Budgetary Financing Sources	0.00	1,370,127,232.86
15. Unexpended Appropriations	0.00	9,948,449,444.55
16. Net Position	0.00	43,290,374,218.59

Department of Defense
US Army Corps of Engineers
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the periods ended June 30, 2009 and 2008

	<u>2009 Combined</u>	<u>2008 Combined</u>
BUDGETARY FINANCING ACCOUNTS		
BUDGETARY RESOURCES:		
1. Unobligated balance, brought forward, October 1	\$ 11,692,716,868.99	\$ 9,648,232,102.72
2. Recoveries of prior year unpaid obligations	518,784,271.92	14,494,526.07
3. Budget authority		
3.A. Appropriation	17,046,831,404.61	6,924,076,855.51
3.D. Spending authority from offsetting collections		
3.D.1 Earned		
3.D.1.a. Collected	8,586,849,497.07	6,783,607,325.96
3.D.1.b. Change in receivables from Federal sources	121,319,899.59	(152,374,615.05)
3.D.2 Change in unfilled customer orders		
3.D.2.a. Advance received	123,143,262.17	235,421,980.94
3.D.2.b. Without advance from Federal sources	(1,815,703,238.21)	265,535,851.42
3.D.3. Anticipated for rest of year, without advances	2,674,749,993.76	2,146,647,373.39
3.D.5. Expenditure transfers from trust funds	772,543,000.00	766,000,000.00
3.E. Subtotal	<u>27,509,733,818.99</u>	<u>16,968,914,772.17</u>
4. Nonexpenditure transfers, net, anticipated and actual	172,625,488.96	183,038,685.41
5. Temporarily not available pursuant to Public Law	(203,135,749.99)	(201,500,000.02)
6. Permanently not available	(3,902,720.01)	(5,364,946.17)
7. Total Budgetary Resources	<u><u>\$ 39,686,821,978.86</u></u>	<u><u>\$ 26,607,815,140.18</u></u>

Department of Defense
US Army Corps of Engineers
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the periods ended June 30, 2009 and 2008

	<u>2009 Combined</u>	<u>2008 Combined</u>
Status of Budgetary Resources:		
8. Obligations incurred:		
8.A. Direct	\$ 7,380,868,997.29	\$ 6,314,827,763.61
8.B. Reimbursable	7,412,543,530.24	6,974,743,055.85
8.C. Subtotal	<u>14,793,412,527.53</u>	<u>13,289,570,819.46</u>
9. Unobligated balance:		
9.A. Apportioned	22,318,638,025.30	10,481,584,330.45
9.B. Exempt from apportionment	2,353,740,016.10	2,230,671,190.27
9.C. Subtotal	<u>24,672,378,041.40</u>	<u>12,712,255,520.72</u>
10. Unobligated balance not available	221,031,409.93	605,988,800.00
11. Total status of budgetary resources	<u><u>\$ 39,686,821,978.86</u></u>	<u><u>\$ 26,607,815,140.18</u></u>
Change in Obligated Balance:		
12. Obligated balance, net		
12.A. Unpaid obligations, brought forward, October 1	9,392,894,491.22	6,045,644,611.90
12.B. Less: Uncollected customer payments from Federal sources, brought forward, October 1	\$ (5,418,017,957.94)	\$ (4,136,257,550.36)
12.C. Total unpaid obligated balance	<u>3,974,876,533.28</u>	<u>1,909,387,061.54</u>
13. Obligations incurred net (+/-)	\$ 14,793,412,527.53	\$ 13,289,570,819.46
14. Less: Gross outlays	<u>(14,638,861,907.47)</u>	<u>(11,603,842,559.58)</u>
16. Less: Recoveries of prior year unpaid obligations, actual	<u>(518,784,271.92)</u>	<u>(14,494,526.07)</u>
17. Change in uncollected customer payments from Federal sources (+/-)	1,501,247,588.63	(304,661,236.39)
18. Obligated balance, net, end of period		
18.A. Unpaid obligations	9,028,660,839.36	7,716,878,345.71
18.B. Less: Uncollected customer payments from Federal sources (-)	(3,916,770,369.31)	(4,440,918,786.75)
18.C. Total, unpaid obligated balance, net, end of period	<u>5,111,890,470.05</u>	<u>3,275,959,558.96</u>
Net Outlays		
19. Net Outlays:		
19.A. Gross outlays	14,638,861,907.47	11,603,842,559.58
19.B. Less: Offsetting collections	(9,289,400,009.25)	(7,593,529,306.88)
19.C. Less: Distributed Offsetting receipts	(374,398,445.88)	(495,870,861.40)
19.D. Net Outlays	<u><u>\$ 4,975,063,452.34</u></u>	<u><u>\$ 3,514,442,391.30</u></u>

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

These financial statements have been prepared to report the financial position and results of operations of the U.S. Army Corps of Engineers (USACE) Civil Works Program, as required by the Chief Financial Officers Act of 1990, expanded by the Government Management Reform Act of 1994, and other appropriate legislation. The financial statements have been prepared from the books and records of USACE in accordance with the Department of Defense (DoD), Financial Management Regulation (FMR), Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, and to the extent possible generally accepted accounting principles (GAAP). The accompanying financial statements account for all Civil Works resources for which USACE is responsible unless otherwise noted.

The USACE's financial statements are prepared from the consolidation of general ledger financial data reported from the Corps of Engineers Financial Management System (CEFMS) to the Corps of Engineers Enterprise Management Information System (CEEMIS). The financial statements are presented on the accrual basis of accounting as required by GAAP.

The auditors identified one financial statement material weakness in the FY 2008 audit of USACE financial statements in the area of General Property, Plant, and Equipment. The USACE believes this material weakness has been effectively mitigated in FY 2009 through the use of corrective action plans and continuous monitoring.

1.B. Mission of the Reporting Entity

The primary missions of USACE include maintaining navigation channels, reducing flooding, assisting during natural disasters and other emergencies, and making waterways passable. The Civil Works Program supports the Department of Homeland Security in carrying out the National Response Plan. The USACE's primary role in support of this plan is to provide emergency support in areas of public works and engineering. The USACE responds to more than 30 presidential disaster declarations in a typical year, and its highly trained workforce is prepared to deal with both man-made and natural disasters.

1.C. Appropriations and Funds

The USACE Civil Works Program receives federal funding through the annual Energy and Water Development Appropriations Act. Program funding also comes from nonfederal project sponsors who share in project costs according to formulas established by project authorization acts. A third source of funding comes through the Support for Others Program, which is conducted under reimbursable agreements with federal agencies.

The USACE Civil Works Program receives its appropriations and funds as general, revolving, trust, special, and deposit funds. The USACE uses these appropriations and funds to execute its missions and subsequently report on resource usage.

General funds are used for financial transactions funded by congressional appropriations, including personnel, operation and maintenance, research and development, procurement, and construction accounts.

Revolving funds received funding to establish an initial corpus through an appropriation or a transfer of resources from existing appropriations or funds. The corpus finances operations and transactions that flow through the fund. The revolving fund resources the goods and services sold to customers on a reimbursable basis and maintains the corpus. Reimbursable receipts fund future operations and generally are available in their entirety for use without further congressional action.

Trust funds contain receipts and expenditures of funds held in trust by the government for use in carrying out specific purposes or programs in accordance with the terms of the donor, trust agreement, or statute. Certain trust and special funds may be designated as earmarked funds. Earmarked funds are financed by specifically identified revenues, required by statute to be used for designated activities, benefits or purposes, and remain available over time. Earmarked funds also have a requirement to account for and report on the receipt, use and retention of revenues and other financing sources that distinguish them from general revenues.

Special fund accounts are used to record government receipts reserved for a specific purpose.

Deposit funds are used to record amounts held temporarily until paid to the appropriate government or public entity. The USACE is acting as an agent or a custodian for funds awaiting distribution.

The USACE is a party to allocation transfers with other federal agencies as a receiving (child) entity. Allocation transfers are legal delegations by one agency of its authority to obligate budget authority and outlay funds to another agency. 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. Exceptions to this general rule apply to specific funds for which OMB has directed that all activity be reported in the financial statements of the child entity. Exceptions include all U.S. Treasury-Managed Trust Funds, Executive Office of the President, and all other funds specifically designated by OMB. The USACE is a party to allocation transfers as the child for the following funds meeting the OMB exception and all related activity is thus included in USACE's financial statements: South Dakota Terrestrial Wildlife Habitat Restoration, Inland Waterways, and Harbor Maintenance Trust Funds.

Additionally, USACE is a party to allocation transfers as the child for the following agencies: Department of Agriculture, Department of the Interior, Appalachian Regional Commission, Department of Transportation, and Department of Energy.

The USACE received borrowing authority from the U.S. Treasury to finance capital improvements to the Washington Aqueduct. Borrowing activity is complete and USACE provides quarterly payments to the U.S. Treasury.

Entity Accounts:

General Funds

96X3112	Flood Control, Mississippi River and Tributaries
96 3113	Mississippi River and Tributaries, Recovery Act
96X3121	Investigations
96 3121	Investigations (fiscal year)
96X3122	Construction
96X3123	Operation and Maintenance, General
96 3123	Operation and Maintenance, General
96X3124	General Expenses
96 3124	General Expenses
96X3125	Flood Control and Coastal Emergencies
96 3125	Flood Control and Coastal Emergencies
96X3126	Regulatory Program
96X3128	Washington Aqueduct Capital Improvements
96 3129	Payment to the South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund
96X3130	Formerly Utilized Sites Remedial Action Program
96X3132	Office of Assistant Secretary of the Army, Civil Works
96 3132	Office of Assistant Secretary of the Army, Civil Works
96 3133	Investigations, Recovery Act
96 3134	Construction, Recovery Act
96 3135	Operation and Maintenance, Recovery Act
96 3136	Regulatory Program, Recovery Act
96 3137	Formerly Utilized Sites Remedial Action Program, Recovery Act
96 3138	General Expenses, Recovery Act
96X6094	Advances from the District of Columbia

Revolving Funds

96X4902	Revolving Fund
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Special Funds

96X5007	Special Recreation Use Fees
96X5066	Hydraulic Mining in California, Debris
96X5090	Payments to States, Flood Control Act of 1954
96X5125	Maintenance and Operation of Dams and Other Improvements of Navigable Waters

96X5493 Fund for Non-Federal Use of Disposal Facilities
96 5493 Fund for Non-Federal Use of Disposal Facilities

Trust Funds

96X8217 South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund
96X8333 Coastal Wetlands Restoration Trust Fund
96X8861 Inland Waterways Trust Fund
96 96X8861 Inland Waterways Trust Fund
96X8862 Rivers and Harbors Contributed and Advance Funds
96X8863 Harbor Maintenance Trust Fund
96 96X8863 Harbor Maintenance Trust Fund
96 96X8873 Harbor Maintenance Trust Fund - Recovery Act

Transfer Funds (reported by the Parent)

96 12X1105 State and Private Forestry, Forest Service
96 14X1039 Construction, National Park Service
96 14X5035 Land Acquisition and State Assistance, National Park Service
96 14X5573 Permit Processing Fund, Bureau of Land Management
96 46X0200 Appalachian Regional Development Programs, Appalachian Regional
Commission
96 69X8083 Federal - Aid Highways (Liquidation of Contract Authorization), Federal
Highway Administration
96 89X4045 Bonneville Power Administration Fund, Power Marketing Administration,
Department of Energy
96 69X0500 Emergency Relief Program, Federal Highway Administration

Nonentity Accounts:

Deposit Funds

96X6500 Advances Without Orders from Non-Federal Sources
96X6501 Small Escrow Amounts

Clearing Accounts

96F3875 Budget Clearing Account (suspense)
96F3880 Unavailable Check Cancellations and Overpayments (suspense)
96F3885 Undistributed Intragovernmental Payments

Receipt Accounts

96 0891 Miscellaneous Fees for Regulatory and Judicial Services, Not
Otherwise Classified
96 1060 Forfeitures of Unclaimed Money and Property
96 1099 Fines, Penalties, and Forfeitures, Not Otherwise Classified
96 1299 Gifts to the United States, Not Otherwise Classified
96 1435 General Fund Proprietary Interest, Not Otherwise Classified
96 3220 General Fund Proprietary Receipts, Not Otherwise Classified, All Other
96 5005 Land and Water Conservation Fund

96 5007	Special Recreation Use Fees
96 5066	Hydraulic Mining in California
96 5090	Receipts from Leases of Lands Acquired for Flood Control, Navigation, and Allied Purposes
96 5125	Licenses under Federal Power Act, Improvements of Navigable Waters, Maintenance and Operation of Dams, etc., (50%)
96 5493	User Fees, Fund for Non-Federal Use of Disposal Facilities

Obsolete Accounts

96 13X1450	96 89X0224	96X6145	96F3886	96 1499
96 14X2301	96 20X8145	96X6275	96 0199	96 2413
96 19 00 1082	96 21X2020	96X6302	96 0869	96 2814
96 47X4542	96X6050	96X6999	96 1030	96 3102
96 67X0204	96X6075	96X8868	96 1040	96 3124
96 72 00/01 1021	96X3930	96X6134	96F3879	96 1210

1.D. Basis of Accounting

For FY 2009, USACE's financial management system meets all of the requirements for full accrual accounting. The USACE transactions are recorded on an accrual accounting basis as required by GAAP. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred without regard to receipt or payment of cash. Budgetary accounting is accomplished through unique general ledger accounts to facilitate compliance with legal and internal control requirements associated with the use of federal funds in accordance with the Treasury Financial Manual.

