Principal Financial Statements Included in This Report

The principal financial statements included in this report have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990 (P.L. 101-576), the Government Management Reform Act of 1994 and Office of Management and Budget's (OMB) Circular No. A-136, "Financial Reporting Requirements." The responsibility for the integrity of the financial information included in these statements rests with management of the U.S. Department of Labor (DOL). The audit of DOL's principal financial statements was performed by KPMG LLP. The auditors' report accompanies the principal statements.

The Department's principal financial statements for fiscal years (FY) 2009 and 2008 consisted of the following:

- The **Consolidated Balance Sheet**, which presents as of September 30, 2009 and 2008 those resources owned or managed by DOL that are available to provide future economic benefits (assets); amounts owed by DOL that will require payments from those resources or future resources (liabilities); and residual amounts retained by DOL, comprising the difference (net position).

- The **Consolidated Statement of Net Cost**, which presents the net cost of DOL operations for the years ended September 30, 2009 and 2008. DOL's net cost of operations includes the gross costs incurred by DOL less any exchange revenue earned from DOL activities. Due to the complexity of DOL's operations, the classification of gross cost and exchange revenues by major program and suborganization is presented in Note 15 to the consolidated financial statements.

- The **Consolidated Statement of Changes in Net Position**, which presents the change in DOL's net position resulting from the net cost of DOL operations, budgetary financing sources other than exchange revenues, and other financing sources for the years ended September 30, 2009 and 2008.

- The **Combined Statement of Budgetary Resources**, which presents the budgetary resources available to DOL during FY 2009 and 2008, the status of these resources at September 30, 2009 and 2008, the change in obligated balance during FY 2009 and 2008, and net outlays of budgetary resources for the years ended September 30, 2009 and 2008.

- The **Statement of Social Insurance,** which presents the net present value of projected cash inflows and cash outflows of the Black Lung Disability Trust Fund as of September 30, 2009, 2008, 2007, 2006, and 2005.

CONSOLIDATED BALANCE SHEET

As of September 30, 2009 and 2008
(Dollars in Thousands)

	2009	2008
ASSETS		
Intra-governmental		
Funds with U.S. Treasury (Notes 1-C and 2)	$ 14,406,751	$ 9,428,930
Investments (Notes 1-D and 3)	20,111,346	73,564,675
Accounts receivable (Notes 1-E and 4)	5,467,497	4,076,877
Total intra-governmental	39,985,594	87,070,482
Accounts receivable, net of allowance (Notes 1-E and 4)	1,353,841	976,428
Property, plant and equipment, net of accumulated depreciation (Notes 1-F and 5)	1,154,240	1,140,999
Other		
Advances (Notes 1-G and 6)	1,691,098	756,410
Total assets	$ 44,184,773	$ 89,944,319
LIABILITIES AND NET POSITION		
Liabilities (Note 1-I)		
Intra-governmental		
Accounts payable	$ 17,983	$ 28,782
Debt (Notes 1-J and 8)	14,351,967	10,483,557
Other liabilities (Note 9)	101,424	219,337
Total intra-governmental	14,471,374	10,731,676
Accounts payable	1,346,997	908,799
Accrued benefits (Notes 1-K and 10)	4,627,250	1,775,576
Future workers' compensation benefits (Notes 1-L and 11)	889,259	762,836
Other		
Energy employees occupational illness compensation benefits (Note 1-M)	8,063,563	8,099,319
Accrued leave (Note 1-N)	107,311	111,507
Other liabilities (Note 9)	150,442	240,849
Total liabilities	29,656,196	22,630,562
Contingencies (Note 13)		
Net position (Note 1-R)		
Unexpended appropriations - other funds	10,825,237	8,169,166
Cumulative results of operations		
Earmarked funds (Note 21)	4,562,666	62,052,699
Other funds	(859,326)	(2,908,108)
Total net position	14,528,577	67,313,757
Total liabilities and net position	$ 44,184,773	$ 89,944,319

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF NET COST
For the Years Ended September 30, 2009 and 2008
(Dollars in Thousands)

	2009	2008
NET COST OF OPERATIONS (Notes 1-S and 15)		
CROSSCUTTING PROGRAMS		
Income maintenance		
Gross cost	$ 133,351,382	$ 53,680,770
Less earned revenue	(3,780,083)	(3,365,944)
Net program cost	129,571,299	50,314,826
Employment and training		
Gross cost	7,205,646	5,703,975
Less earned revenue	(11,439)	(12,184)
Net program cost	7,194,207	5,691,791
Labor, employment and pension standards		
Gross cost	720,836	694,041
Less earned revenue	(13,517)	(13,240)
Net program cost	707,319	680,801
Worker safety and health		
Gross cost	943,808	920,563
Less earned revenue	(2,750)	(2,837)
Net program cost	941,058	917,726
OTHER PROGRAMS		
Statistics		
Gross cost	629,399	611,049
Less earned revenue	(8,321)	(5,275)
Net program cost	621,078	605,774
COSTS NOT ASSIGNED TO PROGRAMS		
Gross cost	96,777	111,912
Less earned revenue not attributed to programs	(13,247)	(15,836)
Net cost not assigned to programs	83,530	96,076
Net cost of operations	$ 139,118,491	$ 58,306,994

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2009 and 2008

(Dollars in Thousands)

	2009			2008		
	Consolidated Earmarked Funds	Consolidated All Other Funds	Consolidated Total	Consolidated Earmarked Funds	Consolidated All Other Funds	Consolidated Total
Cumulative results of operations, beginning	$ 62,052,699	$ (2,908,108)	$ 59,144,591	$ 65,388,181	$ (2,112,853)	$ 63,275,328
Adjustments						
Change in accounting principle (Note 1-B)	-	(30,268)	(30,268)	-	-	-
Beginning balances, as adjusted	62,052,699	(2,938,376)	59,114,323	65,388,181	(2,112,853)	63,275,328
Budgetary financing sources (Note 1-T)						
Appropriations used	-	42,689,532	42,689,532	-	10,107,739	10,107,739
Non-exchange revenue (Note 16)						
Employer taxes	35,954,378	-	35,954,378	38,307,831	-	38,307,831
Interest	2,059,807	187	2,059,994	3,639,276	5,423	3,644,699
Assessments	-	779	779	-	136,827	136,827
Reimbursement of unemployment benefits	2,763,817	-	2,763,817	1,768,182	-	1,768,182
Total non-exchange revenue	40,778,002	966	40,778,968	43,715,289	142,250	43,857,539
Transfers without reimbursement (Note 17)	18,514,212	(18,414,660)	99,552	(3,683,586)	3,773,365	89,779
Other financing sources (Note 1-U)						
Imputed financing from costs absorbed by others	170	136,483	136,653	195	117,814	118,009
Transfers without reimbursement (Note 17)	-	2,803	2,803	-	3,191	3,191
Total financing sources	59,292,384	24,415,124	83,707,508	40,031,898	14,144,359	54,176,257
Net cost of operations	(116,782,417)	(22,336,074)	(139,118,491)	(43,367,380)	(14,939,614)	(58,306,994)
Net change	(57,490,033)	2,079,050	(55,410,983)	(3,335,482)	(795,255)	(4,130,737)
Cumulative results of operations, ending	4,562,666	(859,326)	3,703,340	62,052,699	(2,908,108)	59,144,591
Unexpended appropriations, beginning	-	8,169,166	8,169,166	-	8,207,904	8,207,904
Budgetary financing sources (Note 1-T)						
Appropriations received (Note 18-F)	-	43,475,352	43,475,352	-	10,936,004	10,936,004
Appropriations transferred	-	2,516,238	2,516,238	-	(431,909)	(431,909)
Appropriations not available	-	(645,987)	(645,987)	-	(435,094)	(435,094)
Appropriations used	-	(42,689,532)	(42,689,532)	-	(10,107,739)	(10,107,739)
Subtotal	-	2,656,071	2,656,071	-	(38,738)	(38,738)
Unexpended appropriations, ending	-	10,825,237	10,825,237	-	8,169,166	8,169,166
Net position	$ 4,562,666	$ 9,965,911	$ 14,528,577	$ 62,052,699	$ 5,261,058	$ 67,313,757

The accompanying notes are an integral part of these statements.

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2009 and 2008
(Dollars in Thousands)

	2009	2008
BUDGETARY RESOURCES		
Unobligated balance, brought forward, October 1	$ 4,157,428	$ 4,311,781
Recoveries of prior year unpaid obligations	262,069	418,195
Budget authority		
Appropriations received (Note 18-F)	167,463,706	58,784,002
Borrowing authority	14,445,717	426,000
Spending authority from offsetting collections		
Earned		
Collected	1,860,954	2,947,436
Change in receivables from Federal sources	5,136	(3,996)
Change in unfilled customer orders		
Advance received	(23,131)	2,312
Expenditure transfers from trust funds	5,348,330	3,772,387
Total budget authority	189,100,712	65,928,141
Nonexpenditure transfers, net	(1,703)	(9,750)
Temporarily not available pursuant to Public Law	(35,130)	(198,557)
Permanently not available		
Redemption of debt	(10,483,557)	-
All other	(1,080,459)	(852,906)
Total budgetary resources	$ 181,919,360	$ 69,596,904
STATUS OF BUDGETARY RESOURCES		
Obligations incurred (Note 18-A)		
Direct	$ 174,719,690	$ 62,457,299
Reimbursable	3,075,035	2,982,177
Total obligations incurred	177,794,725	65,439,476
Unobligated balances available		
Apportioned	3,232,633	2,499,272
Exempt from apportionment	301,633	239,399
Total unobligated balances available	3,534,266	2,738,671
Unobligated balances not available	590,369	1,418,757
Total status of budgetary resources	$ 181,919,360	$ 69,596,904
CHANGE IN OBLIGATED BALANCE		
Obligated balance, net		
Unpaid obligations, brought forward, October 1	$ 9,363,199	$ 9,369,528
Less uncollected customer payments from Federal sources, brought forward, October 1	(1,183,351)	(1,261,368)
Total unpaid obligated balance, net	8,179,848	8,108,160
Obligations incurred, net	177,794,725	65,439,476
Less gross outlays	(168,678,920)	(65,027,610)
Less recoveries of prior year unpaid obligations, actual	(262,069)	(418,195)
Change in uncollected customer payments from Federal sources	(1,148,424)	78,017
Obligated balance, net, end of period		
Unpaid obligations	18,216,935	9,363,199
Less uncollected customer payments from Federal sources	(2,331,775)	(1,183,351)
Total unpaid obligated balance, net, end of period	$ 15,885,160	$ 8,179,848
NET OUTLAYS		
Gross outlays	$ 168,678,920	$ 65,027,610
Less offsetting collections	(6,078,853)	(6,788,590)
Less distributed offsetting receipts	(24,625,433)	(740,880)
Net outlays	$ 137,974,634	$ 57,498,140

The accompanying notes are an integral part of these statements.

STATEMENT OF SOCIAL INSURANCE
As of September 30, 2009, 2008, 2007, 2006, and 2005
(Dollars in Thousands)

	Projection Periods Ending September 30, 2040				
					Unaudited
	2009	2008	2007	2006	2005
BLACK LUNG DISABILITY BENEFIT PROGRAM (Note 1-W)					
Actuarial present value of future benefit payments during the projection period to disabled coal miners and dependent survivors	$ 2,170,943	$ 2,139,810	$ 2,450,064	$ 2,722,801	$ 2,622,302
Present value of estimated future administrative costs during the projection period	984,996	827,437	831,439	848,218	845,158
Actuarial present value of future benefit payments and present value of estimated administrative costs during the projection period	3,155,939	2,967,247	3,281,503	3,571,019	3,467,460
Less the present value of estimated future excise tax income during the projection period	8,876,813	8,009,265	7,897,423	7,957,821	8,536,401
Excess of present value of estimated future excise tax income over actuarial present value of benefit payments and present value of estimated administrative costs for the projection period	$ 5,720,874	$ 5,042,018	$ 4,615,920	$ 4,386,802	$ 5,068,941
Trust fund net position deficit at start of projection period (Note 21)	$ (6,320,321)	$ (10,439,186)	$ (10,027,701)	$ (9,604,743)	$ (9,160,009)

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The U.S. Department of Labor (DOL or the Department), a cabinet level agency of the Executive Branch of the United States Government, was established in 1913, to promote the welfare of the wage earners of the United States. Today the Department's mission remains the same: to foster and promote the welfare of the job seekers, wage earners and retirees of the United States by improving their working conditions, advancing their opportunities for profitable employment, protecting their retirement and health care benefits, helping employers find workers, strengthening free collective bargaining, and tracking changes in employment, prices, and other economic measurements.

