

United States Department of Education
Consolidated Balance Sheet
As of September 30, 2008 and 2007

(Dollars in Millions)

	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 94,899	\$ 97,532
Accounts Receivable (Note 4)	2	4
Other Intragovernmental Assets	95	
Total Intragovernmental	94,996	97,536
Cash and Other Monetary Assets (Note 5)	1,663	1,103
Accounts Receivable, Net (Note 4)	100	49
Credit Program Receivables, Net (Note 6)	134,725	115,904
General Property, Plant and Equipment, Net (Note 7)	52	46
Other Assets	37	
Total Assets (Note 2)	\$ 231,573	\$ 214,638
Liabilities:		
Intragovernmental:		
Accounts Payable	\$ 8	
Debt (Note 8)	128,668	\$ 104,287
Guaranty Agency Federal and Restricted Funds Due to Treasury (Note 5)	1,663	1,103
Payable to Treasury (Note 6)	3,766	5,351
Other Intragovernmental Liabilities (Note 9)	7,124	292
Total Intragovernmental	141,229	111,033
Accounts Payable	1,296	913
Accrued Grant Liability (Note 10)	2,245	2,094
Liabilities for Loan Guarantees (Note 6)	43,322	50,874
Other Liabilities (Note 9)	145	143
Total Liabilities	\$ 188,237	\$ 165,057
Commitments and Contingencies (Note 18)		
Net Position:		
Unexpended Appropriations - Earmarked Funds (Note 17)		
Unexpended Appropriations - Other Funds	\$ 49,506	\$ 52,047
Cumulative Results of Operations - Earmarked Funds (Note 17)	17	39
Cumulative Results of Operations - Other Funds	(6,187)	(2,505)
Total Net Position (Note 11)	\$ 43,336	\$ 49,581
Total Liabilities and Net Position	\$ 231,573	\$ 214,638

The accompanying notes are an integral part of these statements.

United States Department of Education
Consolidated Statement of Net Cost
For the Years Ended September 30, 2008 and 2007

(Dollars in Millions)

	Fiscal Year 2008	Fiscal Year 2007
Program Costs		
Ensure Accessibility, Affordability, and Accountability of Higher Education and Career and Technical Advancement		
Gross Costs	\$ 33,090	\$ 31,924
Less: Earned Revenue	9,082	7,933
Net Program Costs	24,008	23,991
Total Program Costs	\$ 24,008	\$ 23,991
Promote Academic Achievement in Elementary and Secondary Schools		
Gross Costs	\$ 23,490	\$ 23,368
Less: Earned Revenue	86	78
Net Program Costs	23,404	23,290
Total Program Costs	\$ 23,404	\$ 23,290
Transformation of Education		
Gross Costs	\$ 1,569	\$ 1,468
Less: Earned Revenue	32	18
Net Program Costs	1,537	1,450
Total Program Costs	\$ 1,537	\$ 1,450
Special Education		
Gross Costs	\$ 15,885	\$ 15,556
Less: Earned Revenue	17	3
Net Program Costs	15,868	15,553
Total Program Costs	\$ 15,868	\$ 15,553
Grand Total Program Costs	\$ 64,817	\$ 64,284
Net Cost of Operations (Notes 12 & 15)	\$ 64,817	\$ 64,284

The accompanying notes are an integral part of these statements.

United States Department of Education
Consolidated Statement of Changes in Net Position
For the Years Ended September 30, 2008 and 2007

(Dollars in Millions)

	Fiscal Year 2008		Fiscal Year 2007	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended Appropriations
Beginning Balances				
Beginning Balances - Earmarked Funds	\$ 39		\$ 61	
Beginning Balances - All Other Funds	\$ (2,505)	\$ 52,047	\$ (5,063)	\$ 51,812
Budgetary Financing Sources:				
Appropriations Received				
Appropriations Received - Earmarked Funds				
Appropriations Received - All Other Funds		\$ 72,991		\$ 73,921
Other Adjustments (rescissions, etc)				
Other Adjustments (rescissions, etc) - Earmarked Funds				
Other Adjustments (rescissions, etc) - All Other Funds	\$ (6)	(2,202)		(1,090)
Appropriations Used				
Appropriations Used - Earmarked Funds				
Appropriations Used - All Other Funds	73,330	(73,330)	\$ 72,596	(72,596)
Nonexpenditure Financing Sources - Transfers-Out				
Nonexpenditure Financing Sources - Transfers-Out - Earmarked Funds				
Nonexpenditure Financing Sources - Transfers-Out - All Other Funds	(208)		(27)	
Other Financing Sources:				
Imputed Financing from Costs Absorbed by Others				
Imputed Financing from Costs Absorbed by Others - Earmarked Funds				
Imputed Financing from Costs Absorbed by Others - All Other Funds	\$ 29		\$ 32	
Others				
Others - Earmarked Funds				
Others - All Other Funds	(12,032)		(5,781)	
Total Financing Sources				
Total Financing Sources - Earmarked Funds				
Total Financing Sources - All Other Funds	\$ 61,113	\$ (2,541)	\$ 66,820	\$ 235
Net Cost of Operations				
Net Cost of Operations - Earmarked Funds	\$ (22)		\$ (22)	
Net Cost of Operations - All Other Funds	\$ (64,795)		\$ (64,262)	
Net Change				
Net Change - Earmarked Funds	\$ (22)		\$ (22)	
Net Change - All Other Funds	\$ (3,682)	\$ (2,541)	\$ 2,558	\$ 235
Ending Balances - Earmarked Funds (Note 11)				
	\$ 17		\$ 39	
Ending Balances - All Other Funds (Note 11)				
	\$ (6,187)	\$ 49,506	\$ (2,505)	\$ 52,047