The CEFMS records transactions based on the U.S. Standard General Ledger (USSGL). The CEFMS is a fully integrated, automated, and comprehensive financial management system that simplifies the management of all aspects of USACE's business. The CEFMS is used at all divisions, districts, centers, laboratories, and field offices.

1.E. Revenues and Other Financing Sources

The USACE receives congressional appropriations as financing sources for general funds on either an annual or multi-year basis. When authorized by legislation, these appropriations are supplemented by revenues generated by sales of goods or services. The USACE recognizes revenue as a result of costs incurred for goods or services provided to other federal agencies and the public. Full cost pricing is USACE's standard policy for goods or services provided as required by OMB Circular A-25, Transmittal Memorandum #1, User Charges. The USACE recognizes revenue when earned.

1.F. Recognition of Expenses

For financial reporting purposes, the DoD policy requires the recognition of operating expenses in the period incurred. The USACE's financial system collects and records financial information on the full accrual accounting basis. Expenses, such as civilian

earned leave, are financed in the period when earned. An exception is sick leave, which is expensed as taken. Accrual adjustments are made for environmental liabilities. The USACE's expenditures for capital and other long-term assets are recognized as operating expenses as the assets are depreciated. In the case of Operating Materials and Supplies (OM&S), operating expenses are recognized when the items are consumed.

1.G. Accounting for Intragovernmental Activities

Preparation of reliable financial statements requires the elimination of transactions occurring among entities within DoD or between two or more federal agencies. The USACE is able to identify all federal trading partner activity at the detail transaction level. The USACE eliminates transactions within USACE Civil Works Program in these consolidated financial statements.

The U.S. Treasury Financial Management Service is responsible for eliminating transactions between DoD and other federal agencies. The Treasury Financial Manual, Part 2 – Chapter 4700, “Agency Reporting Requirements for the Financial Report of the United States Government,” and the U.S. Treasury’s “Federal Intragovernmental Transactions Accounting Policy Guide” provide guidance for reporting and reconciling intragovernmental balances. While USACE is unable to fully reconcile intragovernmental transactions with all federal partners, USACE is able to reconcile balances pertaining to investments in federal securities, borrowings from the U.S. Treasury and the Federal Financing Bank, Federal Employees’ Compensation Act transactions with the Department of Labor, and benefit program transactions with the Office of Personnel Management. The USACE implemented policies and procedures related to reconciling intragovernmental assets, liabilities, revenues, and expenses for nonfiduciary transactions. Entities whose financial systems are unable to capture and provide complete, pertinent data limit the degree of intragovernmental reconciliation. The USACE is able to fully reconcile with those entities whose financial systems do have the capability to capture and provide all pertinent information needed for accurate intragovernmental reconciliation.

The DoD’s proportionate share of public debt and related expenses of the Federal Government is not included. The Federal Government does not apportion debt and its related costs to federal agencies. The DoD’s financial statements, therefore, do not report any portion of the public debt or interest thereon, nor do the statements report the source of public financing whether from issuance of debt or tax revenues.

Financing for the construction of DoD facilities is obtained through appropriations. To the extent this financing ultimately may have been obtained through the issuance of public debt, interest costs have not been capitalized since the U.S. Treasury does not allocate such interest costs to the benefiting agencies.

1.H. Transactions with Foreign Governments and International Organizations

The USACE Civil Works Program does not have transactions with foreign governments and/or international organizations.

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

The USACE's monetary resources are maintained in U.S. Treasury accounts. The disbursing offices of the USACE Finance Center (UFC), the Defense Finance and Accounting Service (DFAS), and the Department of State's financial service centers process the majority of USACE's cash collections, disbursements, and adjustments worldwide. Each disbursing station prepares monthly reports to the U.S. Treasury on check issues, electronic fund transfers, interagency transfers, and deposits.

In addition, UFC and DFAS sites submit reports to the U.S. Treasury by appropriation on interagency transfers, collections received, and disbursements issued. The U.S. Treasury records these transactions to the applicable Fund Balance with Treasury (FBWT) account. The USACE's recorded balance in FBWT accounts and U.S. Treasury's FBWT accounts must balance monthly.

1.J. Foreign Currency

Cash is the total of cash resources under the control of DoD, which includes coin, paper currency, negotiable instruments, and amounts held for deposit in banks and other financial institutions. Foreign currency consists of the total U.S. dollar equivalent of both purchased and nonpurchased foreign currencies held in foreign currency fund accounts.

The majority of cash and all foreign currency is classified as nonentity and is restricted. Amounts reported consist primarily of cash and foreign currency held by disbursing officers to carry out their paying, collecting, and foreign currency accommodation exchange missions.

The USACE conducts operations overseas on behalf of the U.S. Government which involves the use of foreign currency. Foreign currency fluctuations require adjustments to the original obligation amount at the time of payment. The USACE does not separately identify currency fluctuation transactions.

1.K. Accounts Receivable

As presented in the Balance Sheet, accounts receivable includes three categories: accounts, claims, and refunds receivable from other federal entities or from the public. The USACE bases the allowance for uncollectible accounts receivable due from the public on established percentages per aged category of the cumulative balance of delinquent public receivables. The calculation and financial transaction updates are performed automatically in CEFMS. The DoD does not recognize an allowance for estimated uncollectible amounts from other federal agencies. Claims against other federal agencies are to be resolved between the agencies in accordance with dispute resolution procedures defined in the Intragovernmental Business Rules published in the Treasury Financial Manual.

1.L. Direct Loans and Loan Guarantees

The USACE does not operate a direct loan and/or loan guarantee program.

1.M. Inventories and Related Property

The USACE inventories are valued at approximate historical cost based on a moving average cost. A perpetual record of inventory is maintained in CEFMS to allow for recomputation of the average unit cost as new receipts are recorded. The CEFMS maintains historical cost data necessary to comply with SFFAS No. 3, "Accounting for Inventory and Related Property."

Work in process (WIP) balances include costs related to the production or servicing of items, including direct material, direct labor, applied overhead and other direct costs. The WIP also includes the value of finished products or completed services that are yet to be placed in service and transferred to an asset account.

Related property includes OM&S. The USACE uses the consumption method of accounting for OM&S, as defined in SFFAS No. 3, and the OM&S are valued at moving average cost. Once OM&S is issued to the end user, the materials and/or supplies are expensed.

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

The USACE reports investments in U.S. Treasury securities at cost, net of amortized premiums or discounts. Premiums or discounts are amortized over the term of the investment using the effective interest rate method or another method obtaining similar results. The USACE's intent is to hold investments to maturity, unless they are needed to finance claims or otherwise sustain operations. Consequently, a provision is not made for unrealized gains or losses on these securities.

The Bureau of Public Debt (BPD), on behalf of USACE, invests in nonmarketable securities. The two types of nonmarketable securities are par value and market-based intragovernmental securities. The BPD issues nonmarketable par value intragovernmental securities. Nonmarketable, market-based intragovernmental securities mirror marketable securities, but are not publicly traded.

The USACE's net investments are held by three trust funds. These funds include South Dakota Terrestrial Wildlife Habitat Restoration, Inland Waterways, and Harbor Maintenance Trust Fund accounts.

1.O. General Property, Plant and Equipment

The USACE Civil Works General Property, Plant, and Equipment (PP&E) is capitalized at historical acquisition cost plus capitalized improvements when an asset has a useful life of two or more years and the acquisition cost exceeds \$25 thousand. One exception is that all buildings and structures related to hydropower projects are capitalized regardless of cost.

When it is in the best interest of the government, USACE provides government property to contractors to complete contract work. The USACE either owns or leases such property and it is reported on the Balance Sheet when it exceeds the capitalization threshold.

1.P. Advances and Prepayments

When advances are permitted by law, legislative action, or presidential authorization, the DoD's policy is to record advances or prepayments in accordance with GAAP. As such, payments made in advance of the receipt of goods and services are reported as an asset on the Balance Sheet. The DoD's policy is to expense and/or properly classify assets when the related goods and services are received.

1.Q. Leases

Lease payments for the rental of operating facilities are classified as either capital or operating leases. When a lease is essentially equivalent to an installment purchase of property (a capital lease), USACE records the applicable asset and liability if the value equals or exceeds the current capitalization threshold. The USACE records the amounts as the lesser of the present value of the rental and other lease payments during the lease term (excluding portions representing executory costs paid to the lessor) or the asset's fair market value. The discount rate for the present value calculation is either the lessor's implicit interest rate or the government's incremental borrowing rate at the inception of the lease. The USACE, as the lessee, receives the use and possession of leased property, for example, real estate, from a lessor in exchange for a payment of funds. An operating lease does not substantially transfer all the benefits and risk of ownership. Payments for operating leases are charged to expense over the lease term as it becomes payable.

Office space is the largest component of USACE operating leases. These costs were gathered from existing leases, General Services Administration (GSA) bills, and Interservice Support Agreements. Future year projections use the Consumer Price Index (CPI) rather than the DoD inflation factor. The CPI impacts increases to the leases, especially those at commercial lease sites.

1.R. Other Assets

Other assets consist of travel advances that are not reported elsewhere on USACE's Balance Sheet.

1.S. Contingencies and Other Liabilities

The SFFAS No. 5, "Accounting for Liabilities of the Federal Government," as amended by SFFAS No. 12, "Recognition of Contingent Liabilities Arising from Litigation," defines a contingency as an existing condition, situation, or set of circumstances that involves an uncertainty as to possible gain or loss. The uncertainty will be resolved when one or more future events occur or fail to occur. The USACE recognizes contingent liabilities when past events or exchange transactions occur, a future loss is probable, and the loss amount can be reasonably estimated.

Financial statement reporting is limited to disclosure when conditions for liability recognition do not exist but there is at least a reasonable possibility of incurring a loss or additional losses. Examples of loss contingencies include the collectibility of receivables, pending or threatened litigation, and possible claims and assessments. The USACE's risk of loss and resultant contingent liabilities arise from pending or threatened litigation or claims and assessments due to events such as aircraft, ship and vehicle accidents; property or environmental damages; and contract disputes.

Other liabilities arise as a result of anticipated disposal costs for USACE's assets. This type of liability has two components: nonenvironmental and environmental. Consistent with SFFAS No. 6, "Accounting for Property, Plant, and Equipment," recognition of an anticipated environmental disposal liability begins when the asset is placed into service. Nonenvironmental disposal liabilities are recognized for assets when management decides to dispose of an asset based upon DoD's policy, which is consistent with SFFAS No. 5.

1.T. Accrued Leave

The USACE reports a liability for civilian earned leave, except sick leave, that has been accrued and not used as of the Balance Sheet date. Sick leave is expensed as taken. The liability reported at the end of the accounting period reflects current pay rates.

1.U. Net Position

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

Unexpended Appropriations represent the amounts of authority that are unobligated and have not been rescinded or withdrawn. Unexpended Appropriations also represent amounts obligated for which legal liabilities for payments have not been incurred.

Cumulative Results of Operations represent the net difference, since inception of an activity, between expenses and losses, and financing sources (including appropriations, revenue, and gains). Beginning with FY 1998, the cumulative results also include donations and transfers in and out of assets that were not reimbursed.

1.V. Treaties for Use of Foreign Bases

The USACE Civil Works Program does not have treaties for use of foreign bases.

1.W. Unexpended Obligations

The USACE obligates funds to provide goods and services for outstanding orders not yet delivered. Unless the title has passed, the financial statements do not reflect a liability for payment for goods and services not yet delivered. Unexpended obligations includes both obligations for which goods and services have been delivered (title passed) and a liability recognized, and obligations for which no delivery has occurred and no liability recognized. The balance of unexpended obligations appears immediately before net

outlays in the Statement of Budgetary Resources, and is referred to as, "Total, unpaid obligated balances, net, end of period."

1.X. Undistributed Disbursements and Collections

Undistributed disbursements and collections represent the difference between disbursements and collections matched at the transaction level to a specific obligation, payable, or receivable in the activity field records as opposed to those reported by the U.S. Treasury. These amounts should agree with the undistributed amounts reported on the monthly accounting reports. In transit payments are those payments that have been made, but have not been recorded in the fund holder's accounting records. These payments are applied to the entities' outstanding accounts payable balance. In transit collections are those collections from other agencies or entities that have not been recorded in the accounting records. These collections are also applied to the entities' accounts receivable balance.

All undistributed disbursements and collections for USACE are unrecorded Intragovernmental Payment and Collection transactions with other Federal entities.

1.Y. Significant Events

The USACE received additional funding under the American Recovery and Reinvestment Act, 2009.

1.Z. Fiduciary Activities

The USACE does not have fiduciary activities.

1.AA. Accounts Payable

Accounts payable are the amounts owed by USACE for goods and services received from other entities, progress in contract performance made by other entities, and rents due to other entities. The USACE has no known delinquent accounts payable.