DOL is organized into major program agencies, which administer the various statutes and programs for which the Department is responsible. Through the execution of its congressionally approved budget, DOL conducts operations in five major Federal program areas, under four major budget functions: education, training, employment, and social services; health (occupational health and safety); income security; and national defense. DOL's major program agencies, major programs in which they operate, and the relationship of these programs to the Department's 2009 Strategic Goals are shown below.

1. **Major program agencies**

   - Employment and Training Administration (ETA)
   - Employment Standards Administration (ESA)
   - Office of Job Corps
   - Occupational Safety and Health Administration (OSHA)
   - Bureau of Labor Statistics (BLS)
   - Mine Safety and Health Administration (MSHA)
   - Employee Benefits Security Administration (EBSA)
   - Veterans' Employment and Training Services (VETS)
   - Other Departmental Programs
     - Office of the Assistant Secretary for Administration and Management
     - Office of the Solicitor
     - Office of the Chief Financial Officer
     - Office of Inspector General
     - Bureau of International Labor Affairs
     - Women's Bureau
     - Office of Disability Employment Policy

   The Pension Benefit Guaranty Corporation (PBGC), a wholly owned Federal government corporation under the chairmanship of the Secretary of Labor, has been designated by the Office of Management and Budget (OMB) as a separate reporting entity for financial statement purposes and has been excluded from the DOL reporting entity for purposes of these consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

2. Major programs

- Income maintenance – Strategic Goal 4
- Employment and training – Strategic Goals 1 and 2
- Labor, employment, and pension standards – Strategic Goals 3 and 4
- Worker safety and health – Strategic Goal 3
- Statistics – Strategic Goal 1

Note 15 shows expenses by major program agencies which correspond to the Department's strategic goals.

3. Fund accounting structure

DOL's financial activities are accounted for by Federal account symbol, utilizing individual funds and fund accounts within distinct fund types used in reporting to Treasury Financial Management Services and OMB. For financial statement purposes, funds are classified as earmarked funds, fiduciary funds and all other funds.

Earmarked funds are financed by specifically identified revenues often supplemented by other financing sources which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes and must be accounted for separately from the Government's general revenues.

Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment and disposition by the Federal Government of cash or other assets in which non-Federal individuals or entities have an ownership interest that the Federal Government must uphold. Fiduciary cash and other assets are not assets of the Federal Government and accordingly are not recognized on the balance sheet.

Earmarked funds, fiduciary funds and all other funds are identified as follows:

Earmarked funds

The Unemployment Trust Fund was established under the authority of Section 904 of the Social Security Act of 1935, as amended, to receive, hold, invest, and disburse monies collected under the Federal Unemployment Tax Act, as well as state unemployment taxes collected by the states and transferred to the Fund, and unemployment taxes collected by the Railroad Retirement Board and transferred to the Fund.

The Black Lung Disability Trust Fund, established under Part C of the Black Lung Benefits Revenue Act, provides compensation and medical benefits to coal miners who suffer disability due to pneumoconiosis, and compensation benefits to their dependent survivors for claims filed subsequent to June 30, 1973. Claims filed from the origination of the program until June 30, 1973 are paid by the general fund Special Benefits to Disabled Coal Miners.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

Earmarked funds - continued

The Gifts and Bequests Fund uses miscellaneous funds received by gift or bequest to support various activities of the Secretary of Labor.

The Panama Canal Commission Compensation Fund was established to pay workers compensation obligations of the Panama Canal Commission under the Federal Employees' Compensation Act from funding provided by the Commission.

H-1B Funds provide demonstration grants to regional and local entities to provide technical skills training to unemployed and incumbent workers. The funds are supported by fees paid by employers applying for foreign workers under the H-1B temporary alien labor certification program authorized by the American Competitiveness and Workforce Improvement Act of 1998.

Fiduciary funds

- Trust funds

The Longshore and Harbor Workers' Compensation Act Trust Fund, established under the authority of the Longshore and Harbor Workers' Compensation Act, provides medical benefits, compensation for lost wages, and rehabilitation services for job-related injuries and diseases or death to private sector workers in certain maritime and related employment. The Act authorizes the Department to assess insurance carriers on behalf of these beneficiaries.

The District of Columbia Workmen's Compensation Act Trust Fund, established under the authority District of Columbia Workmen's Compensation Act, provides compensation and medical payments to District of Columbia employees for work-related injuries or death which occurred prior to July 26, 1982. The Act authorizes the Department to assess insurance carriers on behalf of these beneficiaries.

- Deposit fund

The Wage and Hour and Public Contracts Restitution Fund, established by the Fair Labor Standards Amendments of 1949, authorized the Department to assess employers for any unpaid minimum wages or unpaid overtime compensation owed to any employee or employees as a result of violation of labor laws and statutes and pay these wages directly to the employee or employees affected.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

All other funds

- General funds

Salaries and Expenses include appropriated funds which are used to carry out the missions and functions of the Department, except where specifically provided for from other Departmental funds.

Training and Employment Services provides for a flexible, decentralized system of Federal and local programs of training and other services for the economically disadvantaged designed to lead to permanent gains in employment, through grants to states and Federal programs such as Job Corps, authorized by the Workforce Investment Act and the Job Training Partnership Act. Management and administration of Job Corps activities was transferred from the Employment and Training Administration to an autonomous office under the Secretary during FY 2006. Job Corps funding, appropriated to ETA in 2006 and 2007, was transferred to the Office of Job Corps via an allotment process.

The Office of Job Corps supports the administration and management of the Job Corps program, which helps at-risk youth who need and can benefit from intensive education and training services to become more employable, responsible, and productive citizens. The Consolidated Appropriations Act, 2008 appropriated Job Corps funding directly to the Office of Job Corps, requiring the creation of a new Federal account symbol for the Office of Job Corps. In FY 2008, Job Corps costs associated with the 2008 appropriation were reported under a new sub-organization for the Office of Job Corps at the Departmental level. Costs associated with prior year appropriations were reported under the Employment and Training Administration's Training and Employment Services where they were originally budgeted and appropriated. In FY 2009, under mandate by OMB, all outstanding Job Corps balances under prior year appropriations were transferred from ETA to the sub-organization for the Office of Job Corps at the Departmental level.

Welfare to Work Jobs provides funding for the activities of the Welfare-to-Work Grants program established by the Balanced Budget Act of 1997. The program provides formula grants to States and Federally administered competitive grants to other eligible entities to assist welfare recipients in securing lasting unsubsidized employment.

State Unemployment Insurance and Employment Service Operations includes grants to states for administering the Unemployment Compensation and Employment Service programs. Unemployment Compensation provides administrative grants to state agencies which pay unemployment benefits to eligible individuals and collect state unemployment taxes from employers. The Employment Service is a nationwide system providing no-fee employment services to individuals seeking employment and to employers seeking workers. Employment Service activities are financed by allotments to states distributed under a demographically based funding formula established under the Wagner-Peyser Act, as amended.

Payments to the Unemployment Trust Fund was initiated as a result of amendments to the Emergency Unemployment Compensation (EUC) law, which provided general fund financing to the Unemployment Trust Fund to pay emergency unemployment benefits and the administrative costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

All other funds - continued

- General funds - continued

Advances to the Unemployment Trust Fund and Other Funds provides advances to other accounts within the Unemployment Trust Fund to pay unemployment compensation whenever the balances in these accounts prove insufficient or whenever reimbursements to certain accounts, as allowed by law, are to be made. This account also provides loans to the Black Lung Disability Trust Fund to make disability payments whenever the fund balance proves insufficient.

Federal Unemployment Benefits and Allowances provides for payment of benefits, training, job search, and relocation allowances as authorized by the Trade Act of 1974.

Community Service Employment for Older Americans provides part time work experience in community service activities to unemployed, low income persons aged 55 and over.

The Federal Employees' Compensation Act Special Benefit Fund provides wage replacement benefits and payment for medical services to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury. The Fund also provides for rehabilitation of injured employees to facilitate their return to work.

The Energy Employees Occupational Illness Compensation Fund was established to adjudicate, administer, and pay claims for benefits under the Energy Employees Occupational Illness Compensation Program Act of 2000. The Act authorizes lump sum payments and the reimbursement of medical expenses to employees of the Department of Energy (DOE) or of private companies under contract with DOE, who suffer from specified diseases as a result of their work in the nuclear weapons industry. The Act also authorizes compensation to the survivors of these employees under certain circumstances. The Act was amended by the Ronald Reagan National Defense Authorization Act of 2005 to provide coverage to additional claimants.

Special Benefits for Disabled Coal Miners was established under the Federal Mine Safety and Health Act to pay benefits to coal miners disabled from pneumoconiosis and to their widows and certain other dependents. Part B of the Act assigned processing of claims filed from the origination of the program until June 30, 1973 to the Social Security Administration. Part B claims processing and payment operations were transferred to DOL effective October 1, 2003.

Federal Additional Unemployment Compensation was established under the American Recovery and Reinvestment Act of 2009 (Recovery Act) to provide a $25 weekly supplement to the unemployment compensation of eligible claimants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

All other funds - continued

The Recovery Act was enacted on February 17th, 2009. DOL's key roles in the Recovery Act effort include providing worker training for jobs and easing the burden of the recession on workers and employers by providing extended and expanded unemployment benefits and assisting and educating them regarding expanded access to continued health benefits. These efforts are funded through additional Federal account symbols, established under existing programs, including Training and Employment Services, Office of Job Corps, State Unemployment Insurance and Employment Service Operations, and Payments to the Unemployment Trust Fund.

- Revolving funds

The Working Capital Fund maintains and operates a program of centralized services in the national office and the field. The Fund is paid in advance by the agencies, bureaus, and offices for which centralized services are provided, at rates which return the full cost of operations.

- Miscellaneous receipt and clearing accounts

Miscellaneous receipt accounts hold non-entity receipts and accounts receivable from DOL activities which by law cannot be deposited into funds under DOL control. The U.S. Department of the Treasury (Treasury) automatically transfers all cash balances in these receipt accounts to the general fund of the Treasury at the end of each fiscal year.

Clearing accounts hold monies which belong to DOL, but for which a specific receipt account has not been determined.

- Deposit funds

Deposit funds account for monies held temporarily by DOL until ownership is determined, or monies held by DOL as an agent for others.

4. Inter-departmental relationships

DOL and Treasury are jointly responsible for the operations of the Unemployment Trust Fund and the Black Lung Disability Trust Fund. DOL is responsible for the administrative oversight and policy direction of the programs financed by these trust funds. Treasury acts as custodian over monies deposited into the funds and also invests amounts in excess of disbursing requirements in Treasury securities on behalf of DOL. DOL consolidates the financial results of the Unemployment Trust Fund and the Black Lung Disability Trust Fund into these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Accounting and Presentation

These consolidated financial statements present the financial position, net cost of operations, changes in net position and budgetary resources of the U.S. Department of Labor, and estimated and actuarial projections for the Department's Black Lung social insurance program, in accordance with U.S. generally accepted accounting principles and the form and content requirements of OMB Circular No. A 136, "Financial Reporting Requirements." Except as described in the following paragraphs, they have been prepared from the books and records of DOL, and include the accounts of all funds under the control of the DOL reporting entity. All inter-fund balances and transactions have been eliminated, except in the Statement of Budgetary Resources. OMB Circular No. A-136 requires that the Statement of Budgetary Resources be presented on a combined basis.

DOL is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity.

OMB Circular No. A-136 requires the parent to report all budgetary and proprietary activity in its financial statements. DOL allocates appropriations to the Department of Agriculture and the Department of Interior to provide funds for youth training programs. Accordingly, all activity for these allocation accounts is included in the DOL financial statements for FY 2009 and FY 2008. Appropriations have been allocated to DOL from the Environmental Protection Agency, the State Department and the Agency for International Development. These amounts have not been included in the DOL financial statements for FY 2009 or FY 2008, as they are reported by those other agencies.

Effective in FY 2009, paragraphs 83-87 of Statement of Federal Financial Accounting Standards (SFFAS) 7 ("dedicated collections") have been rescinded per paragraph 34 of SFFAS 31, "Accounting for Fiduciary Activities." Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment and disposition by the Federal Government of cash or other assets in which non-Federal individuals or entities have an ownership interest that the Federal Government must uphold. Fiduciary cash and other assets are not assets of the Federal Government. Fiduciary activities are no longer recognized on the proprietary financial statements, but are required to be reported in the notes to the financial statements. (See Note 22) The effect of removing the funds which account for these fiduciary activities from the proprietary financial statements on beginning cumulative results of operations is reflected as a change in accounting principle on the Consolidated Statement of Changes in Net Position.