The accompanying notes are an integral part of these statements.

**United States Department of Education
Combined Statement of Budgetary Resources
For the Years Ended September 30, 2008 and 2007**

(Dollars in Millions)

	Fiscal Year 2008		Fiscal Year 2007	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Non-Budgetary Credit Reform Financing Accounts
Budgetary Resources:				
Unobligated balance, brought forward, October 1:	\$ 5,272	\$ 37,111	\$ 5,221	\$ 46,490
Recoveries of prior year Unpaid Obligations	2,097	3,115	1,968	3,043
Budgetary Authority:				
Appropriations	73,002	153	73,919	2
Borrowing Authority (Note 14)		57,743		20,037
Spending authority from offsetting collections (gross):				
Earned				
Collected	1,751	33,570	1,816	37,373
Change in Receivables from Federal Sources	(1)		3	
Change in unfilled customer orders				
Advance Received	4		(5)	
Without advance from Federal Sources			(3)	(30)
Subtotal	\$ 74,756	\$ 91,466	\$ 75,730	\$ 57,382
Permanently not available	(2,980)	(16,844)	(2,119)	(19,451)
Total Budgetary Resources(Note 14)	\$ 79,145	\$ 114,848	\$ 80,800	\$ 87,464
Status of Budgetary Resources:				
Obligations incurred: (Note 14)				
Direct	\$ 74,742	\$ 88,001	\$ 75,435	\$ 50,353
Reimbursable	96		93	
Subtotal	\$ 74,838	\$ 88,001	\$ 75,528	\$ 50,353
Unobligated Balances:				
Apportioned	\$ 1,540	\$ 396	\$ 3,093	\$ 321
Subtotal	\$ 1,540	\$ 396	\$ 3,093	\$ 321
Unobligated Balance not available	2,767	26,451	2,179	36,790
Total Status of Budgetary Resources	\$ 79,145	\$ 114,848	\$ 80,800	\$ 87,464
Change in Obligated Balance:				
Obligated balance, net				
Unpaid obligations, brought forward, October 1	\$ 50,712	\$ 14,734	\$ 50,210	\$ 12,953
Uncollected customer payments from Federal Sources, brought forward, October 1	(3)		(3)	(30)
Total, unpaid obligated balance, brought forward, net	\$ 50,709	\$ 14,734	\$ 50,207	\$ 12,923
Obligation Incurred net (+/-)	74,838	88,001	75,528	50,353
Gross Outlays	(73,578)	(58,180)	(73,058)	(45,529)
Recoveries of prior year unpaid obligations, actual	(2,097)	(3,115)	(1,968)	(3,043)
Change in uncollected customer payments from Federal Sources (+/-)	1			30
Obligated Balance, net, end of period				
Unpaid Obligations	\$ 49,875	\$ 41,440	\$ 50,712	\$ 14,734
Uncollected customer payments from Federal Sources	(2)		(3)	
Total, unpaid obligated balance, net, end of period	\$ 49,873	\$ 41,440	\$ 50,709	\$ 14,734
Net Outlays				
Net Outlays:				
Gross Outlays	\$ 73,578	\$ 58,180	\$ 73,058	\$ 45,529
Offsetting collections	(1,755)	(33,570)	(1,811)	(37,373)
Distributed Offsetting receipts	(103)	(5,750)	(173)	(4,700)
Net Outlays (Note 14)	\$ 71,720	\$ 18,860	\$ 71,074	\$ 3,456

The accompanying notes are an integral part of these statements.