1.AB. Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources are those liabilities that are not covered by permanent indefinite appropriations, which have been enacted and signed into law and are available for use as of the Balance Sheet date.

Note 2.	Nonentity Assets
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As of June 30	2009	2008
1. Intragovernmental Assets		
A. Fund Balance with Treasury	\$ 54,471,170.07	\$ 92,201,280.50
B. Accounts Receivable	2,072.00	3,129.22
C. Total Intragovernmental Assets	\$ 54,473,242.07	\$ 92,204,409.72
2. Nonfederal Assets		
A. Cash and Other Monetary Assets	\$ 1,228,219.67	\$ 606,953.91
B. Accounts Receivable	916,342,533.18	1,573,825,026.19
C. Other Assets	0.00	0.00
D. Total Nonfederal Assets	\$ 917,570,752.85	\$ 1,574,431,980.10
3. Total Nonentity Assets	\$ 972,043,994.92	\$ 1,666,636,389.82
4. Total Entity Assets	\$ 60,035,932,714.88	\$ 46,435,567,704.88
5. Total Assets	\$ 61,007,976,709.80	\$ 48,102,204,094.70

Other Information

Asset accounts are categorized either as entity or nonentity. Entity accounts consist of resources that USACE has authority to use or where management is legally obligated to use funds to meet entity obligations. Nonentity assets are assets for which USACE maintains stewardship accountability and responsibility to report but are not available for USACE's operations.

Intragovernmental Nonentity Fund Balance with Treasury consists of amounts collected into deposit and suspense accounts and is not available for use in operations. Deposit and suspense accounts are used to record amounts held temporarily until ownership is determined. The USACE is acting as an agent or custodian for funds awaiting distribution.

Intragovernmental Nonentity Accounts Receivable consists of a receivable at USACE Kansas City district from the Federal Bureau of Investigation for the installation of a joint usage antenna, and a receivable at USACE Detroit district from the National Oceanic and Atmospheric Administration for moorage of research vessel Shenehon. Nonentity accounts receivable are recorded in unavailable receipt accounts, and funds are submitted to the U.S. Treasury when collected. The USACE does not have specific statutory authority to keep the receipts.

Nonfederal Nonentity Cash and Other Monetary Assets reflect the Disbursing Officer's Accountability, which is comprised of change funds for recreation cashiers, disbursing officer's cash, and foreign currency. The Disbursing Officer acts as an agent for the U.S. Treasury.

Nonfederal Nonentity Accounts Receivable represents all current and noncurrent receivables due from nonfederal sources. This includes noncurrent receivables due from state and local municipalities for long-term water storage contracts; current receivables due from state and local municipalities for water storage;

accrued interest receivable; penalties, fines, and administrative fees receivable; long-term receivables for hydraulic mining; leasing of land acquired for flood control purposes; and the allowance for doubtful accounts. Nonentity accounts receivable are recorded in unavailable receipt accounts, including an offsetting custodial liability due to the U.S. Treasury, and funds are returned to the U.S. Treasury when collected. The USACE does not have specific statutory authority to keep the receipts.

Note 3.	Fund Balance with Treasury
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As of June 30	2009	2008
1. Fund Balances		
A. Appropriated Funds	\$ 24,428,372,060.17	\$ 11,642,986,319.79
B. Revolving Funds	1,386,279,389.36	1,263,418,876.58
C. Trust Funds	859,932,384.25	865,357,453.76
D. Special Funds	49,383,317.85	14,476,945.90
E. Other Fund Types	166,536,888.26	208,763,414.47
F. Total Fund Balances	\$ 26,890,504,039.89	\$ 13,995,003,010.50
2. Fund Balances Per Treasury Versus Agency		
A. Fund Balance per Treasury	\$ 26,890,504,039.89	\$ 13,293,388,865.04
B. Fund Balance per USACE	26,890,504,039.89	13,995,003,010.50
3. Reconciling Amount	\$ 0.00	\$ (701,614,145.46)

Reconciling Amount

The USACE no longer has a Reconciling Amount. Previously, the reconciling amount was the cash in trust funds managed by the U.S. Treasury, Bureau of Public Debt on behalf of USACE. The U.S. Treasury issued Treasury Financial Manual Announcement No. A-2009-04 in March 2009. This announcement converted the Harbor Maintenance and Inland Waterways Trust Funds from Treasury Index 20, Department of Treasury, to Treasury Index 96, Corps of Engineers, Civil. These trust funds are now included on the USACE Governmentwide Account Statement and are included in the Fund Balance per USACE.

Other Information

Appropriated Funds includes net disbursements for undistributed Intragovernmental Payment and Collection (IPAC) transactions. These are distributed to the appropriate funds the following month.

Other Fund Types (nonentity) consist of deposit accounts which are not available to finance USACE activities. Other Fund Types (entity) consists of borrowing authority, unavailable receipt accounts, deposit funds and the suspense account established to finance Washington Aqueduct operations.

Status of Fund Balance with Treasury

As of June 30	2009	2008
1. Unobligated Balance		
A. Available	\$ 21,978,287,675.54	\$ 11,299,701,421.62
B. Unavailable	5,292,349,998.27	4,237,435,555.70
2. Obligated Balance not yet Disbursed	\$ 8,351,217,419.01	\$ 7,072,864,471.29
3. Nonbudgetary FBWT	\$ 90,807,314.85	\$ 92,244,498.27
4. NonFBWT Budgetary Accounts	\$ (8,822,158,367.78)	\$ (8,707,242,936.38)
5. Total	\$ 26,890,504,039.89	\$ 13,995,003,010.50

Definitions

The Status of Fund Balance with Treasury reflects the budgetary resources to support the Fund Balance with Treasury (FBWT).

Unobligated Balance represents the cumulative amount of budgetary authority that has not been set aside to cover outstanding obligations. Unobligated Balance is classified as available or unavailable and is associated with appropriations expiring at fiscal year end that remain available only for obligation adjustments until the account is closed.

Obligated Balance not yet Disbursed represents funds that have been obligated for goods that have not been received, services that have not been performed, and goods and services that have been delivered/received but not yet paid.

Nonbudgetary FBWT includes entity and nonentity FBWT accounts which represent adjustments that do not have budgetary authority, such as clearing accounts, unavailable receipt accounts and suspense accounts.

NonFBWT Budgetary Accounts represents adjustments to budgetary accounts that do not affect FBWT such as borrowing authority, investment accounts, accounts receivable and unfilled orders without advance from customers. This category reduces the Status of Fund Balance with Treasury.

Restricted Unobligated Unavailable Balances

Unobligated balances are segregated to show available and unavailable amounts in the note schedule. Certain unobligated balances may be restricted to future use and are not apportioned for current use. The USACE is the lead agency for reporting the financial data for the Inland Waterways, Harbor Maintenance, and South Dakota Terrestrial Wildlife Habitat Restoration trust funds. These trust funds remain invested and restricted for use until transferred to meet current expenditure requirements. The U.S. Treasury, Bureau of Public Debt (BPD) maintains the investments and the investment accounting records and invests the trust fund receipts.

Note 4.	Investments and Related Interest
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As of June 30	2009				
	Cost	Amortization Method	Amortized (Premium) / Discount	Investments, Net	Market Value Disclosure
1. Intragovernmental Securities					
A. Nonmarketable, Market-Based					
1. Military Retirement Fund	\$ 0.00		\$ 0.00	\$ 0.00	\$ 0.00
2. Medicare Eligible Retiree Health Care Fund	0.00		0.00	0.00	0.00
3. US Army Corps of Engineers	5,217,204,723.74	Level Yield Calculation	(36,580,036.98)	5,180,624,686.76	5,324,291,457.78
4. Other Funds	0.00		0.00	0.00	0.00
5. Total Nonmarketable, Market-Based	5,217,204,723.74		(36,580,036.98)	5,180,624,686.76	5,324,291,457.78
B. Accrued Interest	50,129,012.64			50,129,012.64	50,129,012.64
C. Total Intragovernmental Securities	\$ 5,267,333,736.38		\$ (36,580,036.98)	\$ 5,230,753,699.40	\$ 5,374,420,470.42
2. Other Investments					
A. Total Other Investments	\$ 0.00		\$ 0.00	\$ 0.00	N/A
3. Intragovernmental Securities					
A. Nonmarketable, Market-Based					
1. Military Retirement Fund	\$ 0.00		\$ 0.00	\$ 0.00	\$ 0.00
2. Medicare Eligible Retiree Health Care Fund	0.00		0.00	0.00	0.00
3. US Army Corps of Engineers	4,545,027,946.15	Level Yield Calculation	(19,150,054.07)	4,525,877,892.08	4,613,940,387.48
4. Other Funds	0.00		0.00	0.00	0.00
5. Total Nonmarketable, Market-Based	4,545,027,946.15		(19,150,054.07)	4,525,877,892.08	4,613,940,387.48
B. Accrued Interest	50,944,320.93			50,944,320.93	50,944,320.93
C. Total Intragovernmental Securities	\$ 4,595,972,267.08		\$ (19,150,054.07)	\$ 4,576,822,213.01	\$ 4,664,884,708.41
4. Other Investments					
A. Total Other Investments	\$ 0.00		\$ 0.00	\$ 0.00	N/A

Other Information

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with earmarked funds. The cash generated from earmarked funds are deposited in the U.S. Treasury, which uses the cash for general Government purposes. The U.S. Treasury securities are issued to the earmarked funds as evidence of its receipts. The U.S. Treasury securities are an asset to USACE and a liability to the U.S. Treasury. Because USACE and the U.S. Treasury are both parts of the Government, these assets and liabilities offset each other from the standpoint of the Government as a whole. For this reason, they do not represent an asset or a liability in the U.S. Governmentwide financial statements. The U.S. Treasury securities provide USACE with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When USACE requires redemption of these securities to make expenditures, the Government finances the securities out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

The composition of total investments in the trust funds is \$5.0 billion in the Harbor Maintenance Trust Fund, \$136.8 million in the Inland Waterways Trust Fund, and \$131.5 million in the South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund.

The U.S. Treasury provides the investment market value based on the bid price provided by the Federal Reserve Bank of New York on June 30, 2009.

Note 5.	Accounts Receivable
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As of June 30	2009		
	Gross Amount Due	Allowance For Estimated Uncollectibles	Accounts Receivable, Net
1. Intragovernmental Receivables	\$ 899,905,916.56	N/A	\$ 899,905,916.56
2. Nonfederal Receivables (From the Public)	\$ 947,410,694.92	\$ (966,712.91)	\$ 946,443,982.01
3. Total Accounts Receivable	\$ 1,847,316,611.48	\$ (966,712.91)	\$ 1,846,349,898.57

As of June 30	2008		
	Gross Amount Due	Allowance For Estimated Uncollectibles	Accounts Receivable, Net
1. Intragovernmental Receivables	\$ 935,695,154.23	N/A	\$ 935,695,154.23
2. Nonfederal Receivables (From the Public)	\$ 1,597,487,539.13	\$ (2,023,137.39)	\$ 1,595,464,401.74
3. Total Accounts Receivable	\$ 2,533,182,693.36	\$ (2,023,137.39)	\$ 2,531,159,555.97

Note 6.	Other Assets
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As of June 30

	2009	2008
1. Intragovernmental Other Assets		
A. Advances and Prepayments	\$ 0.00	\$ 0.00
B. Other Assets	0.00	0.00
C. Total Intragovernmental Other Assets	\$ 0.00	\$ 0.00
2. Nonfederal Other Assets		
A. Outstanding Contract Financing Payments	\$ 0.00	\$ 0.00
B. Advances and Prepayments	616,330.60	608,382.21
C. Other Assets (With the Public)	0.00	0.00
D. Total Nonfederal Other Assets	\$ 616,330.60	\$ 608,382.21
3. Total Other Assets	\$ 616,330.60	\$ 608,382.21

Note 7.	Cash and Other Monetary Assets
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As of June 30	2009	2008
1. Cash	\$ 22,832.86	\$ 30,085.17
2. Foreign Currency	1,205,386.81	576,868.74
3. Other Monetary Assets	0.00	0.00
4. Total Cash, Foreign Currency, & Other Monetary Assets	\$ 1,228,219.67	\$ 606,953.91

Other Information

Cash consists of \$18.8 thousand held in the Disbursing Officer's Accountability for travel advances and \$4.0 thousand in change funds for recreation cashiers. Foreign currency consists of Japanese yen, Euro dollars, and Korean won to process disbursement transactions at USACE Japan, Europe, and Far-East districts. Cash is a nonentity asset and is considered a restricted asset that is held by USACE but not available for use in its operations.

The USACE translates foreign currency to U.S. dollars utilizing the U.S. Treasury Prevailing Rate of Exchange. This rate is the most favorable rate that would legally be available to the Federal Government acquisition of foreign currency for its official disbursements and accommodation of exchange transactions. There are no significant effects from changes in the foreign currency exchange rate. Foreign currency is a nonentity asset and is considered a restricted asset.