U.S. generally accepted accounting principles encompass both accrual and budgetary transactions. Under accrual accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred. Budgetary accounting facilitates compliance with legal constraints on, and controls over, the use of federal funds. These consolidated financial statements are different from the financial reports, also prepared by DOL pursuant to OMB directives, used to monitor DOL's use of budgetary resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Accounting and Presentation - Continued

Throughout these financial statements, intra-governmental assets, liabilities, earned revenue, and costs have been classified according to the type of entity with whom the transactions were made. Intra-governmental assets and liabilities are those from or to other federal entities. Intra-governmental earned revenue represents collections or accruals of revenue from other federal entities, and intra-governmental costs are payments or accruals to other federal entities.

C. Funds with U.S. Treasury

DOL's cash receipts and disbursements are processed by the U.S. Treasury. Funds with U.S. Treasury represent obligated and unobligated balances available to finance allowable expenditures and restricted balances, including amounts related to expired authority and amounts not available for use by DOL. (See Note 2)

D. Investments

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with DOL's earmarked funds. The cash receipts collected from the public for earmarked funds are deposited in the U.S. Treasury, which uses the cash for general Government purposes. Interest earning Treasury securities are issued to DOL's earmarked funds as evidence of the receipts. These Treasury securities are assets to DOL and liabilities to the U.S. Treasury. Because DOL 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. Government-wide financial statements. Treasury securities provide DOL with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When DOL requires redemption of these securities to make expenditures, the Government finances those expenditures 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.

Balances held in the Unemployment Trust Fund are invested in non-marketable, special issue Treasury securities (certificates of indebtedness and bonds) available for purchase exclusively by Federal government agencies and trust funds. Special issues are purchased and redeemed at face value (cost), which is equivalent to their net carrying value on the Consolidated Balance Sheet. Interest rates and maturity dates vary. Balances held in the Panama Canal Commission Compensation Fund are invested in marketable Treasury securities. These investments are stated at amortized costs that equal to their net carrying value on the Consolidated Balance Sheet. Discounts and premiums are amortized using the effective interest method. Interest rates and maturity dates vary. Management expects to hold these marketable securities until maturity; therefore, no provision is made in the financial statements for unrealized gains or losses. Balances held in the Energy Employees Occupational Illness Compensation Fund are invested in non-marketable Treasury one day certificates. In FY 2008, balances held in the Longshore and Harbor Workers' Compensation Act Trust Fund and the District of Columbia Workmen's Compensation Act Trust Fund were invested in non-marketable Treasury one day certificates. (See Note 3)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Accounts Receivable, Net of Allowance

Accounts receivable consists of intra-governmental amounts due to DOL, as well as amounts due from the public.

1. **Intra-governmental accounts receivable**

   The Federal Employees Compensation (FEC) account within the Unemployment Trust Fund provides unemployment insurance to eligible Federal workers (UCFE) and ex-service members (UCX). DOL recognizes as accounts receivable amounts due from other Federal agencies for unreimbursed UCFE and UCX benefits. DOL's Federal Employees' Compensation Act (FECA) Special Benefit Fund provides workers' compensation benefits to eligible Federal workers on behalf of other Federal agencies. DOL recognizes as accounts receivable amounts due from other Federal agencies to the Special Benefit Fund for unreimbursed FECA benefits.

   DOL also has receivables from other Federal agencies for work performed on their behalf under various reimbursable agreements.

2. **Accounts receivable due from the public**

   DOL recognizes as accounts receivable State unemployment taxes due from covered employers and reimbursements of benefits paid on behalf of reimbursable employers. Also recognized as accounts receivable are benefit overpayments made by DOL to individuals not entitled to receive the benefit.

   DOL recognizes as accounts receivable amounts due from the public for fines and penalties levied against employers by OSHA, MSHA, ESA, and EBSA; for amounts due for backwages assessed against employers by ESA; and for amounts due from grantees and contractors for grant and contract costs disallowed by ETA.

3. **Allowance for doubtful accounts**

   Accounts receivable due from the public are stated net of an allowance for uncollectible accounts. The allowance is estimated based on an aging of account balances, past collection experience, and an analysis of outstanding accounts at year-end. Intra-governmental accounts receivable are considered fully collectible. (See Note 4)

F. Property, Plant and Equipment, Net of Accumulated Depreciation

The majority of DOL's property, plant and equipment (PP&E) is general purpose PP&E held by Job Corps centers owned and operated by DOL through a network of contractors. Internal use software is considered general purpose PP&E.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. Property, Plant and Equipment, Net of Accumulated Depreciation - Continued

DOL's capitalization thresholds are displayed in the following table.

Property classification	Prior to FY 1996	FY 1996 through FY 2001	FY 2002 and thereafter	Useful life
Equipment – WCF	> $5,000	> $5,000	>= $50,000	>= 2 years
Equipment – Non WCF	> $5,000	> $25,000	>= $50,000	>= 2 years
Real Property Purchases or Improvements	> $5,000	> $25,000	> $500,000	>= 2 years
Leasehold Improvements	> $5,000	> $25,000	> $500,000	>= 2 years
Internal Use Software – WCF	> $5,000	> $5,000	> $300,000	>= 2 years
Internal Use Software – Non WCF	> $5,000	> $300,000	> $300,000	>= 2 years

PP&E purchases and additions are stated at cost. Normal repairs and maintenance are charged to expense as incurred. PP&E are depreciated over their estimated useful lives using the straight-line method of depreciation.

Job Corps center construction costs are capitalized as construction-in-progress until completed. Upon completion they are reclassified as structures or facilities and depreciated over their estimated useful lives. Leasehold improvements made at Job Corps centers and DOL facilities leased from the General Services Administration are recorded at cost and amortized over the remaining life of the lease or the useful life of the improvements, whichever is shorter, using the straight-line method of amortization. DOL operating leases have one year terms with multiple option years. The leases are cancelable by the government upon appropriate notice as specified in the lease agreements. Historically, these leases have not been canceled, and DOL has no intention to cancel these leases in the near term.

Internal use software development costs are capitalized as software development in progress until the development stage has been completed and successfully tested. Upon completion and testing, software development-in-progress costs are reclassified as internal use software and amortized over their estimated useful lives.

The table below shows the major classes of DOL's depreciable PP&E, and the depreciation periods used for each major classification. (See Note 5)

	Years
Structures, facilities and improvements	20 - 50
Furniture and equipment	2 - 36
Internal use software	2 - 15

G. Advances

DOL advances consist primarily of payments made to State employment security agencies (SESAs), and to grantees and contractors to provide for future DOL program expenditures. These advance payments are recorded by DOL as an asset, which is reduced when actual expenditures or the accrual of unreported expenditures are recorded by DOL. (See Note 6)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Non-entity Assets

Assets held by DOL which are not available to DOL for obligation are considered non-entity assets. DOL holds non-entity assets for the Railroad Retirement Board and for transfer to the U.S. Treasury. (See Note 7)

I. Liabilities

Liabilities represent probable amounts to be paid by DOL as a result of past transactions, and are recognized when incurred, regardless of whether there are budgetary resources available to pay them. However, the liquidation of these liabilities will consume budgetary resources and cannot be made until available resources have been obligated. For financial reporting purposes, DOL's liabilities are classified as covered or not covered by budgetary resources.

Liabilities are classified as covered by budgetary resources if budgetary resources are available. Liabilities are also considered covered by budgetary resources if they are to be funded by permanent indefinite appropriations, which have been enacted and signed into law and are available for use as of the balance sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first. Liabilities are classified as not covered by budgetary resources if budgetary resources are not available. These classifications differ from budgetary reporting, which categorizes liabilities as obligated, consuming budgetary resources, or unobligated, not consuming budgetary resources. Unobligated liabilities include those covered liabilities for which available budgetary resources have not been obligated, as well as liabilities not covered for which budgetary resources are not available. (See Notes 11 and 12)

J. Debt

DOL's debt consisted of the following:

1. **Black Lung Disability Trust Fund borrowings from U.S. Treasury**

   Repayable advances outstanding as of September 30, 2008 were retired on October 7, 2008 under the refinancing agreement authorized by the enactment of the Energy Improvement and Extension Act of 2008 (P.L. 110-343, section 113) on October 3, 2008. The Act gave authority to the Black Lung Disability Trust Fund to issue new obligations to the Secretary of Treasury and gave authority to the Secretary of Treasury to purchase the new obligations. However, as the Act did not provide Treasury with an appropriated funding for the purchase, the refinancing could not be effected as a sale and purchase and was therefore treated by Treasury as a loan through Treasury's Federal Borrowings Program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Debt - Continued

1. Black Lung Disability Trust Fund borrowings from U.S. Treasury - Continued

These borrowings from Treasury's Bureau of Public Debt were structured with provisions identical to the zero-coupon bonds that were to be the original obligations issued by the Trust Fund. The borrowings repayment provisions are structured as 32 discounted instruments with sequential annual September 30th maturities over the 32-year period 2009 through 2040 and bear interest rates ranging from 1.412% to 4.556%. Interest on each instrument accrues until its September 30th maturity date or the instrument is prepaid, whichever occurs first. These repayments will be funded by coal excise taxes. In the event that the Trust Fund cannot repay a discounted instrument when it matures, cannot make benefit payments, or cannot make other authorized expenditures, the Act authorizes the issuance of one-year discounted instruments to finance these activities. There were no additional borrowings in FY 2009.

The Act authorized restructuring of the Trust Fund debt by the repayment of the market value of outstanding repayable advances with the proceeds of the borrowings described above and a one-time appropriation. Pursuant to the refinancing, the market value of the outstanding repayable Advances from U.S. Treasury plus accrued interest was $12.994 billion. The total value of the new borrowings was $6.496 billion. The one-time appropriation amount was $6.498 billion. The Trust Fund recognized a loss of $2.496 billion for the difference between the market value of the outstanding advances of $12.994 billion as determined by Treasury and the carrying value of the outstanding advances and accrued interest of $10.498 billion.

2. Black Lung Disability Trust Fund advances from U.S. Treasury

Prior to October 3, 2008, the Benefits Revenue Act provided for repayable advances to DOL's Black Lung Disability Trust Fund when fund resources are not adequate to meet fund obligations. Budget authority is derived from the Black Lung Disability Trust Fund's indefinite authority to borrow. Repayable advances were provided through transfers from the Advances to the Unemployment Trust Fund and Other Funds appropriation, to the extent of borrowings under the authority. Advances were payable with interest rate equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding. Advances made prior to 1982 carried rates of interest equal to the average rate borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt. Outstanding advances bore interest rates ranging from 4.250% to 13.875% at September 30, 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Debt - Continued

3. Unemployment Trust Fund advances from U.S. Treasury

The repayable advances outstanding as of September 30, 2009 are borrowings from the General Fund of the U.S. Treasury pursuant to the authority of section 1203 of the Social Security Act (42 USC 1323) and appropriated through P.L. 111-8 (123 Stat. 754) and P.L. 111-46 (123 Stat. 1970) to fund Title XII loans to states for unemployment benefits. These repayable advances bear an interest rate of 3.375% and were computed as the average interest rate, as of the end of the calendar month preceding the issuance date of the advance, for all interest bearing obligations of the United States then forming the public debt, to the nearest lower one-eighth of 1 percent. Interest on the repayable advances is due on September 30th of each year. Advances will be repaid by transfers from the Unemployment Trust Fund to the General Fund of the Treasury when the Secretary of the Treasury, in consultation with the Secretary of Labor, has determined that the balance in the Unemployment Trust Fund is adequate to allow repayment.

K. Accrued Benefits

The financial statements include a liability for unemployment, workers' compensation, and disability benefits due and payable from various DOL funds, as discussed below. (See Note 10)

1. Unemployment benefits payable

The Unemployment Trust Fund provides benefits to unemployed workers who meet State and Federal eligibility requirements. Regular and extended unemployment benefits are paid from State accounts within the Unemployment Trust Fund, financed primarily by a State unemployment tax on employer payrolls. Fifty percent of the cost of extended unemployment benefits is paid from the Extended Unemployment Compensation Account (EUCA) within the Unemployment Trust Fund, financed by a Federal unemployment tax on employer payrolls. However, the Recovery Act has provided for a 100% Federal funding of extended benefits through December 2009. Emergency unemployment benefits, 2008, authorized by the Supplemental Appropriations Act, 2008, are paid from EUCA and are financed by Federal unemployment taxes and general fund appropriations. This emergency program has been extended to May 2010 by the Recovery Act, which also provided additional general fund appropriations. Emergency benefits were paid in prior years under the Temporary Extended Unemployment Compensation Act and the Emergency Unemployment Compensation Act. Unemployment benefits to unemployed Federal workers are paid from the Federal Employment Compensation Account within the Unemployment Trust Fund. These benefit costs are reimbursed by the responsible Federal agency. The Recovery Act also provided for Federal Additional Unemployment Compensation, which is a $25 weekly supplement to the unemployment compensation of eligible claimants. This supplement is 100% funded from Federal general revenues and is payable to individuals who are otherwise entitled under state law to receive any type of unemployment compensation discussed above through December 2009. A liability is recognized for unpaid unemployment benefits applicable to the current period and for benefits paid by states that have not been reimbursed by the fund. DOL also recognizes a liability for Federal employees' unemployment benefits to the extent of unpaid benefits for existing claims filed during the current period, payable in the subsequent period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Accrued Benefits - Continued

2. Federal employees disability and 10(h) benefits payable

The Federal Employees' Compensation Act Special Benefit Fund provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The fund is reimbursed by other Federal agencies for the FECA benefit payments made on behalf of their workers. The fund assumes the liability for unreimbursed (non-chargeable) FECA benefits. The fund also provides 50% of the annual cost-of-living adjustments for pre-1972 compensation cases under the authority of Section 10(h) of the Longshore and Harbor Workers' Compensation Act and the District of Columbia Workmen's Compensation Act. A liability for FECA benefits payable by the Special Benefit Fund to the employees of DOL and other Federal agencies and for 10(h) benefits is accrued to the extent of unpaid benefits applicable to the current period.

