

Analysis of Financial Statements

The Department's financial statements, which are provided in Section III of this document, received an unqualified audit opinion for the fiscal years ended September 30, 2009 and 2008. These statements were prepared from the accounting records of the Department in conformity with the accounting principles generally accepted in the United States and Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These principles are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

The following information highlights the Department's financial position and results of operations in FY 2009. The complete set of financial statements, related notes, and the opinion of the Department's auditors are provided in Section III of this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2009, shows \$36.6 billion in total assets, an increase of \$7.3 billion over the previous year's total assets of \$29.3 billion. Fund Balance with U.S. Treasury (FBWT) was \$20.9 billion, which represented 57 percent of total assets. This increase is predominantly due to American Recovery and Reinvestment Act (ARRA) activity in FBWT and Advances and Prepayments.

Liabilities: Total Department liabilities were \$9.2 billion as of September 30, 2009, an increase of \$581.0 million from the previous year's total liabilities of \$8.6 billion.

Net Cost of Operations: The Consolidated Statement of Net Cost presents the Department's gross and net cost by strategic goal. The net cost of the Department's operations totaled \$27.9 billion for the year ended September 30, 2009, an increase of \$1.4 billion (5.3 percent) from the previous year's net cost of operations of \$26.5 billion.

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

Strategic Goal	Description of Major Costs
I	Includes resources dedicated to counterterrorism initiatives for ATF, Criminal Division, DEA, FBI, NSD, USAs, and USMS
II	Includes resources for the AFF, ATF, BOP, COPS, CRS, DEA, FBI, FCSC, Organized Crime Drug Enforcement Task Force (OCDETF), ODR, OJP, OLC, OPA, OSG, OVW, USAs, USMS, U.S. National Central Bureau (USNCB), UST, and the Antitrust, Civil, Civil Rights, Criminal, Environment and Natural Resources, and Tax Divisions
III	Includes resources for BOP, EOIR, Fees and Expenses of Witnesses, FPI, OJP, Justice Prisoner Alien Transportation System, USMS, U.S. Parole Commission, and services to America's crime victims

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

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

Budgetary Resources: The Department’s FY 2009 Combined Statement of Budgetary Resources shows \$44.6 billion in total budgetary resources, an increase of \$6.8 billion from the previous year’s total budgetary resources of \$37.8 billion. This increase is predominantly due to the Department receiving approximately \$4 billion in ARRA appropriations.

Net Outlays: The Department’s FY 2009 Combined Statement of Budgetary Resources shows \$28.1 billion in net outlays, an increase of \$1.2 billion from the previous year’s total net outlays of \$26.9 billion.

Data Reliability and Validity

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

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