Note 9.	Inventory and Related Property
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As of June 30	2009	2008
1. Inventory, Net	\$ 31,254,963.37	\$ 17,291,238.03
2. Operating Materiel & Supplies, Net	95,168,716.07	96,577,163.02
3. Stockpile Materiel, Net	0.00	0.00
4. Total	\$ 126,423,679.44	\$ 113,868,401.05

Inventory, Net

As of June 30	2009			
	Inventory, Gross Value	Revaluation Allowance	Inventory, Net	Valuation Method
1. Inventory Categories				
A. Available and Purchased for Resale	\$ 0.00	\$ 0.00	0.00	
B. Held for Repair	0.00	0.00	0.00	
C. Excess, Obsolete, and Unserviceable	0.00	0.00	0.00	
D. Raw Materiel	0.00	0.00	0.00	
E. Work in Process	31,254,963.37	0.00	31,254,963.37	MAC
F. Total	\$ 31,254,963.37	\$ 0.00	31,254,963.37	

As of June 30	2008			
	Inventory, Gross Value	Revaluation Allowance	Inventory, Net	Valuation Method
1. Inventory Categories				
A. Available and Purchased for Resale	\$ 0.00	\$ 0.00	0.00	
B. Held for Repair	0.00	0.00	0.00	
C. Excess, Obsolete, and Unserviceable	0.00	0.00	0.00	
D. Raw Materiel	0.00	0.00	0.00	
E. Work in Process	17,291,238.03	0.00	17,291,238.03	MAC
F. Total	\$ 17,291,238.03	\$ 0.00	17,291,238.03	

Legend for Valuation Methods:

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

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

MAC = Moving Average Cost

There are no restrictions on the use, sale, or disposition of Work in Process (WIP) inventory. The general composition of USACE WIP inventory is tangible personal property that is in the process of production. The WIP includes associated labor, applied overhead, and supplies used in the production or servicing of items. The WIP inventory valuation method is based on a moving weighted average based on actual cost divided by quantity (Moving Average Cost, or MAC). A perpetual record of inventory is maintained to allow for recomputation of the average unit cost as new receipts are recorded.

Operating Materiel and Supplies, Net

As of June 30	2009			Valuation Method
	OM&S Gross Value	Revaluation Allowance	OM&S, Net	
1. OM&S Categories				
A. Held for Use	\$ 95,183,579.11	\$ (14,863.04)	\$ 95,168,716.07	MAC
B. Held for Repair	0.00	0.00	0.00	
C. Excess, Obsolete, and Unserviceable	0.00	0.00	0.00	
D. Total	\$ 95,183,579.11	\$ (14,863.04)	\$ 95,168,716.07	

As of June 30	2008			Valuation Method
	OM&S Gross Value	Revaluation Allowance	OM&S, Net	
1. OM&S Categories				
A. Held for Use	\$ 96,592,026.06	\$ (14,863.04)	\$ 96,577,163.02	MAC
B. Held for Repair	0.00	0.00	0.00	
C. Excess, Obsolete, and Unserviceable	0.00	0.00	0.00	
D. Total	\$ 96,592,026.06	\$ (14,863.04)	\$ 96,577,163.02	

Legend for Valuation Methods:

LAC = Latest Acquisition Cost	NRV = Net Realizable Value	MAC = Moving Average Cost
SP = Standard Price	LCM = Lower of Cost or Market	
AC = Actual Cost	O = Other	

There are no restrictions on the use of Operating Materials and Supplies (OM&S). The general composition of USACE OM&S is personal property held for use to be consumed in normal operations. The OM&S category includes materials used for constructing riverbank stabilization devices, spare and repair parts, miscellaneous office supplies and prepaid postage. The valuation method is based on moving average cost. The relevant cost associated with maintaining the available operating materials and supplies, as well as the time required to replenish the operating materials and supplies, are the criteria used in determining the assigned category.

Note 10. General PP&E, Net

As of June 30	2009				
	Depreciation/ Amortization Method	Service Life	Acquisition Value	(Accumulated Depreciation/ Amortization)	Net Book Value
1. Major Asset Classes					
A. Land	N/A	N/A	\$ 8,939,461,967.91	N/A	\$ 8,939,461,967.91
B. Buildings, Structures, and Facilities	S/L	20 Or 40	28,374,579,177.95	\$ (14,310,666,721.75)	14,063,912,456.20
C. Leasehold Improvements	S/L	lease term	41,587,198.31	(33,711,091.73)	7,876,106.58
D. Software	S/L	2-5 Or 10	87,488,827.43	(82,556,504.90)	4,932,322.53
E. General Equipment	S/L	5 or 10	1,499,133,860.84	(762,581,483.99)	736,552,376.85
F. Military Equipment	S/L	Various	0.00	0.00	0.00
G. Shipbuilding (Construction-in- Progress)	N/A	N/A	0.00	0.00	0.00
H. Assets Under Capital Lease	S/L	lease term	0.00	0.00	0.00
I. Construction-in- Progress (Excludes Military Equipment)	N/A	N/A	3,116,363,393.80	N/A	3,116,363,393.80
J. Other			43,004,045.06	(1,826.70)	43,002,218.36
K. Total General PP&E			\$ 42,101,618,471.30	\$ (15,189,517,629.07)	\$ 26,912,100,842.23

As of June 30	2008				
	Depreciation/ Amortization Method	Service Life	Acquisition Value	(Accumulated Depreciation/ Amortization)	Net Book Value
1. Major Asset Classes					
A. Land	N/A	N/A	\$ 8,900,658,914.85	N/A	\$ 8,900,658,914.85
B. Buildings, Structures, and Facilities	S/L	20 Or 40	28,067,556,510.33	\$ (13,713,798,057.73)	14,353,758,452.60
C. Leasehold Improvements	S/L	lease term	40,573,070.93	(30,869,314.39)	9,703,756.54
D. Software	S/L	2-5 Or 10	83,629,231.12	(74,187,448.56)	9,441,782.56
E. General Equipment	S/L	5 or 10	1,398,540,126.47	(714,010,333.00)	684,529,793.47
F. Military Equipment	S/L	Various	0.00	0.00	0.00
G. Shipbuilding (Construction-in- Progress)	N/A	N/A	0.00	0.00	0.00
H. Assets Under Capital Lease	S/L	lease term	0.00	0.00	0.00
I. Construction-in- Progress (Excludes Military Equipment)	N/A	N/A	2,898,459,821.38	N/A	2,898,459,821.38
J. Other			27,584,467.79	(1,411.14)	27,583,056.65
K. Total General PP&E			\$ 41,417,002,142.87	\$ (14,532,866,564.82)	\$ 26,884,135,578.05

¹ Note 15 for additional information on Capital Leases

Legend for Valuation Methods:

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

General PP&E

The USACE currently operates and maintains 75 hydroelectric power plants, generating approximately 24% of America's hydroelectric power. All power generated by these hydroelectric power plants is transmitted to four Power Marketing Administrations for distribution to power companies across the United States. The service life for USACE's multiple purpose project assets is derived from guidance provided by the Federal Energy Regulatory Commission based on industry standards. The hydropower project related assets make up \$9.8 billion of the book value of USACE's Property, Plant, and Equipment (PP&E) in FY 2009 and \$9.7 billion in FY 2008.

The USACE Civil Works Program has \$123.5 million in General PP&E outside the continental U.S. in the USACE Pacific Ocean division. There are no restrictions on the use or convertibility of this PP&E.

Other consists of assets awaiting disposal at multiple USACE sites.

Heritage Assets and Stewardship Land

Heritage assets are not material to the mission of USACE.

On October 30, 2003, Engineer Regulation (ER) 200-1-5, Policy for Implementation and Integrated Application of the USACE Environmental Operating Principles and Doctrine, was issued. The ER states, in part, "The Environmental Operating Principles and associated doctrine highlight USACE's roles in, and responsibilities for, sustainability, preservation, stewardship, and restoration of our nation's resources. These principles and associated doctrine are based on the premise that through the restoration and maintenance of environmental health and productivity, both economic development and social equity can be achieved."

Heritage assets classified as land are special land plots containing archaeological sites as listed on the National Register of Historic Places or determined eligible to be listed by the agency and the Keeper of the National Register. Cemeteries and archeological sites are archeological properties listed on, or eligible for, the National Register of Historic Places. These archeological assets cover almost the entire range of human occupation of the continental U.S. beginning with the Kennewick Man Discovery Site in the state of Washington, dating to approximately 10,000 years ago, to archeological remains of early European-American settlements such as Fort Independence in Georgia. The current National Register inventory for USACE includes 489 archeological properties determined to be eligible for listing and 97 archeological properties listed.

Buildings and structures include a range of historic resources from a covered bridge in Sacramento district to early farming structures in Savannah district. It also includes some nontraditional structures such as a snag boat that operated on the Mississippi River. The USACE has 117 buildings and structures listed on the National Register and 236 determined eligible for listing.

The USACE did not acquire or withdraw any heritage asset during FY 2009.

The USACE currently does not have any land classified as stewardship land.

Note 11.	Liabilities Not Covered by Budgetary Resources
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As of June 30	2009	2008
1. Intragovernmental Liabilities		
A. Accounts Payable	\$ 0.00	\$ 0.00
B. Debt	8,227,267.04	12,340,502.39
C. Other	216,225,386.65	1,826,266,360.46
D. Total Intragovernmental Liabilities	\$ 224,452,653.69	\$ 1,838,606,862.85
2. Nonfederal Liabilities		
A. Accounts Payable	\$ 0.00	\$ 0.00
B. Military Retirement and Other Federal Employment Benefits	253,356,063.87	251,583,624.06
C. Environmental Liabilities	1,452,905,050.00	1,041,155,200.00
D. Other Liabilities	55,098,832.00	61,003,194.80
E. Total Nonfederal Liabilities	\$ 1,761,359,945.87	\$ 1,353,742,018.86
3. Total Liabilities Not Covered by Budgetary Resources	\$ 1,985,812,599.56	\$ 3,192,348,881.71
4. Total Liabilities Covered by Budgetary Resources	\$ 4,279,511,530.93	\$ 1,619,480,994.40
5. Total Liabilities	\$ 6,265,324,130.49	\$ 4,811,829,876.11

Other Information

Liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided.

Intragovernmental Liabilities – Debt is comprised of the amount owed by USACE to the U. S. Treasury for capital improvements to the Washington Aqueduct. Arlington County and the city of Falls Church, Virginia provide funding to USACE to repay the debt. Refer to Note 13, “Debt,” for additional details and disclosures.

Intragovernmental Liabilities – Other consists of Judgment Fund liabilities-Contract Dispute Act (CDA) and workmen's compensation liabilities under the Federal Employees Compensation Act (FECA). The USACE is seeking supplemental funding for the CDA liability. The FECA liability will not be funded until FY 2010.

Nonfederal Liabilities – Military Retirement and Other Federal Employment Benefits include actuarial liability for FECA. Refer to Note 17, "Military Retirement Benefits/Actuarial Liabilities," for additional details and disclosures. The FECA actuarial liability will be funded in future appropriations.

Nonfederal Liabilities - Environmental Liabilities include future funded expense for estimated cleanup costs for contingent environmental liabilities. Refer to Note 14, "Environmental Liabilities," and

Note 15, "Other Liabilities," for additional details and disclosures. Contingent environmental liabilities will be funded in future appropriations.

Nonfederal Liabilities – Other Liabilities include contingent liability for probable losses related to lawsuits filed against USACE, and contingent liability based on percentage of tort, litigation and contract dispute claims. Contingent liabilities may be funded in future appropriations.

Note 12.	Accounts Payable
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As of June 30	2009		
	Accounts Payable	Interest, Penalties, and Administrative Fees	Total

1. Intragovernmental Payables	\$	305,299,611.78	\$	N/A	\$	305,299,611.78
2. Nonfederal Payables (to the Public)		853,834,482.59		0.00		853,834,482.59
3. Total	\$	1,159,134,094.37	\$	0.00	\$	1,159,134,094.37

As of June 30	2008		
	Accounts Payable	Interest, Penalties, and Administrative Fees	Total

1. Intragovernmental Payables	\$	390,663,443.90	\$	N/A	\$	390,663,443.90
2. Nonfederal Payables (to the Public)		368,051,695.34		0.00		368,051,695.34
3. Total	\$	758,715,139.24	\$	0.00	\$	758,715,139.24

Note 13.	Debt
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As of June 30	2009		
	Beginning Balance	Net Borrowing	Ending Balance
1. Agency Debt (Intragovernmental)			
A. Debt to the Treasury	\$ 12,129,987.05	\$ (3,902,720.01)	\$ 8,227,267.04
B. Debt to the Federal Financing Bank	0.00	0.00	0.00
C. Total Agency Debt	\$ 12,129,987.05	\$ (3,902,720.01)	\$ 8,227,267.04
2. Total Debt	\$ 12,129,987.05	\$ (3,902,720.01)	\$ 8,227,267.04

As of June 30	2008		
	Beginning Balance	Net Borrowing	Ending Balance
1. Agency Debt (Intragovernmental)			
A. Debt to the Treasury	\$ 12,917,448.57	\$ (576,946.18)	\$ 12,340,502.39
B. Debt to the Federal Financing Bank	0.00	0.00	0.00
C. Total Agency Debt	\$ 12,917,448.57	\$ (576,946.18)	\$ 12,340,502.39
2. Total Debt	\$ 12,917,448.57	\$ (576,946.18)	\$ 12,340,502.39

Other Information

The outstanding debt consists of interest and principal payments due to the U.S. Treasury. The USACE borrowed funds for capital improvements to the Washington Aqueduct. During fiscal years 1997, 1998, and 1999, USACE executed three promissory notes totaling \$75.0 million with the U.S. Treasury. The USACE entered into agreements with the District of Columbia, Arlington County, and the city of Falls Church, Virginia to provide funding to USACE to repay the debt. The USACE recognized a receivable for \$8.8 million in principal and current interest due from Arlington County and the city of Falls Church, Virginia, June 30, 2009. As of 2nd Quarter, FY 2004, the District of Columbia had provided its entire portion of the funding to USACE. The remaining debt balance is scheduled to be paid off in FY 2023. Actual cumulative amount of funds borrowed from the U.S. Treasury is \$74.9 million. There were no withdrawals from the U.S. Treasury for 3rd Quarter, FY 2009. Principal repayments during FY 2009 total \$3.9 million.