3. Black lung disability benefits payable

The Black Lung Disability Trust Fund and Special Benefits for Disabled Coal Miners provide compensation and medical benefits for eligible coal miners who are disabled due to pneumoconiosis (black lung disease). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

4. Energy employees occupational illness compensation benefits payable

The Energy Employees Occupational Illness Compensation Fund provides benefits to eligible current or former employees of the Department of Energy (DOE) and its contractors suffering from designated illnesses incurred as a result of their work with DOE. Benefits are also paid to certain survivors of those employees and contractors, as well as to certain beneficiaries of the Radiation Exposure Compensation Act (RECA). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

L. Future Workers' Compensation Benefits

The financial statements include an actuarial liability for future workers' compensation benefits payable by DOL to its employees, to employees of the Panama Canal Commission and to enrollees of the Job Corps, as well as benefits not chargeable to other Federal agencies, which must be paid by DOL's Federal Employees' Compensation Act Special Benefit Fund. The liability includes the expected payments for death, disability, medical, and miscellaneous costs for approved compensation cases, as well as a component for incurred but not reported claims. The liability is determined using historical benefit payment patterns related to injury years to predict the ultimate payments.

The actuarial methodology provides for the effects of inflation and adjusts historical payments to current year constant dollars by applying wage inflation factors (cost of living adjustments or COLAs) and medical inflation factors (consumer price index-medical or CPIMs) to the calculation of projected benefits. The COLAs and CPIMs used in the projections for FY 2009 and FY 2008 were as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Future Workers' Compensation Benefits - Continued

	COLA		CPIM	
FY	2009	2008	2009	2008
2009	N/A	3.87%	N/A	4.01%
2010	0.47%	2.73%	3.42%	3.86%
2011	1.40%	2.20%	3.29%	3.87%
2012	1.50%	2.23%	3.48%	3.93%
2013	1.80%	2.30%	3.71%	3.93%
2014+	2.00%	2.30%	3.71%	3.93%

Projected annual payments were discounted to present value based on OMB's interest rate assumptions for ten year Treasury notes. For 2009, interest rate assumptions were 4.223% in year one and 4.715% in year two and thereafter. For 2008, interest rate assumptions were 4.368% in year one and 4.77% in year two and thereafter. (See Note 11)

M. Energy Employees Occupational Illness Compensation Benefits

The Energy Employees Occupational Illness Compensation Fund, established under the authority of the Energy Employees Occupational Illness Compensation Program Act of 2000 (EEOICPA), provides benefits to eligible current or former employees of DOE and its contractors, or to certain survivors of those employees and contractors, as well as benefits to certain beneficiaries of the Radiation Exposure Compensation Act (RECA). DOL is responsible for adjudicating and administering claims filed under the EEOICPA. Effective July 31, 2001, compensation of $150,000 and payment of medical expenses from the date a claim is filed are available to covered individuals suffering from designated illnesses incurred as a result of their work with DOE. Prior to October 2004, compensation of $50,000 and payment of medical expenses from the date a claim is filed are available to individuals eligible for compensation under RECA. As a result of the October 2004 changes, new RECA cases are paid the full $150,000 under EEOICPA.

The Ronald Reagan National Defense Authorization Act of 2005 amended EEOICPA to include Subtitle E – Contractor Employee Compensation. This amendment replaces Part D of the EEOICPA, which provided assistance from DOE in obtaining state workers' compensation benefits. The new program grants workers' compensation benefits to covered employees and their families for illness and death arising from exposure to toxic substances at a DOE facility. The amendment also makes it possible for uranium workers as defined under Section 5 of RECA to receive compensation under Part E for illnesses due to toxic substance exposure at a uranium mine or mill covered under that Act. These claims were formerly paid by the Department of Justice (DOJ).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Energy Employees Occupational Illness Compensation Benefits - Continued

DOL has recognized an $8.064 billion and $8.099 billion actuarial liability for estimated future benefits payable by DOL at September 30, 2009 and 2008, respectively, to eligible individuals under the EEOICPA. At September 30, 2009, the undiscounted liability is $12.759 billion discounted to a present value liability of $8.064 billion based on an interest rate of 4.715% projected over a 51 year period. At September 30, 2008, the undiscounted liability is $13.066 billion discounted to a present value liability of $8.099 billion based on an interest rate 4.770% projected over a 52 year period. The estimated liability includes the expected lump sum and estimated medical payments for approved compensation cases and cases filed pending approval, as well as claims incurred but not yet filed. The actuarial projection methodology provided an estimate of the ultimate number of reported cases as a result of estimating future claims from the historical patterns of reported claims and subsequent claim approval rates. Medical payments were derived by estimating an average benefit award per living employee claimant.

N. Accrued Leave

A liability for annual and compensatory leave is accrued as leave is earned and paid when leave is taken. The balance of leave earned but not taken will be paid from future funding sources. Sick leave and other types of non-vested leave are expensed as taken.

O. Employee Health and Life Insurance Benefits

DOL employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). DOL matches the employee contributions to each program to pay for current benefits. During 2009, DOL's contributions to the FEHBP and FEGLIP were $82.5 and $2.2 million, respectively. During 2008, DOL's contributions to the FEHBP and FEGLIP were $79.6 and $2.1 million, respectively. These contributions are recognized as current operating expenses.

P. Other Retirement Benefits

DOL employees eligible to participate in the FEHBP and the FEGLIP may continue to participate in these programs after their retirement. DOL recognizes a current operating expense for the future cost of these other retirement benefits (ORB) at the time the employee's services are rendered. This ORB expense must be financed by OPM. Using cost factors supplied by OPM, DOL recorded ORB imputed costs and imputed financing sources of $97.5 million in 2009 and $81.1 million in 2008.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Q. Employee Pension Benefits

DOL employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). For employees participating in CSRS, 7.0% of their gross earnings is withheld and transferred to the Civil Service Retirement and Disability Fund. DOL contributes an additional 7.0% of the employee gross earnings to the Civil Service Retirement and Disability Fund. For employees participating in FERS, DOL withholds 0.8% of gross earnings and makes an 11.2% employer contribution. This total is transferred to the Federal Employees' Retirement Fund. The CSRS and FERS retirement funds are administered by the OPM. DOL contributions to the CSRS and FERS are recognized as current operating expenses. FERS participants are also covered under the Federal Insurance Contribution Act (FICA) and are subject to withholdings. DOL makes matching FICA contributions, recognized as operating expenses. DOL's matching contributions were $78.5 million in 2009 and $74.5 million in 2008.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participants may contribute up to $15,500 of their gross pay to the TSP during calendar year 2009, but there is no departmental matching contribution. FERS participants may contribute up to $15,500 of their gross pay to the TSP during calendar year 2009. CSRS and FERS contribution limits were the same during calendar year 2008. For employees covered under FERS, DOL contributes 1% of the employees' gross pay to the TSP. DOL also matches employees' contributions dollar-for-dollar on the first 3% of pay contributed each pay period and 50 cents on the dollar for the next 2% of pay contributed. DOL contributions to the TSP are recognized as current operating expenses. Employee and employer contributions to the TSP are transferred to the Federal Retirement Thrift Investment Board.

DOL recognizes the full cost of providing future CSRS and FERS pension benefits to covered employees at the time the employees' services are rendered. The pension expense recognized in the financial statements equals the service cost for covered DOL employees, less amounts contributed by these employees. Service cost represents the actuarial present value of benefits attributed to services rendered by covered employees during the accounting period.

The measurement of service cost requires the use of actuarial cost methods to determine the percentage of the employees' basic compensation sufficient to fund their projected pension benefit. These percentages (cost factors) are provided by OPM, and applied by DOL to the basic annual compensation of covered employees to arrive at the amount of total pension expense to be recognized in DOL's financial statements.

The excess of total pension expense over the amount contributed by the Department and by DOL's employees represents the amount of pension expense which must be financed directly by OPM. DOL recognized an imputed cost and an imputed financing source equal to the excess amount. DOL does not recognize in its financial statements FERS or CSRS assets, accumulated plan benefits or unfunded liabilities, if any, applicable to its employees. (See Note 14)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

R. Net Position

DOL's net position consists of the following:

1. **Unexpended appropriations**

   Unexpended appropriations include the unobligated balances and undelivered orders of DOL's appropriated funds. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, until those appropriations are closed, five years after the appropriations expire. Unexpired multi-year and no-year appropriations remain available to DOL for obligation in future periods.

2. **Cumulative results of operations**

   Cumulative results of operations include the accumulated historical difference between expenses consuming budgetary resources and financing sources providing budgetary resources in DOL's trust, revolving and special funds; liabilities not consuming budgetary resources net of assets not providing budgetary resources; and DOL's net investment in capitalized assets.

S. Net Cost of Operations

1. **Operating costs**

   Full operating costs are comprised of all direct costs consumed by the program and those indirect costs which can be reasonably assigned or allocated to the program. Full costs are reduced by exchange (earned) revenues to arrive at net program cost. The full and net operating costs of DOL's major programs are presented in the Consolidated Statements of Net Cost, and are also reported by sub-organization in Note 15 to the financial statements.

2. **Earned revenue**

   Earned revenues arise from exchange transactions which occur through the provision of goods and services for a price, and are deducted from the full cost of DOL's major programs to arrive at net program cost. Earned revenues are recognized by DOL to the extent reimbursements are payable from other Federal agencies and from the public, as a result of costs incurred or services performed on their behalf. Major sources of DOL's earned revenue include reimbursements to the Federal Employees' Compensation Act Special Benefit Fund from Federal agencies for the costs of disability compensation and medical care provided to or accrued on behalf of their employees, and reimbursements to the Unemployment Trust Fund from Federal agencies for the cost of unemployment benefits provided to or accrued on behalf of their former employees.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

T. Budgetary Financing Sources

Budgetary financing sources other than earned revenues provide funding for the Department's net cost of operations and are reported on the Consolidated Statement of Changes in Net Position. These financing sources include appropriations received, less appropriations transferred and not available, non-exchange revenue, and transfers without reimbursement, as discussed below:

1. **Appropriations received, appropriations transferred and appropriations not available**

DOL receives financing sources through congressional appropriations to support its operations. A financing source is recognized for these appropriated funds received, less appropriations transferred or not available through rescission or cancellation.

2. **Non-exchange revenue**

Non-exchange revenues arise primarily from the Federal government's power to demand payments from the public. Non-exchange revenues are recognized by DOL on the Consolidated Statement of Changes in Net Position for the transfer of employer and excise taxes from the entities collecting these taxes and for interest from investments, as discussed below. (See Note 16)

- Employer taxes

Employer tax revenues are recognized on a modified cash basis, to the extent of cash transferred by the collecting entity to DOL, plus the change in inter-entity balances between the collecting entity and DOL. Inter-entity balances represent revenue received by the collecting entity, net amounts due to the collecting entity and adjustments made to previous transactions by the collecting entity which have not been transferred to DOL.

Federal and state unemployment taxes represent non-exchange revenues collected from employers based on wages paid to employees in covered employment. Federal unemployment taxes are collected by the Internal Revenue Service and transferred to designated accounts within the Unemployment Trust Fund. State unemployment taxes are collected by each State and deposited in separate State accounts within the Unemployment Trust Fund. Federal unemployment taxes are used to pay the Federal share of extended unemployment benefits and to provide for Federal and State administrative expenses related to the operation of the unemployment insurance program. State unemployment taxes are restricted in their use to the payment of unemployment benefits.