Debt balance	(Amount in millions)
Withdrawals from U.S. Treasury	\$74.9
Cumulative principal repayments	(\$66.7)
Balance of debt as of June 30, 2009	\$8.2

Note 14.	Environmental Liabilities and Disposal Liabilities
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As of June 30	2009	2008
1. Environmental Liabilities--Nonfederal		
A. Accrued Environmental Restoration Liabilities		
1. Active Installations—Installation Restoration Program (IRP) and Building Demolition and Debris Removal (BD/DR)	\$ 0.00	\$ 0.00
2. Active Installations—Military Munitions Response Program (MMRP)	0.00	0.00
3. Formerly Used Defense Sites—IRP and BD/DR	0.00	0.00
4. Formerly Used Defense Sites--MMRP	0.00	0.00
B. Other Accrued Environmental Liabilities—Non-BRAC		
1. Environmental Corrective Action	0.00	0.00
2. Environmental Closure Requirements	0.00	0.00
3. Environmental Response at Operational Ranges	0.00	0.00
4. Asbestos	0.00	0.00
5. Non-Military Equipment	0.00	0.00
6. Other	1,452,905,050.00	1,041,155,200.00
C. Base Realignment and Closure Installations		
1. Installation Restoration Program	0.00	0.00
2. Military Munitions Response Program	0.00	0.00
3. Environmental Corrective Action / Closure Requirements	0.00	0.00
4. Asbestos	0.00	0.00
5. Non-Military Equipment	0.00	0.00
6. Other	0.00	0.00
D. Environmental Disposal for Military Equipment / Weapons Programs		
1. Nuclear Powered Military Equipment / Spent Nuclear Fuel	0.00	0.00
2. Non-Nuclear Powered Military Equipment	0.00	0.00
3. Other National Defense Weapons Systems	0.00	0.00
4. Other	0.00	0.00
E. Chemical Weapons Disposal Program		
1. Chemical Agents and Munitions Destruction (CAMD)	0.00	0.00
2. CAMD Assembled Chemical Weapons Assessment (ACWA)	0.00	0.00
3. Other	0.00	0.00
2. Total Environmental Liabilities	\$ 1,452,905,050.00	\$ 1,041,155,200.00

Other Information

The USACE is responsible for the Formerly Utilized Sites Remedial Action Program (FUSRAP), which was established to respond to radiological contamination from early U.S. Atomic Energy and Weapons Program. This program is funded through a Civil Works appropriation. The amount of the liability is determined after studies have been completed and final Records of Decision documenting the cleanup requirements are prepared. The amount of the liability is recorded as Other Accrued Environmental Liabilities.

The following laws and regulations are applicable for the environmental cleanup requirements: Energy and Water Development Appropriations Act, Public Law 106-60 § 611; Comprehensive Environmental

Response, Compensation, and Liability Act (CERCLA), 42 United States Code § 9601 et seq., as amended; and National Oil and Hazardous Substances Pollution Contingency Plan, Title 40 Code of Federal Regulations 300. There are no changes to total cleanup costs due to changes in laws, regulations and/or technology related to the current or prior periods. Consistent with the requirements of CERCLA, USACE coordinates with regulatory agencies, other responsible parties, and current property owners.

The USACE uses site-specific engineering estimates for assigning estimated environmental costs. Both the cost to complete remedial investigation/feasibility studies through a Record of Decision and the estimated cost of chosen remedies are reported. Engineering estimates, using appropriate tools, such as the Micro-Computer Assisted Cost Estimating System, and using the extensive data collected during the remedial investigation/feasibility study phase of the environmental project are used. The volume of contaminated material and the cost to dispose of such material, including transportation, are the elements of project estimates with the greatest uncertainty and potential for significant effect upon project costs. The estimated costs of studies are reported during the early part of the remedial investigation and the estimated cost of the chosen remedy is reported after release of the Proposed Plan.

The USACE is not aware of any changes in estimated environmental liabilities currently necessary due to inflation, deflation, technology or applicable laws and/or regulations. Estimated liabilities can change in the future due to changes in laws and regulations, changes in agreements with regulatory agencies, advances in technology, or the identification of additional contamination sites.

The USACE Civil Works Program has no potential to incur costs for restoration initiatives in conjunction with returning overseas Defense facilities to host nations.

The USACE recognizes environmental liabilities for FUSRAP in the amount of \$1.4 billion at the following project sites: Ashland Site, Colonie Interim Storage Site Groundwater, Colonie Interim Storage Site Soils, Combustion Engineering Site, DuPont Chambers Works Site, Guterl Specialty Steel Site, Harshaw Chemical Company Site, Iowa Army Ammunition Plant FUSRAP Site, Latty Avenue Properties Site, Luckey Site Ground Water, Luckey Site Soils, Maywood Site Groundwater, Maywood Site Soils, Middlesex Sampling Plant Site Groundwater, Middlesex Sampling Plant Soils, Niagara Falls Interim Storage Site, Painesville Site, Praxair Site Ground Water, Praxair Site Soils, Seaway Industrial Park Site, Shallow Land Disposal Area, Shpack Landfill Site, St. Louis Airport Vicinity Properties Site, St. Louis Airport Site, St. Louis Downtown Site Accessible Soils, St. Louis Downtown Site Inaccessible Soils, Superior Steel Site, Sylvania Corning Plant Site, Tonawanda Landfill, W. R. Grace Curtis Bay Building 23 Site and W. R. Grace Curtis Bay Radioactive Waste Disposal Area Site.

The USACE acknowledges reasonably possible contingent environmental liabilities related to FUSRAP but the liability amounts are currently unknown. The project sites are: Colonie Interim Storage Site Groundwater, Combustion Engineering Site, DuPont Chambers Works Site, Guterl Specialty Steel Site, Harshaw Chemical Company Site, Iowa Army Ammunition Plant FUSRAP Site, Joslyn Manufacturing, Middlesex Municipal Landfill, Middlesex Sampling Plant Site Groundwater, Niagara Falls Interim Storage Site, Scioto Laboratory, Shallow Land Disposal Area, St. Louis Downtown Site Inaccessible Soils, Superior Steel Site, Sylvania Corning Plant Site, Tonawanda Landfill, and W. R. Grace Curtis Bay Radioactive Waste Disposal Area.

The USACE recognizes other environmental liabilities not related to FUSRAP in the amount of \$14.4 million. The project sites are Sonoma Firing Range and Sonoma Underground Storage Tanks Monitoring Wells in Sonoma, California; Cochiti Lake, Conchas Lake Reservoir, Jemez Cannon Dam and Reservoir, Santa Rosa Lake in New Mexico; Mount Morris Dam in New York; Bradford Island

Landfill in Oregon; Columbia River at Mouth in Oregon-Washington; Williston Landfill – Garrison Project in North Dakota; Mud Mountain Dam in Washington; J. Strom Thurmond Project in Georgia; John H. Kerr Dam and Reservoir Firing Range and John H. Kerr Dam and Reservoir Contaminated Soil Sites in Virginia; Midwestern Trading Site in Illinois; Cedar Rapids National Guard Target Range in Iowa; Fountain City Service Base in Wisconsin; ERDC Vicksburg Areas of Concern and Solid Waste Management Units in Mississippi.

The USACE acknowledges reasonably possible other environmental liabilities not related to FUSRAP but the liability amounts are currently unknown. The project sites are: John H. Kerr Dam and Reservoir Tungsten Queen Mine in North Carolina.

Note 15.	Other Liabilities
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As of June 30

2009

Current
LiabilityNoncurrent
Liability

Total

1. Intragovernmental

A. Advances from Others	\$	647,394,218.99	\$	0.00	\$	647,394,218.99
B. Deposit Funds and Suspense Account Liabilities		(81,105.33)		0.00		(81,105.33)
C. Disbursing Officer Cash		1,228,219.67		0.00		1,228,219.67
D. Judgment Fund Liabilities		171,897,728.16		0.00		171,897,728.16
E. FECA Reimbursement to the Department of Labor		21,143,776.47		23,183,882.02		44,327,658.49
F. Custodial Liabilities		190,002,713.98		772,299,889.77		962,302,603.75
G. Employer Contribution and Payroll Taxes Payable		27,525,336.34		0.00		27,525,336.34
H. Other Liabilities		0.00		0.00		0.00
I. Total Intragovernmental Other Liabilities	\$	1,059,110,888.28	\$	795,483,771.79	\$	1,854,594,660.07

2. Nonfederal

A. Accrued Funded Payroll and Benefits	\$	499,777,056.45	\$	0.00	\$	499,777,056.45
B. Advances from Others		917,016,086.58		0.00		917,016,086.58
C. Deferred Credits		0.00		0.00		0.00
D. Deposit Funds and Suspense Accounts		8,641,391.17		0.00		8,641,391.17
E. Temporary Early Retirement Authority		0.00		0.00		0.00
F. Nonenvironmental Disposal Liabilities						
(1) Military Equipment (Nonnuclear)		0.00		0.00		0.00
(2) Excess/Obsolete Structures		0.00		0.00		0.00
(3) Conventional Munitions Disposal		0.00		0.00		0.00
G. Accrued Unfunded Annual Leave		0.00		0.00		0.00
H. Capital Lease Liability		0.00		0.00		0.00
I. Contract Holdbacks		56,573,628.94		0.00		56,573,628.94
J. Employer Contribution and Payroll Taxes Payable		0.00		0.00		0.00
K. Contingent Liabilities		55,098,832.00		0.00		55,098,832.00
L. Other Liabilities		0.00		0.00		0.00
M. Total Nonfederal Other Liabilities	\$	1,537,106,995.14	\$	0.00	\$	1,537,106,995.14

3. Total Other Liabilities

	\$	2,596,217,883.42	\$	795,483,771.79	\$	3,391,701,655.21
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US Army Corps of Engineers

As of June 30	2008		
	Current Liability	Noncurrent Liability	Total
1. Intragovernmental			
A. Advances from Others	\$ 249,900,343.39	\$ 0.00	\$ 249,900,343.39
B. Deposit Funds and Suspense Account Liabilities	635,504.70	0.00	635,504.70
C. Disbursing Officer Cash	606,953.91	0.00	606,953.91
D. Judgment Fund Liabilities	167,623,728.16	0.00	167,623,728.16
E. FECA Reimbursement to the Department of Labor	20,336,779.27	21,960,352.99	42,297,132.26
F. Custodial Liabilities	180,081,678.70	1,435,656,867.43	1,615,738,546.13
G. Employer Contribution and Payroll Taxes Payable	22,933,478.15	0.00	22,933,478.15
H. Other Liabilities	0.00	0.00	0.00
I. Total Intragovernmental Other Liabilities	\$ 642,118,466.28	\$ 1,457,617,220.42	\$ 2,099,735,686.70
2. Nonfederal			
A. Accrued Funded Payroll and Benefits	\$ 398,933,777.99	\$ 0.00	\$ 398,933,777.99
B. Advances from Others	122,947,863.10	0.00	122,947,863.10
C. Deferred Credits	0.00	0.00	0.00
D. Deposit Funds and Suspense Accounts	12,950,938.78	0.00	12,950,938.78
E. Temporary Early Retirement Authority	0.00	0.00	0.00
F. Nonenvironmental Disposal Liabilities			
(1) Military Equipment (Nonnuclear)	0.00	0.00	0.00
(2) Excess/Obsolete Structures	0.00	0.00	0.00
(3) Conventional Munitions Disposal	0.00	0.00	0.00
G. Accrued Unfunded Annual Leave	0.00	0.00	0.00
H. Capital Lease Liability	0.00	0.00	0.00
I. Contract Holdbacks	52,160,632.58	0.00	52,160,632.58
J. Employer Contribution and Payroll Taxes Payable	0.00	0.00	0.00
K. Contingent Liabilities	61,003,194.80	0.00	61,003,194.80
L. Other Liabilities	0.00	0.00	0.00
M. Total Nonfederal Other Liabilities	\$ 647,996,407.25	\$ 0.00	\$ 647,996,407.25
3. Total Other Liabilities	\$ 1,290,114,873.53	\$ 1,457,617,220.42	\$ 2,747,732,093.95

Other Information

Judgment Fund Liabilities. The USACE Civil Works Directorate has recognized 45 unfunded liabilities arising from Judgment Fund Contract Disputes Act (CDA) settlements in accordance with the Interpretation of Federal Financial Accounting Standards No. 2, "Accounting for Treasury Judgment Fund Transactions." The USACE cannot fund the CDA claims since it is funded for projects and does not include an allowance for this type of claim. The USACE sought supplemental appropriations for payment of CDA claims in FY 2000, FY 2006, and FY 2007 which were not approved. The FY 2009 budget does not provide funding for payment of the CDA claims.

Note 16.	Commitments and Contingencies
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Disclosures Related to Commitments and Contingencies:

The USACE is a party in various administrative proceedings and legal actions, with claims including environmental damage claims, equal opportunity matters, and contractual bid protests. The USACE has accrued contingent liabilities for legal actions where the USACE's Office of the Chief Counsel considers an adverse decision probable and the amount of loss is measurable. In the event of an adverse judgment against the government, some of the liabilities may be paid from the U.S. Treasury's Judgment Fund. The USACE discloses amounts recognized as contingent liabilities in Note 15, "Other Liabilities." Amounts that are determined to be payable by the Judgment Fund are reclassified as an imputed financing source and disclosed in Note 19, "Disclosures Related to the Statement of Changes in Net Position."

The U.S. Army Claims Service (USARCS) supervises processes, investigates, adjudicates, and negotiates the settlement of non-contractual administrative claims on behalf of and against the Department of the Army (including USACE); however, because of their uniqueness, the hurricane Katrina-related administrative claims are processed differently, as discussed below. By law, administrative claims filed against the government are either adjudicated, denied, or are effectively denied if no action is taken within six months from the claim filing date. Barring such resolution within six months from the date of filing, claimants may file legal cases with the federal court. Filing of an administrative claim for resolution is a required precursor to a claimant's filing against the government in federal court.

Claims settled below the statutory threshold of \$2,500 are paid using Civil Works appropriations; settlements above this threshold are referred to the Judgment Fund for payment. With the exception of Contract Disputes Act and Notification and Federal Employee Antidiscrimination and Retaliation Act settlements disclosed in Note 15, "Other Liabilities," amounts that are paid by the Judgment Fund are recorded as expenses and imputed financing sources and are disclosed in Note 19, "Disclosures Related to the Statement of Changes in Net Position."

The amounts disclosed for litigations, claims, and assessments are fully supportable and agree with USACE's legal representation letters and management summary schedule.

Katrina-Related Claims and Litigation

The U.S. Department of Justice (DOJ) currently has the responsibility to process Katrina-related administrative claims. The DOJ, through its contractors, has created a software system that is capable of imaging and labeling each claim, generating and mailing acknowledgment letters, and linking duplicate and related claims.

The DOJ, who is responsible for litigating Katrina-related matters in federal court on behalf of the government, intends to vigorously defend the government in these matters. However, DOJ has concluded that there is a reasonable possibility that the Katrina-related administrative claims and court cases currently asserted could result in a loss to the federal government.

Most of the Katrina-related litigation that has been filed is consolidated before a single federal judge sitting in the Federal District Court in New Orleans. The Court, for case management purposes, has classified the individual cases into seven categories and ordered the filing of superseding, master complaints in most categories: Levee, Mississippi River Gulf Outlet (MRGO), Insurance, Responder, Dredging Limitations, St. Rita Nursing Home and Barge. The MRGO category, the Barge category, and Robinson, involving similar geographic areas, are most relevant to USACE at this point.

The MRGO case is set for trial on September 20, 2009. A Government Motion to Dismiss with regard to the application of the discretionary function exception to the activities performed at the East Bank Industrial Area will be filed on September 15, 2009, with an oral argument set for October 28, 2009.

On June 22, 2009, the Court severed the Barge case and stayed the third party claims of Lafarge against the United States. As a result, the United States will not participate in the trial in this matter, set for February, 2010.

The Robinson case trial commenced on April 20, 2009. The Plaintiffs rested on the afternoon of April 30, 2009, and the United States rested its defense on May 14, 2009. Plaintiffs filed their Post-Trial Memorandum on June 18, 2009, and the United States will file its Post-Trial Memorandum on July 20, 2009. A decision is not expected until sometime in October, 2009.

Other Litigation

Outside of Katrina-related litigation, USACE has 39 cases, as of June 30, 2009, above the materiality threshold of \$4.2 million. The USACE Office of the Chief Counsel has determined that 7 cases are probable, 15 cases are reasonably possible, 11 cases remote, and 6 cases are not determinable as of June 30, 2009. Of the 7 probable cases, 4 are recorded as liabilities for \$38.0 million dollars and the amount is not determinable for the remaining 3 probable cases. Of the 15 reasonably possible cases, 4 were estimated potential loss of \$6.1 million.

Additionally, as of June 30, 2009, USACE has a total of \$99.7 million in pending contract claims, civil litigation and non-Katrina tort cases which were individually under the threshold of \$4.2 million. As such, the likelihood of an unfavorable outcome or potential liability is provided as an overall assessment of all cases currently pending and not on an individual basis (as with the over-threshold cases). The likelihood of an unfavorable or potential liability was determined by using a three-year historical average. The total dollar amount of the cases closed was divided by the total dollar amount claimed in those closed cases for FY 2004, FY 2005, and FY 2006, which were then used to calculate the three year average of 10%. This average represents the percentage that has historically been paid on claims and is based entirely on historical data. The merits of each individual case have not been taken into consideration. Based on the 10% average, a contingent liability of \$10.0 million as of June 30, 2009, was recorded.

Other Contingencies

The USACE does not have undelivered orders for open contracts citing cancelled appropriations which may remain unfilled or unreconciled and for which the reporting entity may incur a contractual commitment for payment.

The USACE does not have contractual arrangements such as fixed price contracts with escalation, price redetermination, or incentive clauses; contracts authorizing variations in quantities; and contracts where allowable interest may become payable based on contractor claims under the "Dispute" clause contained in contracts.

Note 17.	Military Retirement and Other Federal Employment Benefits
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As of June 30	2009			
	Liabilities	Assumed Interest Rate (%)	(Less: Assets Available to Pay Benefits)	Unfunded Liabilities
1. Pension and Health Actuarial Benefits				
A. Military Retirement Pensions	\$ 0.00		\$ 0.00	\$ 0.00
B. Military Retirement Health Benefits	0.00		0.00	0.00
C. Military Medicare-Eligible Retiree Benefits	0.00		0.00	0.00
D. Total Pension and Health Actuarial Benefits	\$ 0.00		\$ 0.00	\$ 0.00
2. Other Actuarial Benefits				
A. FECA	\$ 253,356,063.87	4.368	\$ 0.00	\$ 253,356,063.87
B. Voluntary Separation Incentive Programs	0.00		0.00	0.00
C. DoD Education Benefits Fund	0.00		0.00	0.00
D. Total Other Actuarial Benefits	\$ 253,356,063.87		\$ 0.00	\$ 253,356,063.87
3. Other Federal Employment Benefits	\$ 0.00		\$ 0.00	\$ 0.00
4. Total Military Retirement and Other Federal Employment Benefits:	\$ 253,356,063.87		\$ 0.00	\$ 253,356,063.87

Actuarial Cost Method Used:

Assumptions:

Market Value of Investments in Market-based and Marketable Securities:

US Army Corps of Engineers

As of June 30	2008				
	Liabilities	Assumed Interest Rate (%)	(Less: Assets Available to Pay Benefits)	Unfunded Liabilities	
1. Pension and Health Actuarial Benefits					
A. Military Retirement Pensions	\$ 0.00		\$ 0.00	\$	0.00
B. Military Retirement Health Benefits	0.00		0.00		0.00
C. Military Medicare-Eligible Retiree Benefits	0.00		0.00		0.00
D. Total Pension and Health Actuarial Benefits	\$ 0.00		\$ 0.00	\$	0.00
2. Other Actuarial Benefits					
A. FECA	\$ 251,583,624.06	4.93	\$ 0.00	\$	251,583,624.06
B. Voluntary Separation Incentive Programs	0.00		0.00		0.00
C. DoD Education Benefits Fund	0.00		0.00		0.00
D. Total Other Actuarial Benefits	\$ 251,583,624.06		\$ 0.00	\$	251,583,624.06
3. Other Federal Employment Benefits	\$ 303,316.47		\$ (303,316.47)	\$	0.00
4. Total Military Retirement and Other Federal Employment Benefits:	\$ 251,886,940.53		\$ (303,316.47)	\$	251,583,624.06

Actuarial Cost Method Used:

Assumptions:

Market Value of Investments in Market-based and Marketable Securities:

Federal Employees Compensation Act (FECA)

The FECA provides federal employees injured in the performance of duty with workers' compensation benefits, which include wage-loss benefits for total or partial disability, monetary benefits for permanent loss of use of a schedule member, medical benefits, and vocational rehabilitation. This Act also provides survivor benefits to eligible dependents if the injury causes the employee's death. The FECA is administered by the Office of Workers' Compensation Programs within the Department of Labor's (DOL) Employment Standards Administration.

Actuarial Cost Method Used and Assumptions: The Department of the Army (DA) actuarial liability for workers' compensation benefits is developed by the DOL and provided to the DA at the end of each fiscal year. The liability for future workers' compensation benefits includes the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases, plus a component for incurred but not reported claims. The liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using

the Office of Management and Budget's economic assumptions for 10-year U.S. Treasury notes and bonds. Interest rate assumptions utilized for discounting were as follows:

FY 2008
4.368 % in Year 1
4.770 % in Year 2 and thereafter

To provide more specifically for the effects of inflation on the liability for future workers' compensation benefits, wage inflation factors (cost of living adjustments or COLAs) and medical inflation factors (consumer price index medical or CPIMs) were applied to the calculation of projected future benefits. The actual rates for these factors for the charge back year (CBY) 2008 were also used to adjust the methodology's historical payments to current year constant dollars.

The compensation COLAs and CPIMs used in the projections for various CBYs were as follows:

<u>CBY</u>	<u>COLA</u>	<u>CPIM</u>
2008	3.03%	4.71%
2009	3.87%	4.01%
2010	2.73%	3.86%
2011	2.20%	3.87%
2012	2.23%	3.93%
2013+	2.30%	3.93%
And thereafter		

The model's resulting projections were analyzed to ensure that the estimates were reliable. The analysis was based on four tests: (1) a sensitive analysis of the model to economic assumptions, (2) a comparison of the percentage change in the liability amount by agency to the percentage change in the actual incremental payments (3) a comparison of the incremental paid losses per case (a measure of case-severity) in CBY 2008 to the average pattern observed during the most current three CBYs, and (4) a comparison of the estimated liability per case in the 2008 projection to the average pattern for the projections of the most recent three years.

Other Disclosures

The estimated actuarial liability is calculated at the end of each fiscal year. The USACE actuarial liability increased \$1.8 million since the previous calculation at the end of FY 2008.

Other Federal Employment Benefits consist of accrued civilian severance pay.

Note 18.**General Disclosures Related to the Statement of Net Cost****Intragovernmental Costs and Exchange Revenue**

As of June 30	2009	2008
1. Intragovernmental Costs	\$ 988,516,295.37	\$ 923,996,400.85
2. Public Costs	8,132,176,943.70	5,279,044,128.70
3. Total Costs	\$ 9,120,693,239.07	\$ 6,203,040,529.55
4. Intragovernmental Earned Revenue	\$ (2,329,006,187.59)	\$ (1,311,926,932.29)
5. Public Earned Revenue	312,289,542.76	(251,793,520.67)
6. Total Earned Revenue	\$ (2,016,716,644.83)	\$ (1,563,720,452.96)
7. Net Cost of Operations	\$ 7,103,976,594.24	\$ 4,639,320,076.59

Other Information

Public earned revenue reflects an abnormal balance of \$312.3 million primarily due to auditor recommended adjustments for unearned sponsor advances for cost share projects. In the past, revenue was recognized as advances from sponsors were collected and no liability was recorded for the unearned portion of the advances. The USACE began recording this adjustment during 1st Quarter, FY 2009.

Intragovernmental costs and revenue are related to transactions made between two reporting entities within the Federal Government. Public costs and revenues are exchange transactions made between the reporting entity and a nonfederal entity.

The Statement of Net Cost (SNC) represents the net cost of programs and organizations of the Federal Government supported by appropriations or other means. The intent of the SNC is to provide gross and net cost information related to the amount of output or outcome for a given program or organization administered by a responsible reporting entity. The USACE's current processes and systems capture and report accumulated costs for major programs based upon the performance measures as required by the Government Performance and Results Act. The USACE's systems support a cost reporting methodology as required by the Statement of Federal Financial Accounting Standards (SFFAS) No. 4, "Managerial Cost Accounting Concepts and Standards for the Federal Government."

The USACE incurred no costs associated with acquiring, constructing, improving, reconstructing or renovating heritage assets or acquiring stewardship land.