- Interest

The Unemployment Trust Fund, the Panama Canal Commission Compensation Fund, and the Energy Employees Occupational Illness Compensation Fund receive interest on fund investments. The Unemployment Trust Fund receives interest from states that had accounts with loans payable to the Federal unemployment account at the end of the prior fiscal year. Interest is also earned on Federal funds in the possession of non-Federal entities. Interest is recognized as non-exchange revenue when earned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

T. Budgetary Financing Sources - Continued

2. Non-exchange revenue - continued

- Assessments

Assessments consist of penalties levied against employers by ESA for regulatory violations. In FY 2008, assessments levied on insurance companies and self-insured employers by the Longshore and Harbor Workers' Compensation Act Trust Fund and District of Columbia Workmen's Compensation Act Trust Fund were also included. Assessments are recognized as non-exchange revenues when earned.

- Reimbursement of unemployment benefits

The Unemployment Trust Fund receives reimbursements from state and local government entities and non-profit organizations for the cost of unemployment benefits provided to or accrued on behalf of their employees. These reimbursements are recognized as other non-exchange revenue when earned.

3. Transfers without reimbursement

Transfers recognized as budgetary financing sources by DOL include transfers from the Department of Homeland Security H-1B Nonimmigrant Petitioner Account to H-1B Funds in ETA and ESA. Also included are transfers from the Longshore and Harbor Workers' Compensation Act Trust Fund for administrative costs and transfers from various DOL general fund unexpended appropriation accounts to the Working Capital Fund's cumulative results of operations. There are also transfers between DOL entities, primarily for the administration of the unemployment insurance program, Recovery Act appropriations for extended unemployment benefits and a one-time appropriation for restructuring of the Black Lung Disability Trust Fund debt. (See Note 17)

U. Other Financing Sources

Other financing sources include items that do not represent budgetary resources.

1. Imputed financing

A financing source is imputed by DOL to provide for pension and other retirement benefit expenses recognized by DOL but financed by OPM. (See Notes 1-P and Q)

2. Transfers without reimbursement

Transfers recognized as other financing sources by DOL include the transfers of property from the General Services Administration. (See Note 17)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

V. Custodial Activity

DOL collects and transfers to the general fund of the U.S. Treasury custodial non-exchange revenues for penalties levied against employers by OSHA, MSHA, ESA, and EBSA for regulatory violations; for ETA disallowed grant costs assessed against canceled appropriations; and for FECA administrative costs assessed against government corporations in excess of amounts reserved to finance capital improvements in the Federal Employees' Compensation Act Special Benefit Fund. These collections are not available to the agencies for obligation or expenditure. Penalties and other assessments are recognized as custodial revenues when collected or subject to collection. (See Notes 1-B and 20)

W. Significant Assumptions Used in the Statement of Social Insurance

The Black Lung Disability Benefit Program provides for compensation, medical and survivor benefits for eligible coal miners who are disabled due to pneumoconiosis (black lung disease) arising out of their coal mine employment. The Black Lung Disability Trust Fund (BLDTF) provides benefit payments to eligible coal miners disabled by pneumoconiosis when no responsible mine operator can be assigned the liability.

Black lung disability benefit payments are funded by excise taxes from coal mine operators based on the sale of coal, as are the fund's administrative costs. These taxes are collected by the Internal Revenue Service and transferred to the BLDTF, which was established under the authority of the Black Lung Benefits Revenue Act, and administered by the U.S. Department of the Treasury. Prior to October 3, 2008, the Black Lung Benefits Revenue Act provided for repayable advances to the BLDTF from the General Fund of the Treasury, in the event that BLDTF resources were not adequate to meet program obligations.

P.L. 110-343, Division B--Energy Improvement and Extension Act of 2008, enacted on October 3, 2008, in section 113, (1) allowed for the temporary increase in coal excise tax rates to continue an additional five years beyond the current statutory limit and (2) restructured the BLDTF debt by refinancing the outstanding high interest rate repayable advances with the proceeds from issuing low interest rate discounted debt instruments similar in form to zero-coupon bonds, plus a one-time appropriation. The Act also allowed that any debt issued by the BLDTF subsequent to the refinancing may be used to make benefit payments, other authorized expenditures, or to repay debt and interest from the initial refinancing. All debt issued by the BLDTF was effected as borrowing from the Bureau of Public Debt. (See Notes 1J and 8)

DOL changed the presentation of the statements of social insurance to remove estimated interest payments from the statements. DOL also revised its fiscal years 2005 through 2008 consolidated financial statements to conform to this fiscal year 2009 presentation. The change was made to reflect only the financial statement line items required by SFFAS 17, "Accounting for Social Insurance."

The significant assumptions used in the projections for the Statement of Social Insurance are the number of beneficiaries, life expectancy, coal excise tax revenue estimates, the tax rate structure, Federal civilian pay raises and medical cost inflation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statement of Social Insurance - Continued

The Office of Tax Analysis of the Department of the Treasury provides estimates of future receipts of the black lung excise tax. Its estimates are based on projections of future coal production and sale prices prepared by the Energy Information Agency of the Department of Energy. The Department of Treasury's Office of Tax Analysis provides the first eleven years of tax receipt estimates. The remaining years are estimated using a growth rate based on both historical tax receipts and the Department of Treasury's estimated tax receipts. The higher coal excise tax rate structure is $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4% of sales price. Based on Treasury's interpretation of the Act, the higher excise tax rates will continue until the earlier of December 31, 2018 or the first December 31 after 2008 in which there exist no (1) balance of repayable debt described in section 9501 of the Internal Revenue Code and (2) unpaid interest on the debt. Starting in 2019, the tax rates revert to $0.50 per ton of underground-mined coal and $0.25 per ton surface-mine coal sold, and a limit of 2.0% of sales price. Although section 9501 of the Internal Revenue Code uses the terminology "advance," the Treasury has interpreted this to mean any debt owed by the BLDTF to the Bureau of the Public Debt.

The beneficiary population data is updated from information supplied by the program. The beneficiary population is a nearly closed universe in which attrition by death exceeds new entrants by a ratio of more than ten to one. Projections for new participants are included in the overall projections and are considered immaterial. Social Security Administration life tables are used to project the life expectancies of the beneficiary population. The Office of Management and Budget supplies assumptions for future monthly benefit rate increases based on increases in the Federal pay scale and future medical cost inflation based on increases in the consumer price index-medical, which are used to calculate future benefit costs. During the current projection period, the future benefit rate increases 4.6% in 2010 and 3.6% in each year thereafter and medical cost increases 3.4% in 2010, and ranges from 3.3% to 3.8% thereafter. Estimates for administrative costs for the first 11 years of the projection are supplied by DOL's Budget Office, based on current year enacted amounts, while later years are based on the number of projected beneficiaries.

The projection period ends September 30, 2040, because the primary purpose of the BLDTF, which was established in 1978, is to compensate the victims of coal mine dust exposures which occurred prior to 1970. By the end of FY 2040, not only the disabled miners and their widows in that class, but also virtually all of their eligible dependent disabled adult children will be deceased. All of the current year projections are discounted using an interest rate of 4.25%. This rate is for Treasury loans to government agencies for loans up to 30 years. Thirty years is the maximum period for which Treasury publishes rates for loans to government agencies and approximates the projection period.

X. Tax Exempt Status

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

Y. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 2 - FUNDS WITH U.S. TREASURY

Funds with U.S. Treasury at September 30, 2009 consisted of the following:

(Dollars in thousands)	Entity Assets: Unobligated Balance Available	Entity Assets: Unobligated Balance Unavailable	Entity Assets: Obligated Balance Not Yet Disbursed	Entity Assets: Total Entity Assets	Non-entity Assets	Total
Revolving funds	$ 16,351	$ -	$ 61,785	$ 78,136	$ -	$ 78,136
Trust funds	2,340,232	-	(298,848)	2,041,384	(687)	2,040,697
General funds	2,742,223	637,147	8,902,843	12,282,213	-	12,282,213
Other	-	-	-	-	5,705	5,705
	$ 5,098,806	$ 637,147	$ 8,665,780	$ 14,401,733	$ 5,018	$ 14,406,751

Funds with U.S. Treasury at September 30, 2008 consisted of the following:

(Dollars in thousands)	Entity Assets: Unobligated Balance Available	Entity Assets: Unobligated Balance Unavailable	Entity Assets: Obligated Balance Not Yet Disbursed	Entity Assets: Total Entity Assets	Non-entity Assets	Total
Revolving funds	$ 13,388	$ -	$ 45,518	$ 58,906	$ -	$ 58,906
Trust funds	192,605	-	(285,620)	(93,015)	(503)	(93,518)
General funds	2,489,715	1,340,149	5,555,362	9,385,226	-	9,385,226
Other	-	-	-	-	78,316	78,316
	$ 2,695,708	$ 1,340,149	$ 5,315,260	$ 9,351,117	$ 77,813	$ 9,428,930

The negative fund balances reported as of September 30, 2009 and 2008 relate to the Unemployment Trust Fund (UTF) and are the result of the timing of processing the investments and redemptions of UTF. The investments and redemptions relating to the last business day of the month are not processed until the first day of the next month. This could result in a negative cash position for the preceding business day if the disbursements are greater than the receipts to the fund.

Unobligated Balance Available at September 30, 2009 includes $558 million of funds apportioned for use in the subsequent year.

NOTE 3 - INVESTMENTS

Investments at September 30, 2009 consisted of the following:

(Dollars in thousands)	Face Value	Premium (Discount)	Interest Receivable	Net Value	Market Value
Unemployment Trust Fund					
Non-marketable					
Special issue U.S. Treasury Bonds					
3.250% maturing June 30, 2010	$ 334,382	$ -	$ 32	$ 334,414	$ 334,382
4.500% maturing June 30, 2011	19,293,800	-	217,055	19,510,855	19,293,800
	19,628,182	-	217,087	19,845,269	19,628,182
Panama Canal Commission Compensation Fund					
Marketable					
U.S. Treasury Notes					
3.500% to 4.625% various maturities	66,664	44	1,103	67,811	67,268
U.S. Treasury Bonds					
11.750% to be called November 15, 2009	5,163	52	228	5,443	5,234
	71,827	96	1,331	73,254	72,502
Energy Employees Occupational Illness Compensation Fund					
Non-marketable					
One Day Certificate					
0.070% maturing October 1, 2009	192,823	-	-	192,823	192,823
	$ 19,892,832	$ 96	$ 218,418	$ 20,111,346	$ 19,893,507
Entity investments	$ 19,856,989	$ 96	$ 218,022	$ 20,075,107	$ 19,857,665
Non-entity investments	35,843	-	396	36,239	35,842
	$ 19,892,832	$ 96	$ 218,418	$ 20,111,346	$ 19,893,507

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 3 - INVESTMENTS - Continued

Investments at September 30, 2008 consisted of the following:

(Dollars in thousands)	Face Value	Premium (Discount)	Interest Receivable	Net Value	Market Value
Unemployment Trust Fund					
Non-marketable					
Special issue U.S. Treasury Bonds					
4.875% maturing June 30, 2009	$ 3,304,955	$ -	$ 40,279	$ 3,345,234	$ 3,304,955
5.000% maturing June 30, 2009	11,000,000	-	137,500	11,137,500	11,000,000
5.000% maturing June 30, 2010	24,855,747	-	310,697	25,166,444	24,855,747
4.500% maturing June 30, 2010	5,000,000	-	56,250	5,056,250	5,000,000
4.500% maturing June 30, 2011	28,271,737	-	318,057	28,589,794	28,271,737
	72,432,439	-	862,783	73,295,222	72,432,439
Panama Canal Commission Compensation Fund					
Marketable					
U.S. Treasury Notes					
3.500% to 4.750% various maturities	70,089	5	1,166	71,260	71,247
U.S. Treasury Bonds					
11.750% various maturities	5,163	472	228	5,863	5,729
	75,252	477	1,394	77,123	76,976
Longshore and Harbor Workers' Compensation Act Trust Fund					
Non-marketable					
One Day Certificate					
0.330% maturing October 1, 2008	61,905	-	-	61,905	61,905
District of Columbia Workmen's Compensation Act Trust Fund					
Non-marketable					
One Day Certificate					
0.330% maturing October 1, 2008	5,160	-	-	5,160	5,160
Energy Employees Occupational Illness Compensation Fund					
Non-marketable					
One Day Certificate					
0.330% maturing October 1, 2008	125,265	-	-	125,265	125,265
	$ 72,700,021	$ 477	$ 864,177	$ 73,564,675	$ 72,701,745
Entity investments	$ 72,590,369	$ 477	$ 862,871	$ 73,453,717	$ 72,592,093
Non-entity investments	109,652	-	1,306	110,958	109,652
	$ 72,700,021	$ 477	$ 864,177	$ 73,564,675	$ 72,701,745