Note 19.	Disclosures Related to the Statement of Changes in Net Position
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Other Information

Appropriations received on the Statement of Budgetary Resources (SBR) do not agree with appropriations received on the Statement of Changes in Net Position (SCNP) due to differences between proprietary and budgetary accounting concepts and reporting requirements. The difference is due to additional resources of \$1.1 billion in appropriated trust, contributed, and special fund receipts included in Appropriations on the SBR. These funds do not update the proprietary appropriations received amount reported on the SCNP. Refer to Note 20, "Statement of Budgetary Resources," for additional disclosures and details.

In the SCNP, all offsetting balances (i.e., transfers-in and transfers-out, revenues and expenses) for intradepartment activity between earmarked and other (nonearmarked) funds are reported on the same lines. This results in an eliminations column, which appears to contain a zero balance; however, the column contains all appropriate elimination entries, but all net to zero within each respective line, except for intraentity imputed financing costs.

Cumulative Results of Operations – Earmarked Funds ending balance on the SCNP should not and does not agree with the Cumulative Results of Operations – Earmarked Funds reported on the Balance Sheet because the cumulative results on the Balance Sheet are presented net of eliminations, whereas Cumulative Results of Operations balance for earmarked and other funds on the Statement of Changes in Net Position are presented before eliminations.

Note 20.	Disclosures Related to the Statement of Budgetary Resources
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As of June 30	2009	2008
1. Net Amount of Budgetary Resources Obligated for Undelivered Orders at the End of the Period	\$ 7,139,617,166.06	\$ 6,482,397,212.02
2. Available Borrowing and Contract Authority at the End of the Period	0.00	0.00

Other Information

Anticipated collections from federal sources reflects an abnormal balance of (\$221.0) million. The Revolving Fund incurred negative anticipated collections from Federal sources pending anticipated resources exempt from apportionment.

Category A apportionments distribute budgetary resources by fiscal quarter. Category B apportionments distribute budgetary resources by activity, project, object or a combination of these categories. Exempt budgetary resources are not subject to apportionment because they are not appropriated funds. Funding sources for exempt category comes from sources outside the Federal Government.

The amount of direct and reimbursable obligations incurred against amounts apportioned under Category A in the Statement of Budgetary Resources (SBR) includes: \$7.4 billion for direct obligations; \$7.4 billion for reimbursable obligations; and \$44.8 million for reimbursable obligations exempt from apportionment. The USACE did not report any direct obligations exempt from apportionment. The USACE has no apportionments under Category B. Undelivered orders presented in the SBR include undelivered orders-unpaid for both direct and reimbursable funds.

The SBR includes intraentity transactions because the statements are presented as combined.

Borrowing authority used consists of amounts withdrawn from the U.S. Treasury. The USACE borrowed funds for capital improvements to the Washington Aqueduct during fiscal years 1997, 1998, and 1999. USACE executed three promissory notes totaling \$75.0 million with the U.S. Treasury. All borrowing from the U.S. Treasury was completed in 1999. The USACE entered into agreements with the District of Columbia, Arlington County and the city of Falls Church, Virginia to provide funding to USACE to repay the loan. As of 2nd Quarter, FY 2004, the District of Columbia had provided its entire portion of the funding to USACE. The remaining balance is scheduled to be paid off by FY 2023. Total principal repayments in FY 2009 were \$3.9 million.

Permanent Indefinite Appropriations. The USACE receives receipts from hydraulic mining in California; leases of land acquired for flood control, navigation, and allied purposes; and licenses under the Federal Power Act for improvements of navigable water including maintenance and operation of dams. These funds are available for expenditure.

There are no legal arrangements that affect the use of unobligated balances of budget authority.

The USACE received \$5.8 billion of Disaster Relief and Recovery Supplemental Appropriations during 1st Quarter, FY 2009, \$4.6 billion for the American Recovery and Reinvestment Act during 2nd Quarter, FY 2009 to promote economic recovery, and \$797.2 million for navigation channel dredging and recovery efforts related to hurricanes, floods, and other natural disasters during 3rd Quarter, FY 2009.

Appropriations on the SBR do not agree with appropriations received on the Statement of Changes in Net Position (SCNP) due to differences between proprietary and budgetary accounting concepts and reporting requirements. The difference of \$1.1 billion includes appropriated trust funds in the amount of \$804.5 million, and contributed and special fund receipts in the amount of \$343.6 million. These funds do not update the proprietary appropriations received amount reported on the SCNP.

There are differences between amounts reported on the SBR and the SF133 Report on Budget Execution (SF133). Treasury account symbol 96X6094 (Advances from the District of Columbia) is not included in the SF133. This funding is not appropriated and is not included in the Office of Management and Budget's (OMB) data. The USACE does include this appropriation in the SBR.

The President's Budget with actual figures for FY 2009 has not yet been published. The FY 2011 President's Budget will include actual figures for FY 2009 reporting. The FY 2011 President's Budget can be found at: <http://www.whitehouse.gov/omb>, early in FY 2010. The following chart is a reconciliation of the FY 2010 President's Budget's actual figures for FY 2008 to FY 2008 SBR as required by OMB Circular A-136, paragraph II.4.9.34.

Department of Defense
U.S. Army Corps of Engineers - Civil Works
Reconciliation of 2008YE SBR to 2010 President's Budget
(in millions of dollars)

	Budgetary Resources Line 23.90	Obligations Incurred Line 23.95	Offsetting Receipts Line 02.99	Net Outlays Line 90.00	Explanation for reconciling differences
SBR	32,373	20,680	639	4,985	
Reconciling Difference	(154)	(141)		91	The SBR includes Treasury symbol 96X6094 for advances from the District of Columbia for work on the Washington Aqueduct. It is not included in the President's budget since these are not appropriated funds.
Reconciling Difference				639	The SBR reduces net outlays by the amount of distributed offsetting receipts. The President's Budget Line Item 90.00 does not.
Reconciling Difference			(61)		General funds clearing accounts are included as distributed offsetting receipts in accordance with DFAS yearend guidance. It is not included in the President's Budget amount.
Reconciling Difference			(5)		The President's Budget includes earnings from investments from the general fund, South Dakota Terrestrial Wildlife Habitat Restoration trust fund. The SBR did not include this.
Reconciling Difference			1,702		The Bureau of Public Debt reports interest on investments on the accrual basis. This includes interest collected, premium paid, and accrued interest purchased. The President's Budget includes the accrual amount. The SBR includes only the actual interest and tax revenue.
Reconciling Difference			8		Per Treasury's Financial Manual, Federal Account Symbols and Titles, receipt account 96R 5125 is not a distributed offsetting receipt account and is not included in the SBR as a distributed offsetting receipt. It is included in the President's Budget amount.
Total	32,219	20,539	2,283	5,715	
President's Budget	32,215	20,540	2,279	5,715	
Difference	(4)	1	(4)	0	Due to rounding.

Note 21.	Reconciliation of Net Cost of Operations to Budget
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As of June 30	2009	2008
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Resources Used to Finance Activities:

Budgetary Resources Obligated:

1. Obligations incurred	\$ 14,793,412,527.53	\$ 13,289,570,819.46
2. Less: Spending authority from offsetting collections and recoveries (-)	(8,306,936,692.54)	(7,912,685,069.34)
3. Obligations net of offsetting collections and recoveries	\$ 6,486,475,834.99	\$ 5,376,885,750.12
4. Less: Offsetting receipts (-)	(374,398,445.88)	(495,870,861.40)
5. Net obligations	\$ 6,112,077,389.11	\$ 4,881,014,888.72
Other Resources:		
6. Donations and forfeitures of property	2,801,609.33	137,746.23
7. Transfers in/out without reimbursement (+/-)	44,000,632.64	(8,959,880.36)
8. Imputed financing from costs absorbed by others	202,052,445.78	188,928,506.75
9. Other (+/-)	0.00	0.00
10. Net other resources used to finance activities	\$ 248,854,687.75	\$ 180,106,372.62
11. Total resources used to finance activities	\$ 6,360,932,076.86	\$ 5,061,121,261.34

Resources Used to Finance Items not Part of the Net Cost of Operations:

12. Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided:		
12a. Undelivered Orders (-)	\$ 1,139,765,447.86	\$ (1,618,661,979.67)
12b. Unfilled Customer Orders	(1,692,559,976.04)	500,957,832.36
13. Resources that fund expenses recognized in prior Periods (-)	(3,815,600.63)	(4,697,930.16)
14. Budgetary offsetting collections and receipts that do not affect Net Cost of Operations	89,414,243.93	495,870,861.40
15. Resources that finance the acquisition of assets (-)	(14,779,406.20)	(5,174,036.41)
16. Other resources or adjustments to net obligated resources that do not affect Net Cost of Operations:		
16a. Less: Trust or Special Fund Receipts Related to exchange in the Entity's Budget (-)	(10,000,000.00)	(10,000,000.00)
16b. Other (+/-)	(46,802,241.97)	8,822,134.13
17. Total resources used to finance items not part of the Net Cost of Operations	\$ (538,777,533.05)	\$ (632,883,118.35)
18. Total resources used to finance the Net Cost of Operations	\$ 5,822,154,543.81	\$ 4,428,238,142.99

As of June 30		
	2009	2008

Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:

Components Requiring or Generating Resources in Future Period:

19. Increase in annual leave liability	\$	0.00	\$	0.00
20. Increase in environmental and disposal liability		470,792,850.00		414,382,000.00
21. Upward/Downward reestimates of credit subsidy expense (+/-)		0.00		0.00
22. Increase in exchange revenue receivable from the public (-)		780,491,507.84		8,166,401.51
23. Other (+/-)		5,325,740.00		217,194.80
24. Total components of Net Cost of Operations that will Require or Generate Resources in future periods	\$	1,256,610,097.84	\$	422,765,596.31
Components not Requiring or Generating Resources:				
25. Depreciation and amortization	\$	540,155,984.27	\$	361,922,239.12
26. Revaluation of assets or liabilities (+/-)		26,050,914.35		8,741,246.14
27. Other (+/-)				
27a. Trust Fund Exchange Revenue		0.00		0.00
27b. Cost of Goods Sold		168,778.55		187,971.80
27c. Operating Material and Supplies Used		160,439.81		67,101.21
27d. Other		(541,324,164.39)		(582,602,220.98)
28. Total Components of Net Cost of Operations that will not Require or Generate Resources	\$	25,211,952.59	\$	(211,683,662.71)
29. Total components of Net Cost of Operations that will not Require or Generate Resources in the current period	\$	1,281,822,050.43	\$	211,081,933.60
30. Net Cost of Operations	\$	7,103,976,594.24	\$	4,639,320,076.59

Other Information

The following note schedule lines are presented as combined instead of consolidated due to intraagency budgetary transactions not being eliminated:

Obligations Incurred

Less: Spending Authority from Offsetting Collections and Recoveries

Obligations Net of Offsetting Collections and Recoveries

Less: Offsetting Receipts

Net Obligations

Undelivered Orders

Unfilled Customer Orders

Other Resources or Adjustments to Net Obligated Resources that do not Affect Net Cost of Operations: Other includes the net amount of assets transferred between USACE and other government agencies.

Components Requiring or Generating Resources in Future Period: Other includes current year Judgment Fund Contract Disputes Act claims and the current year increase to unfunded contingent liabilities.

Components not Requiring or Generating Resources: Other includes cost capitalization offset expense. The cost capitalization offset account provides a mechanism to offset all direct costs in the expense accounts when those costs are subsequently capitalized into an in-process account.

Note 23.