NOTE 4 - ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Accounts receivable at September 30, 2009 consisted of the following:

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity intra-governmental assets			
Due for UCFE and UCX benefits	$ 474,770	$ -	$ 474,770
Due for workers' compensation benefits	4,982,929	-	4,982,929
Other	9,798	-	9,798
	5,467,497	-	5,467,497
Entity assets			
State unemployment taxes	945,324	(682,354)	262,970
Due from reimbursable employers	733,404	(46,191)	687,213
Benefit overpayments	1,989,258	(1,640,575)	348,683
Other	5,247	(841)	4,406
	3,673,233	(2,369,961)	1,303,272
Non-entity assets			
Fines and penalties	91,143	(40,574)	50,569
	3,764,376	(2,410,535)	1,353,841
	$ 9,231,873	$ (2,410,535)	$ 6,821,338

Accounts receivable at September 30, 2008 consisted of the following:

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity intra-governmental assets			
Due for UCFE and UCX benefits	$ 292,833	$ -	$ 292,833
Due for workers' compensation benefits	3,771,775	-	3,771,775
Other	12,269	-	12,269
	4,076,877	-	4,076,877
Entity assets			
State unemployment taxes	823,667	(639,682)	183,985
Due from reimbursable employers	502,342	(28,540)	473,802
Benefit overpayments	1,935,897	(1,678,795)	257,102
Other	13,126	(2,127)	10,999
	3,275,032	(2,349,144)	925,888
Non-entity assets			
Fines and penalties	76,778	(32,605)	44,173
Backwages	16,785	(10,418)	6,367
	93,563	(43,023)	50,540
	3,368,595	(2,392,167)	976,428
	$ 7,445,472	$ (2,392,167)	$ 5,053,305

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION

Property, plant and equipment at September 30, 2009 consisted of the following:

	2009		
(Dollars in thousands)	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Structures, facilities and improvements			
Structures and facilities	$ 1,111,949	$ (468,889)	$ 643,060
Improvements to leased facilities	420,863	(244,674)	176,189
	1,532,812	(713,563)	819,249
Furniture and equipment			
Equipment held by contractors	170,681	(162,628)	8,053
Furniture and equipment	33,248	(22,614)	10,634
	203,929	(185,242)	18,687
Internal use software	196,561	(73,408)	123,153
Construction-in-progress	97,377	-	97,377
Land	95,774	-	95,774
	$ 2,126,453	$ (972,213)	$ 1,154,240

Property, plant and equipment at September 30, 2008 consisted of the following:

	2008		
(Dollars in thousands)	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Structures, facilities and improvements			
Structures and facilities	$ 1,067,982	$ (437,047)	$ 630,935
Improvements to leased facilities	423,580	(233,798)	189,782
	1,491,562	(670,845)	820,717
Furniture and equipment			
Equipment held by contractors	166,504	(159,612)	6,892
Furniture and equipment	51,777	(36,132)	15,645
	218,281	(195,744)	22,537
Internal use software	206,369	(92,110)	114,259
Construction-in-progress	90,233	-	90,233
Land	93,253	-	93,253
	$ 2,099,698	$ (958,699)	$ 1,140,999

NOTE 6 - ADVANCES

Advances at September 30, 2009 and 2008 consisted of the following:

(Dollars in thousands)	2009	2008
Advances to states for UI benefit payments	$ 1,583,858	$ 706,556
Advances to grantees and contractors to finance future DOL program expenditures	16,298	35,947
Other	90,942	13,907
	$ 1,691,098	$ 756,410

NOTE 7 - NON-ENTITY ASSETS

Non-entity assets consisted of the following at September 30, 2009 and 2008:

(Dollars in thousands)	2009	2008
Intra-governmental		
Funds with U.S. Treasury	$ 5,018	$ 77,813
Investments	36,239	110,958
	41,257	188,771
Accounts receivable, net of allowance	50,569	50,540
	$ 91,826	$ 239,311

NOTE 8 - DEBT

DOL's debt during 2009 consisted of the following:

(Dollars in thousands)	Balance at September 30, 2008	Refinancing	Net Borrowing	Balance at September 30, 2009
Intra-governmental				
Debt to Treasury				
Black Lung Disability Trust Fund				
Advances from U.S. Treasury	$ 10,483,557	$ (10,483,557)	$ -	$ -
Borrowing from U.S. Treasury	-	6,495,717	(125,137)	6,370,580
Unemployment Trust Fund				
Advances from U.S. Treasury	-	-	7,981,387	7,981,387
	$ 10,483,557	$ (3,987,840)	$ 7,856,250	$ 14,351,967

DOL's debt during 2008 consisted of the following:

(Dollars in thousands)	Balance at September 30, 2007	Refinancing	Net Borrowing	Balance at September 30, 2008
Intra-governmental				
Debt to Treasury				
Black Lung Disability Trust Fund				
Advances from U.S. Treasury	$ 10,057,557	$ -	$ 426,000	$ 10,483,557

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 8 - DEBT - Continued

Refinancing includes the replacement of high interest rate Advances from U.S. Treasury with borrowings in the form of discounted instruments, similar to zero coupon bonds. Net borrowing includes capitalized interest of $212,335 and repaid debt of $337,472 for the Black Lung Disability Trust fund and new advances of $7,950,000 and accrued interest of $31,387 for the Unemployment Trust Fund. (See Note 1-J)

NOTE 9 - OTHER LIABILITIES

Other liabilities at September 30, 2009 and 2008 consisted of the following current liabilities:

(Dollars in thousands)	2009	2008
Intra-governmental		
Accrued payroll benefits	$ 15,222	$ 13,055
Unearned FECA assessments	18	52,724
Non-entity receivables due to U.S. Treasury	50,332	42,803
Amounts held for the Railroad Retirement Board	35,552	110,455
Advances from other Federal agencies	300	300
Total intra-governmental	101,424	219,337
Accrued payroll and benefits	69,124	59,043
Due to Backwage recipients	-	84,925
Unearned assessment revenue	-	41,217
Deposit and clearing accounts	5,944	1,127
Readjustment allowances and other Job Corps liabilities	75,374	54,537
	150,442	240,849
	$ 251,866	$ 460,186

NOTE 10 - ACCRUED BENEFITS

Accrued benefits at September 30, 2009 and 2008 consisted of the following:

(Dollars in thousands)	2009	2008
State regular and extended unemployment benefits payable	$ 1,775,266	$ 966,415
Federal extended unemployment benefits payable	520,503	39,144
Federal emergency unemployment benefits payable, 2008	1,230,920	324,534
Federal emergency unemployment benefits payable, other	69,505	70,710
Federal employees' unemployment benefits payable	28,104	25,431
Federal employees' unemployment benefits for existing claims due in the subsequent year	614,451	202,759
Federal additional unemployment benefits payable	231,361	-
Total unemployment benefits payable	4,470,110	1,628,993
Black lung disability benefits payable	36,017	40,003
Federal employees' disability and 10(h) benefits payable	90,017	76,952
Energy employees occupational illness compensation benefits payable	31,106	24,712
Longshore and harbor workers disability benefits payable	-	4,571
District of Columbia disability benefits payable	-	345
	$ 4,627,250	$ 1,775,576

NOTE 11 - FUTURE WORKERS' COMPENSATION BENEFITS

DOL's liability for future workers' compensation benefits at September 30, 2009 and 2008 consisted of the following:

(Dollars in thousands)	2009	2008
Projected gross liability of the Federal government for future FECA benefits	$ 26,953,702	$ 27,589,632
Less liabilities attributed to other agencies:		
U.S. Postal Service	(9,507,251)	(9,543,798)
Department of Navy	(2,425,587)	(2,685,911)
Department of Army	(1,790,270)	(1,980,257)
Department of Veterans Affairs	(1,734,929)	(1,905,472)
Department of Air Force	(1,286,935)	(1,395,449)
Department of Transportation	(970,738)	(985,336)
Department of Homeland Security	(1,826,221)	(1,795,351)
Tennessee Valley Authority	(505,491)	(532,499)
Department of Treasury	(525,430)	(593,196)
Department of Agriculture	(845,995)	(832,013)
Department of Justice	(1,233,899)	(1,136,570)
Department of Interior	(697,210)	(692,389)
Department of Defense, Other	(815,854)	(800,883)
Department of Health and Human Services	(253,312)	(282,517)
Social Security Administration	(310,636)	(297,932)
General Services Administration	(135,953)	(163,826)
Department of Commerce	(171,187)	(169,580)
Department of Energy	(95,897)	(104,734)
Department of State	(71,621)	(68,892)
Department of Housing and Urban Development	(69,058)	(84,529)
Department of Education	(16,199)	(16,554)
National Aeronautics and Space Administration	(56,912)	(63,977)
Environmental Protection Agency	(44,122)	(44,615)
Small Business Administration	(29,640)	(27,061)
Office of Personnel Management	(21,695)	(22,139)
National Science Foundation	(1,319)	(1,198)
Nuclear Regulatory Commission	(7,628)	(7,059)
Agency for International Development	(26,885)	(23,137)
Other	(586,569)	(569,922)
	(26,064,443)	(26,826,796)
	$ 889,259	$ 762,836
Projected liability of the Department of Labor for future FECA benefits		
FECA benefits not chargeable to other Federal agencies payable by DOL's Federal Employees' Compensation Act Special Benefit Fund	$ 616,541	$ 473,892
FECA benefits due to eligible workers of DOL and Job Corps enrollees	216,793	235,382
FECA benefits due to eligible workers of the Panama Canal Commission	55,925	53,562
	$ 889,259	$ 762,836

NOTE 12 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources at September 30, 2009 and 2008 consisted of the following:

(Dollars in thousands)	2009	2008
Intra-governmental		
Debt	$ 14,320,580	$ 10,483,557
Accrued benefits	515,593	-
Future workers' compensation benefits	296,339	231,965
Accrued annual leave	99,737	105,763
Readjustment allowances and other Job Corps liabilities	74,699	54,537
	986,368	392,265
	$ 15,306,948	$ 10,875,822

NOTE 13 - CONTINGENCIES

The Department is involved in various lawsuits incidental to its operations. Judgments resulting from litigation against the Department are generally paid by the Department of Justice. In the opinion of management, the ultimate resolution of pending litigation will not have a material effect on the Department’s financial position.

NOTE 14 - PENSION EXPENSE

Pension expense in 2009 consisted of the following:

(Dollars in thousands)	Employer Contributions	Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 21,938	$ 36,392	$ 58,330
Federal Employees' Retirement System	110,402	2,849	113,251
Thrift Savings Plan	41,613	-	41,613
	$ 173,953	$ 39,241	$ 213,194

Pension expense in 2008 consisted of the following:

(Dollars in thousands)	Employer Contributions	Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 22,251	$ 36,925	$ 59,176
Federal Employees' Retirement System	103,805	-	103,805
Thrift Savings Plan	39,286	-	39,286
	$ 165,342	$ 36,925	$ 202,267

NOTE 15 - PROGRAM COST

Schedules A, B, and C present detailed cost and revenue information by suborganization (responsibility segment) for programs in the Department, the Employment and Training Administration, and the Employment Standards Administration in support of the summary information presented in the Consolidated Statement of Net Cost for 2009.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 15 - PROGRAM COST - Continued

A. Consolidating Statement of Net Cost by Suborganization

Net cost by suborganization for the year ended September 30, 2009 consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Employment Standards Administration	Office of Job Corps	Occupational Safety and Health Administration
CROSSCUTTING PROGRAMS				
Income maintenance				
Intra-governmental	$ 208,566	$ 2,843,904	$ -	$ -
With the public	125,688,846	4,624,270	-	-
Gross cost	125,897,412	7,468,174	-	-
Intra-governmental earned revenue	(1,015,214)	(2,787,375)	-	-
Public earned revenue	-	-	-	-
Less earned revenue	(1,015,214)	(2,787,375)	-	-
Net program cost	124,882,198	4,680,799	-	-
Employment and training				
Intra-governmental	42,936	-	17,029	-
With the public	5,451,065	-	1,480,441	-
Gross cost	5,494,001	-	1,497,470	-
Intra-governmental earned revenue	(11,611)	-	-	-
Public earned revenue	-	-	(378)	-
Less earned revenue	(11,611)	-	(378)	-
Net program cost	5,482,390	-	1,497,092	-
Labor, employment and pension standards				
Intra-governmental	-	119,662	-	-
With the public	-	259,890	-	-
Gross cost	-	379,552	-	-
Intra-governmental earned revenue	-	-	-	-
Public earned revenue	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	379,552	-	-
Worker safety and health				
Intra-governmental	-	-	-	125,474
With the public	-	-	-	417,460
Gross cost	-	-	-	542,934
Intra-governmental earned revenue	-	-	-	(16)
Public earned revenue	-	-	-	(1,370)
Less earned revenue	-	-	-	(1,386)
Net program cost	-	-	-	541,548
OTHER PROGRAMS				
Statistics				
Intra-governmental	-	-	-	-
With the public	-	-	-	-
Gross cost	-	-	-	-
Intra-governmental earned revenue	-	-	-	-
Public earned revenue	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
COSTS NOT ASSIGNED TO PROGRAMS				
Gross cost	-	-	-	-
Less earned revenue not attributed to programs	-	-	-	-
Net cost not assigned to programs	-	-	-	-
Net cost of operations	$ 130,364,588	$ 5,060,351	$ 1,497,092	$ 541,548

Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training	Other Departmental Programs	Eliminations	Total
$ -	$ -	$ -	$ -	$ 1,428	$ (42,542)	$ 3,011,356
-	-	-	-	6,874	20,036	130,340,026
-	-	-	-	8,302	(22,506)	133,351,382
-	-	-	-	-	22,506	(3,780,083)
-	-	-	-	-	-	-
-	-	-	-	-	22,506	(3,780,083)
-	-	-	-	8,302	-	129,571,299
-	-	-	9,729	435	(21,845)	48,284
-	-	-	203,816	745	21,295	7,157,362
-	-	-	213,545	1,180	(550)	7,205,646
-	-	-	-	-	550	(11,061)
-	-	-	-	-	-	(378)
-	-	-	-	-	550	(11,439)
-	-	-	213,545	1,180	-	7,194,207
-	-	56,438	971	15,527	(45,911)	146,687
-	-	131,108	19,521	117,719	45,911	574,149
-	-	187,546	20,492	133,246	-	720,836
-	-	(12,526)	-	(983)	-	(13,509)
-	-	(8)	-	-	-	(8)
-	-	(12,534)	-	(983)	-	(13,517)
-	-	175,012	20,492	132,263	-	707,319
-	128,686	-	-	4,459	(59,951)	198,668
-	260,774	-	-	6,955	59,951	745,140
-	389,460	-	-	11,414	-	943,808
-	-	-	-	-	-	(16)
-	(1,364)	-	-	-	-	(2,734)
-	(1,364)	-	-	-	-	(2,750)
-	388,096	-	-	11,414	-	941,058
205,484	-	-	-	12,818	(23,969)	194,333
391,100	-	-	-	19,997	23,969	435,066
596,584	-	-	-	32,815	-	629,399
(5)	-	-	-	-	-	(5)
(8,316)	-	-	-	-	-	(8,316)
(8,321)	-	-	-	-	-	(8,321)
588,263	-	-	-	32,815	-	621,078
-	-	-	-	99,536	(2,759)	96,777
-	-	-	-	(16,006)	2,759	(13,247)
-	-	-	-	83,530	-	83,530
$ 588,263	$ 388,096	$ 175,012	$ 234,037	$ 269,504	$ -	$ 139,118,491

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 15 - PROGRAM COST - Continued

B. Consolidating Statement of Net Cost - Employment and Training Administration

Net cost of the Employment and Training Administration for the year ended September 30, 2009 consisted of the following:

(Dollars in thousands)	Employment Security	Training and Employment Programs	Eliminations	Total
CROSSCUTTING PROGRAMS				
Income maintenance				
Benefits	$ 120,912,065	$ 82	$ -	$ 120,912,147
Grants	4,475,166	-	-	4,475,166
Interest	34,228	-	-	34,228
Administrative and other	475,472	399	-	475,871
Gross cost	125,896,931	481	-	125,897,412
Less earned revenue	(1,015,214)	-	-	(1,015,214)
Net program cost	124,881,717	481	-	124,882,198
Employment and training				
Benefits	-	10,045	-	10,045
Grants	1,747	5,289,212	-	5,290,959
Administrative and other	-	192,997	-	192,997
Gross cost	1,747	5,492,254	-	5,494,001
Less earned revenue	-	(11,611)	-	(11,611)
Net program cost	1,747	5,480,643	-	5,482,390
Net cost of operations	$ 124,883,464	$ 5,481,124	$ -	$ 130,364,588

NOTE 15 - PROGRAM COST - Continued

C. Consolidating Statement of Net Cost - Employment Standards Administration

Net cost of the Employment Standards Administration for the year ended September 30, 2009 consisted of the following:

(Dollars in thousands)	Office of Workers' Compensation Programs	Office of Federal Contract Compliance	Wage and Hour Division	Office of Labor Management Standards	Eliminations	Total
CROSSCUTTING PROGRAMS						
Income maintenance						
Benefits	$ 4,398,133	$ -	$ -	$ -	$ (2,071)	$ 4,396,062
Interest	231,292	-	-	-	-	231,292
Loss on debt refinancing	2,495,660	-	-	-	-	2,495,660
Administrative and other	345,160	-	-	-	-	345,160
Gross cost	7,470,245	-	-	-	(2,071)	7,468,174
Less earned revenue	(2,789,446)	-	-	-	2,071	(2,787,375)
Net program cost	4,680,799	-	-	-	-	4,680,799
Labor, employment and pension standards						
Benefits	-	11,198	25,740	7,280	-	44,218
Administrative and other	-	87,040	202,363	45,931	-	335,334
Gross cost	-	98,238	228,103	53,211	-	379,552
Less earned revenue	-	-	-	-	-	-
Net program cost	-	98,238	228,103	53,211	-	379,552
Net cost of operations	$ 4,680,799	$ 98,238	$ 228,103	$ 53,211	$ -	$ 5,060,351

Schedules D, E and F present detailed cost and revenue information by suborganization (responsibility segment) for programs in the Department, the Employment and Training Administration, and the Employment Standards Administration in support of the summary information presented in the Consolidated Statement of Net Cost for 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 15 - PROGRAM COST - Continued

D. Consolidating Statement of Net Cost by Suborganization

Net cost by suborganization for the year ended September 30, 2008 consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Employment Standards Administration	Office of Job Corps	Occupational Safety and Health Administration
CROSSCUTTING PROGRAMS				
Income maintenance				
Intra-governmental	$ 224,744	$ 901,873	$ -	$ -
With the public	47,143,092	5,387,831	-	-
Gross cost	47,367,836	6,289,704	-	-
Intra-governmental earned revenue	(728,874)	(2,658,557)	-	-
Public earned revenue	-	-	-	-
Less earned revenue	(728,874)	(2,658,557)	-	-
Net program cost	46,638,962	3,631,147	-	-
Employment and training				
Intra-governmental	40,395	-	9,493	-
With the public	4,634,551	-	808,342	-
Gross cost	4,674,946	-	817,835	-
Intra-governmental earned revenue	(11,569)	-	(47)	-
Public earned revenue	(245)	-	(323)	-
Less earned revenue	(11,814)	-	(370)	-
Net program cost	4,663,132	-	817,465	-
Labor, employment and pension standards				
Intra-governmental	-	122,364	-	-
With the public	-	257,241	-	-
Gross cost	-	379,605	-	-
Intra-governmental earned revenue	-	-	-	-
Public earned revenue	-	(1,000)	-	-
Less earned revenue	-	(1,000)	-	-
Net program cost	-	378,605	-	-
Worker safety and health				
Intra-governmental	-	-	-	121,944
With the public	-	-	-	416,170
Gross cost	-	-	-	538,114
Intra-governmental earned revenue	-	-	-	(264)
Public earned revenue	-	-	-	(1,321)
Less earned revenue	-	-	-	(1,585)
Net program cost	-	-	-	536,529
OTHER PROGRAMS				
Statistics				
Intra-governmental	-	-	-	-
With the public	-	-	-	-
Gross cost	-	-	-	-
Intra-governmental earned revenue	-	-	-	-
Public earned revenue	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
COSTS NOT ASSIGNED TO PROGRAMS				
Gross cost	-	-	-	-
Less earned revenue not attributed to programs	-	-	-	-
Net cost not assigned to programs	-	-	-	-
Net cost of operations	$ 51,302,094	$ 4,009,752	$ 817,465	$ 536,529

Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training	Other Departmental Programs	Eliminations	Total
$ -	$ -	$ 11,693	$ -	$ 1,400	$ (87,352)	$ 1,052,358
-	-	23,254	-	8,370	65,865	52,628,412
-	-	34,947	-	9,770	(21,487)	53,680,770
-	-	-	-	-	21,487	(3,365,944)
-	-	-	-	-	-	-
-	-	-	-	-	21,487	(3,365,944)
-	-	34,947	-	9,770	-	50,314,826
-	-	-	10,262	427	(17,698)	42,879
-	-	-	199,760	745	17,698	5,661,096
-	-	-	210,022	1,172	-	5,703,975
-	-	-	-	-	-	(11,616)
-	-	-	-	-	-	(568)
-	-	-	-	-	-	(12,184)
-	-	-	210,022	1,172	-	5,691,791
-	-	44,430	1,023	15,787	(54,113)	129,491
-	-	111,589	19,047	122,560	54,113	564,550
-	-	156,019	20,070	138,347	-	694,041
-	-	(12,097)	-	(100)	-	(12,197)
-	-	(30)	-	(13)	-	(1,043)
-	-	(12,127)	-	(113)	-	(13,240)
-	-	143,892	20,070	138,234	-	680,801
-	115,333	-	-	4,164	(58,425)	183,016
-	256,221	-	-	6,731	58,425	737,547
-	371,554	-	-	10,895	-	920,563
-	(5)	-	-	-	-	(269)
-	(1,247)	-	-	-	-	(2,568)
-	(1,252)	-	-	-	-	(2,837)
-	370,302	-	-	10,895	-	917,726
204,912	-	-	-	11,973	(24,270)	192,615
374,813	-	-	-	19,351	24,270	418,434
579,725	-	-	-	31,324	-	611,049
(1)	-	-	-	-	-	(1)
(5,274)	-	-	-	-	-	(5,274)
(5,275)	-	-	-	-	-	(5,275)
574,450	-	-	-	31,324	-	605,774
-	-	-	-	115,823	(3,911)	111,912
-	-	-	-	(19,747)	3,911	(15,836)
-	-	-	-	96,076	-	96,076
$ 574,450	$ 370,302	$ 178,839	$ 230,092	$ 287,471	$ -	$ 58,306,994

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 15 - PROGRAM COST - Continued

E. Consolidating Statement of Net Cost - Employment and Training Administration

Net cost of the Employment and Training Administration for the year ended September 30, 2008 consisted of the following:

(Dollars in thousands)	Employment Security	Training and Employment Programs	Office of Job Corps	Eliminations	Total
CROSSCUTTING PROGRAMS					
Income maintenance					
Benefits	$ 42,543,343	$ 91	$ -	$ -	$ 42,543,434
Grants	4,301,250	-	-	-	4,301,250
Interest	3,519	-	-	-	3,519
Administrative and other	519,222	41,411	-	(41,000)	519,633
Gross cost	47,367,334	41,502	-	(41,000)	47,367,836
Less earned revenue	(769,874)	-	-	41,000	(728,874)
Net program cost	46,597,460	41,502	-	-	46,638,962
Employment and training					
Benefits	-	16,178	4,023	-	20,201
Grants	-	3,829,199	99,997	-	3,929,196
Administrative and other	-	295,410	430,139	-	725,549
Gross cost	-	4,140,787	534,159	-	4,674,946
Less earned revenue	-	(11,272)	(542)	-	(11,814)
Net program cost	-	4,129,515	533,617	-	4,663,132
Net cost of operations	$ 46,597,460	$ 4,171,017	$ 533,617	$ -	$ 51,302,094

NOTE 15 - PROGRAM COST - Continued

F. Consolidating Statement of Net Cost - Employment Standards Administration

Net cost of the Employment Standards Administration for the year ended September 30, 2008 consisted of the following:

(Dollars in thousands)	Office of Workers' Compensation Programs	Office of Federal Contract Compliance	Wage and Hour Division	Office of Labor Management Standards	Eliminations	Total
CROSSCUTTING PROGRAMS						
Income maintenance						
Benefits	$ 5,170,202	$ -	$ -	$ -	$ (1,712)	$ 5,168,490
Interest	739,469	-	-	-	-	739,469
Administrative and other	381,745	-	-	-	-	381,745
Gross cost	6,291,416	-	-	-	(1,712)	6,289,704
Less earned revenue	(2,660,269)	-	-	-	1,712	(2,658,557)
Net program cost	3,631,147	-	-	-	-	3,631,147
Labor, employment and pension standards						
Benefits	-	12,575	27,903	7,986	-	48,464
Administrative and other	-	86,773	197,433	46,935	-	331,141
Gross cost	-	99,348	225,336	54,921	-	379,605
Less earned revenue	-	-	(1,000)	-	-	(1,000)
Net program cost	-	99,348	224,336	54,921	-	378,605
Net cost of operations	$ 3,631,147	$ 99,348	$ 224,336	$ 54,921	$ -	$ 4,009,752