Earmarked Funds

BALANCE SHEET As of June 30	2009				
	Military Retirement Fund	Medicare Eligible Retiree Health Care Fund	Other Earmarked Funds	Eliminations	Total
ASSETS					
Fund balance with Treasury	\$ 0.00	\$ 0.00	909,543,716.92	\$ 0.00	909,543,716.92
Investments	0.00	0.00	5,230,753,699.40	0.00	5,230,753,699.40
Accounts and Interest Receivable	0.00	0.00	730,515,644.98	(3,197.02)	730,512,447.96
Other Assets	0.00	0.00	974,126,329.46	0.00	974,126,329.46
Total Assets	\$ 0.00	\$ 0.00	7,844,939,390.76	(3,197.02)	7,844,936,193.74
LIABILITIES and NET POSITION					
Military Retirement Benefits and Other Federal Employment Benefits	\$ 0.00	\$ 0.00	0.00	\$ 0.00	0.00
Other Liabilities	0.00	0.00	1,279,661,133.02	(193,975,795.30)	1,085,685,337.72
Total Liabilities	\$ 0.00	\$ 0.00	1,279,661,133.02	(193,975,795.30)	1,085,685,337.72
Unexpended Appropriations	0.00	0.00	0.00	0.00	0.00
Cumulative Results of Operations	0.00	0.00	6,565,278,257.74	869,603,450.73	7,434,881,708.47
Total Liabilities and Net Position	\$ 0.00	\$ 0.00	7,844,939,390.76	675,627,655.43	8,520,567,046.19
STATEMENT OF NET COST					
For the period ended June 30					
Program Costs	\$ 0.00	\$ 0.00	355,839,806.76	(25,414,033.14)	330,425,773.62
Less Earned Revenue	0.00	0.00	496,510,098.28	83,442.02	496,593,540.30
Net Program Costs	\$ 0.00	\$ 0.00	852,349,905.04	(25,330,591.12)	827,019,313.92
Less Earned Revenues Not Attributable to Programs	0.00	0.00	0.00	0.00	0.00
Net Cost of Operations	\$ 0.00	\$ 0.00	852,349,905.04	(25,330,591.12)	827,019,313.92

US Army Corps of Engineers

STATEMENT OF CHANGES IN NET POSITION For the period ended June 30	2009				
	Military Retirement Fund	Medicare Eligible Retiree Health Care Fund	Other Earmarked Funds	Eliminations	Total
Net Position Beginning of the Period	\$ 0.00	\$ 0.00	7,062,829,046.29	\$ 0.00	7,062,829,046.29
Net Cost of Operations	0.00	0.00	852,349,905.04	(25,330,591.12)	827,019,313.92
Budgetary Financing Sources	0.00	0.00	385,488,902.87	844,272,859.61	1,229,761,762.48
Other Financing Sources	0.00	0.00	(30,689,786.38)	0.00	(30,689,786.38)
Change in Net Position	\$ 0.00	\$ 0.00	(497,550,788.55)	\$ 869,603,450.73	\$ 372,052,662.18
Net Position End of Period	\$ 0.00	\$ 0.00	6,565,278,257.74	\$ 869,603,450.73	7,434,881,708.47

US Army Corps of Engineers

BALANCE SHEET As of June 30	2008				
	Military Retirement Fund	Medicare Eligible Retiree Health Care Fund	Other Earmarked Funds	Eliminations	Total
ASSETS					
Fund balance with Treasury	\$ 0.00	\$ 0.00	\$ 915,674,099.48	\$ 0.00	915,674,099.48
Investments	0.00	0.00	4,576,822,213.01	0.00	4,576,822,213.01
Accounts and Interest Receivable	0.00	0.00	796,098,850.66	(4,617.21)	796,094,233.45
Other Assets	0.00	0.00	1,324,475,392.54	0.00	1,324,475,392.54
Total Assets	\$ 0.00	\$ 0.00	\$ 7,613,070,555.69	\$ (4,617.21)	\$ 7,613,065,938.48
LIABILITIES and NET POSITION					
Military Retirement Benefits and Other Federal Employment Benefits	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00
Other Liabilities	0.00	0.00	571,345,273.12	(192,151,454.64)	379,193,818.48
Total Liabilities	\$ 0.00	\$ 0.00	\$ 571,345,273.12	\$ (192,151,454.64)	\$ 379,193,818.48
Unexpended Appropriations	0.00	0.00	0.00	0.00	0.00
Cumulative Results of Operations	0.00	0.00	7,041,725,282.57	839,244,884.22	7,880,970,166.79
Total Liabilities and Net Position	\$ 0.00	\$ 0.00	\$ 7,613,070,555.69	\$ 647,093,429.58	\$ 8,260,163,985.27
STATEMENT OF NET COST For the period ended June 30					
Program Costs	\$ 0.00	\$ 0.00	\$ 303,497,124.68	\$ (33,415,896.54)	270,081,228.14
Less Earned Revenue	0.00	0.00	(168,721.47)	82,885.00	(85,836.47)
Net Program Costs	\$ 0.00	\$ 0.00	\$ 303,328,403.21	\$ (33,333,011.54)	\$ 269,995,391.67
Less Earned Revenues Not Attributable to Programs	0.00	0.00	0.00	0.00	0.00
Net Cost of Operations	\$ 0.00	\$ 0.00	\$ 303,328,403.21	\$ (33,333,011.54)	\$ 269,995,391.67

US Army Corps of Engineers

STATEMENT OF CHANGES IN NET POSITION For the period ended June 30	2008				
	Military Retirement Fund	Medicare Eligible Retiree Health Care Fund	Other Earmarked Funds	Eliminations	Total
Net Position Beginning of the Period	\$ 0.00	\$ 0.00	\$ 6,310,601,369.70	\$ 0.00	\$ 6,310,601,369.70
Net Cost of Operations	0.00	0.00	303,328,403.21	(33,333,011.54)	269,995,391.67
Budgetary Financing Sources	0.00	0.00	1,030,966,401.57	805,911,872.68	1,836,878,274.25
Other Financing Sources	0.00	0.00	3,485,914.51	0.00	3,485,914.51
Change in Net Position	\$ 0.00	\$ 0.00	\$ 731,123,912.87	\$ 839,244,884.22	\$ 1,570,368,797.09
Net Position End of Period	\$ 0.00	\$ 0.00	\$ 7,041,725,282.57	\$ 839,244,884.22	\$ 7,880,970,166.79

Other Disclosures

Earned Revenue reflects an abnormal balance of \$496.5 million primarily due to auditor recommended adjustments for unearned exchange revenue from sponsor advances for cost share projects. In the past, the revenue was recognized as nonexchange revenue as advances from sponsors were collected and no liability was recorded for the unearned portion of the advances. The USACE began recording this adjustment during 1st Quarter, FY 2009.

The Total column is shown as consolidated. All intragovernmental activity within the Department of Defense between earmarked and non earmarked funds has been eliminated from this column, which causes assets to not equal liabilities and net position.

USACE Earmarked Funds

Special Recreation Use Fees, Title 16 United States Code (USC) 4601-6a, granted USACE the authority to charge and collect fair and equitable Special Recreation Use Fees at recreation facilities and campgrounds located at lakes or reservoirs under the jurisdiction of USACE. Types of allowable fees include daily use fees, admission fees, recreational fees, annual pass fees, and other permit type fees. The revenue is received from the public and is an inflow of resources to the government. The purpose of the fund is to maintain and operate the recreation and camping facilities. This fund is classified as a special fund and utilizes both receipt and expenditure accounts in accounting for and reporting the fund.

Hydraulic Mining in California, Debris, Title 33 USC 683, states that those operating hydraulic mines through which debris flows in part or in whole to a body restrained by a dam or other work erected by the California Debris Commission shall pay a tax as determined by the Federal Energy Regulatory Commission (FERC). The tax is paid annually on a date fixed by FERC. Taxes imposed under this code are collected and then expended under the supervision of USACE and the direction of the Department of the Army. The revenue is received from the public and is an inflow of resources to the government. The purpose of the fund is for repayment of funds advanced by the Federal Government

or other agencies for construction, restraining works, settling reservoirs, and maintenance. This fund is classified as a special fund and utilizes both receipt and expenditure accounts in accounting for and reporting the fund.

Payments to States, Flood Control Act of 1954, Title 33 USC 701c-3, established that 75% of all funds received and deposited from the leasing of lands acquired by the U.S. for flood control, navigation and allied purposes, including the development of hydroelectric power, shall be returned to the state in which the property is located. The USACE collects lease receipts into a receipt account. The revenue is received from the public and is an inflow of resources to the government. Funds are appropriated in the amount of 75% of the receipts in the following fiscal year and disbursed to the states. The funds may be expended by the states for the benefit of public schools and public roads of the county, or counties, in which such property is situated, or for defraying any of the expense of county government. This fund is classified as a special fund and utilizes both receipt and expenditure accounts in accounting for and reporting the fund.

Maintenance and Operation of Dams and Other Improvements of Navigable Waters, Title 16 USC 803(f), 810, states that whenever a reservoir or other improvement is constructed by the U.S., the Federal Power Commission, now known as FERC, shall assess charges against any licensee directly benefited, and any amount so assessed shall be paid into the U.S. Treasury. The title further states that all charges arising from other licenses, except those charges established by FERC for purpose of administrative reimbursement, shall be paid to the U.S. Treasury from which specific allocations will be made. From the specific allocations, 50% of charges from all other licenses is reserved and appropriated as a special fund in the U.S. Treasury. This special fund is to be expended under the direction of the Secretary of the Army (Secretary) for the maintenance and operation of dams and other navigation structures that are owned by the U.S. or for construction, maintenance, or operation of headwater or other improvements of U.S. navigable waters. This fund is classified as a special fund and utilizes both receipt and expenditure accounts in accounting for and reporting the fund. The revenue is received from the public and is an inflow of resources to the government.

Fund for Nonfederal Use of Disposal Facilities (for dredged material) was established by Title 33 USC 2326a. This title provides that the Secretary may permit the use of any dredged material disposal facility under the jurisdiction of, or managed by, the Secretary by a nonfederal interest if the Secretary determines that such use will not reduce the availability of the facility for project purposes. The Secretary may impose fees to recover capital, operation and maintenance costs associated with such use. Any monies received through collection of fees under this law shall be available to the Secretary, and shall be used by the Secretary, for the operation and maintenance of the disposal facility from which the fees were collected. This fund is classified as a special fund and utilizes both receipt and expenditure accounts in accounting for and reporting the fund. The revenue is received from the public and is an inflow of resources to the government.

South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund was established by Public Law 106-53, Sec. 603. Yearly transfers are made from the general fund of the U.S. Treasury to the trust fund for investment purposes. Investment activity is managed by the U.S. Treasury, Bureau of Public Debt (BPD). The fund has reached the aggregate amount of \$108.0 million and withdrawals may now be made by BPD for payment to the state of South Dakota. The state shall use the payments to fund the annually scheduled work for wildlife habitat restoration. This fund is classified as a trust fund and utilizes both receipt and expenditure accounts in accounting for and reporting the fund.

Coastal Wetlands Restoration Trust Fund is authorized by Title 16 USC 3951-3956. This title grants parallel authority to USACE, along with the Environmental Protection Agency, and the Fish and Wildlife Service to work with the state of Louisiana to develop, review, evaluate, and approve a plan that is proposed to achieve a goal of "no net loss of wetlands" in coastal Louisiana. The USACE is also responsible for allocating funds among the named task force members. Federal contributions are established at 75% of project costs or 85% if the state has an approved Coastal Wetlands Conservation Plan. This fund is classified as a trust fund expenditure account and receives funding transfers from the Sport Fish Restoration and Boating Trust Fund.

Rivers and Harbors Contributed and Advance Funds, authorized by Title 33 USC 701h, 702f, and 703, establishes funding to construct, improve, and maintain levees, water outlets, flood control, debris removal, rectification and enlargement of river channels, etc., in the course of flood control and river/harbor maintenance. Whenever any state or political subdivision thereof shall offer to advance funds for a flood control project duly adopted and authorized by law, the Secretary may in his discretion, receive such funds and expend the same in the immediate prosecution of such work. Advances are from the public and are inflows of resources to the government. This fund is classified as a trust fund and utilizes both receipt and expenditure accounts in accounting for and reporting the fund.

Inland Waterways Trust Fund (IWTF) is authorized by Title 26 USC 9506. The title made IWTF available for USACE expenditures for navigation, construction, and rehabilitation projects on inland waterways. Collections into the trust fund are from excise taxes on fuel used in commercial transportation on inland waterways. The revenue is received from the public and is an inflow of resources to the government. The collections are invested and investment activity is managed by the BPD. The fund is classified as a trust fund and utilizes receipt and expenditure accounts in accounting for and reporting the fund.

Harbor Maintenance Trust Fund (HMTF) was established by Title XIV of the Water Resources Development Act (the Act) of 1986, Public Law 99-662. The HMTF is authorized to recover 100% of USACE eligible operation and maintenance (O&M) expenditures for the maintenance of commercial navigation in harbors and channels as well as 100% of the O&M cost of St. Lawrence Seaway by the St. Lawrence Seaway Development Corporation. As provided in the Act, amounts in HMTF shall be available for making expenditures to carry out the functions specified in the Act and for the payment of all expenses of administration incurred by the U.S. Treasury, USACE, and the Department of Commerce. Collections are made into the trust fund from fees assessed on port use associated with imports, imported merchandise admitted into a foreign trade zone, passengers, and movements of cargo between domestic ports. The collections are invested and investment activity is managed by BPD. The revenue is received from the public and is an inflow of resources to the government. The fund is classified as a trust fund and utilizes receipt and expenditure accounts in accounting for and reporting the fund.

Note 25.	Other Disclosures
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As of June 30	2009 Asset Category			
	Land and Buildings	Equipment	Other	Total

**1. ENTITY AS LESSEE-
Operating Leases**

Future Payments Due

Fiscal Year

2009	16,799,000.00	0.00	0.00	16,799,000.00
2010	69,212,000.00	0.00	0.00	69,212,000.00
2011	71,288,000.00	0.00	0.00	71,288,000.00
2012	73,427,000.00	0.00	0.00	73,427,000.00
2013	75,630,000.00	0.00	0.00	75,630,000.00
2014	77,899,000.00	0.00	0.00	77,899,000.00
After 5 Years	80,236,000.00	0.00	0.00	80,236,000.00

**Total Future Lease
Payments Due**

	\$ 464,491,000.00	\$ 0.00	\$ 0.00	\$ 464,491,000.00
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The USACE has various non-cancelable operating leases with the General Services Administration. The operating leases are mainly for office space and storage facilities maintained by USACE districts. Many of these leases contain clauses to reflect inflation and renewal options. The USACE has no assets under capital lease.