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 16 - NON-EXCHANGE REVENUE

Non-exchange revenues reported on the Consolidated Statement of Changes in Net Position in 2009 and 2008 consisted of the following:

(Dollars in thousands)	2009	2008
Employer taxes		
Unemployment Trust Fund		
Federal unemployment taxes	$ 6,658,309	$ 7,281,534
State unemployment taxes	28,651,188	30,373,647
	35,309,497	37,655,181
Black Lung Disability Trust Fund excise taxes	644,881	652,650
	35,954,378	38,307,831
Interest		
Unemployment Trust Fund	2,056,548	3,635,617
Longshore and Harbor Workers' Compensation Act Trust Fund	-	1,044
District of Columbia Workmen's Compensation Act Trust Fund	-	127
Panama Canal Commission Compensation Fund	1,976	3,108
Energy Employees Occupational Illness Compensation Fund	187	4,252
Black Lung Disability Trust Fund	1,283	551
	2,059,994	3,644,699
Assessments		
Longshore and Harbor Workers' Compensation Act Trust Fund	-	127,418
District of Columbia Workmen's Compensation Act Trust Fund	-	8,920
Other	779	489
	779	136,827
Reimbursement of unemployment benefits from state and local governments and non-profit organizations to the Unemployment Trust Fund	2,763,817	1,768,182
	$ 40,778,968	$ 43,857,539

NOTE 17 - TRANSFERS WITHOUT REIMBURSEMENT

Transfers from (to) other Federal agencies in 2009 and 2008 consisted of the following:

(Dollars in thousands)	2009	2008
Budgetary financing sources		
From H-1B Nonimmigrant Petitioner Account, Department of Homeland Security	$ 94,451	$ 86,779
From Longshore and Harbor Workers' Compensation Act Trust Fund	2,101	-
From DOL general fund unexpended appropriation accounts to the DOL Working Capital Fund	3,000	3,000
	99,552	89,779
Other financing sources		
From General Services Administration	2,803	3,191
	2,803	3,191
	$ 102,355	$ 92,970

The balance of $99,552 and $89,779 in budgetary financing sources for FY 2009 and 2008, respectively, reflects the elimination of intra-DOL transfers of $18,514,212 and $3,683,586.

NOTE 18 - STATUS OF BUDGETARY RESOURCES

A. Apportionment Categories of Obligations Incurred

Obligations incurred reported on the Combined Statement of Budgetary Resources in 2009 and 2008 consisted of the following:

(Dollars in thousands)	2009	2008
Direct Obligations		
Category A	$ 4,269,886	$ 4,075,613
Category B	44,407,391	9,137,416
Exempt from apportionment	126,042,413	49,244,270
Total direct obligations	174,719,690	62,457,299
Reimbursable Obligations		
Category A	231,280	206,345
Category B	2,843,755	2,775,832
Total reimbursable obligations	3,075,035	2,982,177
	$ 177,794,725	$ 65,439,476

B. Permanent Indefinite Appropriations

DOL's permanent indefinite appropriations include all trust funds, the Federal Employees' Compensation Act Special Benefit Fund, the Panama Canal Commission Compensation Fund, the Energy Employees Occupational Illness Compensation Fund, ETA and ESA H-1B funds, and portions of State Unemployment Insurance and Employment Service Operations and Federal Unemployment Benefits and Allowances. These funds are described in Note 1-A.3.

C. Legal Arrangements Affecting Use of Unobligated Balances

Unemployment Trust Fund receipts are reported as budget authority in the Combined Statement of Budgetary Resources. The portion of UTF receipts collected in the current year in excess of amounts needed to pay benefits and other valid obligations are precluded by law from being available for obligation. Therefore, these excess receipts are not classified as budgetary resources in the Combined Statement of Budgetary Resources. Current year excess receipts are reported as temporarily not available pursuant to Public Law. Conversely, when obligations exceed receipts in the current year, amounts are drawn from unavailable collections to meet these obligations. Cumulative excess receipts are not included in unobligated balances in the status of budgetary resources included in that Statement. All excess receipts are reported as assets of the UTF and are included in the Consolidated Balance Sheet. They will become available for obligation as needed in the future.

The cumulative amounts of excess UTF receipts are denoted as unavailable collections in the Budget of the United States Government. The cumulative amount of these excess receipts at September 30, 2009 and 2008 reclassified from unobligated balances to UTF unavailable collections is presented on the following page.

NOTE 18 - STATUS OF BUDGETARY RESOURCES - Continued

C. Legal Arrangements Affecting Use of Unobligated Balances - Continued

(Dollars in millions)	2009	2008
Unemployment Trust Fund unavailable collections, beginning	$ 69,509	$ 72,448
Budget authority from current year appropriations and borrowing authority	66,556	43,852
Less obligations	(121,844)	(46,791)
Excess (deficiency) of budget authority over obligations	(55,288)	(2,939)
Unemployment Trust Fund unavailable collections, ending	$ 14,221	$ 69,509

D. Explanation of Differences between the Combined Statement of Budgetary Resources and the Budget of the United States Government

The Budget of the United States Government with actual amounts for the year ended September 30, 2009 has not been published as of the issue date of these financial statements. This document will be available in February 2010.

A reconciliation of budgetary resources, obligations incurred and net outlays, as presented in the Combined Statement of Budgetary Resources, to amounts included in the Budget of the United States Government for the year ended September 30, 2008 is shown below.

(Dollars in millions)	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 69,597	$ 65,439	$ (741)	$ 57,498
Pension Benefit Guaranty Corporation reported separately	17,817	4,735	-	1,377
Distributed offsetting receipts	-	-	-	741
Expired accounts	(1,077)	(36)	-	-
Other	(24)	(16)	(36)	1
Budget of the United States Government	$ 86,313	$ 70,122	$ (777)	$ 59,617

E. Undelivered Orders

Undelivered orders at September 30, 2009 and 2008 were as follows.

(Dollars in thousands)	2009	2008
Undelivered orders	$ 12,169,557	$ 5,604,384

NOTE 18 - STATUS OF BUDGETARY RESOURCES - Continued

F. Appropriations Received

The Combined Statement of Budgetary Resources discloses appropriations received of $167,464 and $58,784 million for FY 2009 and 2008, respectively. Appropriations received on the Consolidated Statement of Changes in Net Position are $43,475 and $10,936 million for FY 2009 and 2008, respectively. The differences of $123,989 and $47,848 million primarily represent certain fiduciary and earmarked receipts recognized as exchange revenue or non-exchange revenue reported on the Consolidated Statement of Net Cost or the Consolidated Statement of Changes in Net Position, respectively, in the current or prior years. Detail of these differences is presented below.

(Dollars in millions)	2009	2008
Receipts recognized as revenue in current or prior years		
Unemployment Trust Fund	$ 113,894	$ 46,854
Black Lung Disability Trust Fund	7,177	671
Other earmarked funds	193	193
Fiduciary funds (Dedicated collections in 2008)	145	130
	121,409	47,848
Other		
Unemployment Trust Fund borrowing authoriy realized	(7,950)	-
Black Lung Disability Trust Fund redemption of debt	10,484	-
Other	46	-
	2,580	-
	$ 123,989	$ 47,848

G. Borrowing Authority

As of September 30, 2009, section 2 of P.L. 111-46 (123 Stat. 1970 dated August 7, 2009) granted borrowing authority for repayable advances and other debt in the amount of “such sums as may be necessary” to the following trust funds: (1) Unemployment Trust Fund for advances as authorized by sections 905(d) and 1203 of the Social Security Act and (2) Black Lung Disability Trust Fund (BLDTF) for advances as authorized by section 9501(c)(1) of the Internal Revenue Code. Although section 9501 of the Internal Revenue Code and section 2 of P.L. 111-46 both use the terminology "advance," the Treasury has interpreted this to mean any debt owed by the BLDTF to the Bureau of the Public Debt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 19 - RECONCILIATION OF BUDGETARY RESOURCES OBLIGATED TO NET COST OF OPERATIONS

(Dollars in thousands)	2009	2008
Resources used to finance activities		
Budgetary resources obligated		
Obligations incurred	$ 177,794,725	$ 65,439,476
Recoveries of prior year obligations	(262,069)	(418,195)
Less spending authority from offsetting collections	(7,191,289)	(6,718,139)
Obligations, net of offsetting collections and recoveries	170,341,367	58,303,142
Other resources		
Imputed financing from costs absorbed by others	136,653	118,009
Transfers, net	2,803	3,191
Exchange revenue not in budget	(2,211,750)	(733,748)
Total resources used to finance activities	168,269,073	57,690,594
Resources used to finance items not part of the net cost of operations		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet received or provided	(5,825,269)	(139,399)
Resources that finance the acquisition of assets	(98,743)	(102,539)
Obligations of fiduciary funds	(140,736)	-
Transfers that do not effect the net cost of operations	(23,809,019)	-
Total resources used to finance items not part of the net cost of operations	(29,873,767)	(241,938)
Total resources used to finance the net cost of operations	138,395,306	57,448,656
Components of the net cost of operations that will not require or generate resources in the current period		
Components requiring or generating resources in other periods		
Increase (decrease) in annual leave liability	(4,196)	10,250
Increase in benefits liabilities	503,072	803,610
Other	233,161	(27,912)
Total	732,037	785,948
Components not requiring or generating resources		
Depreciation and amortization	76,038	66,248
Revaluation of assets and liabilities	656,595	483,119
Benefit overpayments	(741,485)	(476,977)
Total	(8,852)	72,390
Total components of the net cost of operations that will not require or generate resources in the current period	723,185	858,338
Net cost of operations	$ 139,118,491	$ 58,306,994

NOTE 20 - SOURCES AND DISPOSITIONS OF CUSTODIAL REVENUE

Custodial revenues in 2009 consisted of the following:

(Dollars in thousands)	Cash Collections	Less Refunds	Net Cash Collections and Transfers to U.S. Treasury General Fund	Increase (Decrease) in Amounts to be Collected and Transferred	Total Revenues
Civil monetary penalties					
OSHA	$ 65,418	$ (145)	$ 65,273	$ 6,077	$ 71,350
MSHA	63,527	(120)	63,407	954	64,361
EBSA	25,511	(475)	25,036	(203)	24,833
ESA	15,947	-	15,947	53	16,000
	170,403	(740)	169,663	6,881	176,544
ETA disallowed grant costs	5,479	-	5,479	648	6,127
Other	1,292	(4)	1,288	(1)	1,287
	$ 177,174	$ (744)	$ 176,430	$ 7,528	$ 183,958

Custodial revenues in 2008 consisted of the following:

(Dollars in thousands)	Cash Collections	Less Refunds	Net Cash Collections and Transfers to U.S. Treasury General Fund	Increase (Decrease) in Amounts to be Collected and Transferred	Total Revenues
Civil monetary penalties					
OSHA	$ 71,367	$ (182)	$ 71,185	$ 1,362	$ 72,547
MSHA	56,004	-	56,004	8,083	64,087
EBSA	25,776	-	25,776	(5,286)	20,490
ESA	27,442	-	27,442	(1,305)	26,137
	180,589	(182)	180,407	2,854	183,261
ETA disallowed grant costs	15,627	-	15,627	(19,392)	(3,765)
Other	1,209	-	1,209	(286)	923
	$ 197,425	$ (182)	$ 197,243	$ (16,824)	$ 180,419

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 21 - EARMARKED FUNDS

DOL is responsible for the operation of certain earmarked funds. Other earmarked funds include Gifts and Bequests, Panama Canal Commission Compensation Fund, and H-1B Funds. The financial position of the earmarked funds as of September 30, 2009 is shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Assets				
Intra-governmental				
Funds with U.S. Treasury	$ 1,988,130	$ 52,469	$ 344,578	$ 2,385,177
Investments	19,845,269	-	73,254	19,918,523
Accounts receivable, net				
Due from other Federal agencies for UCX and UCFE benefits	475,630	-	-	475,630
Total intra-governmental	22,309,029	52,469	417,832	22,779,330
Accounts receivable, net				
State unemployment tax	262,970	-	-	262,970
Due from reimbursable employers	687,213	-	-	687,213
Benefit overpayments	308,359	15,129	-	323,488
Other	-	-	2	2
Advances	1,510,624	-	-	1,510,624
Other	-	-	588	588
Total assets	$ 25,078,195	$ 67,598	$ 418,422	$ 25,564,215
Liabilities				
Intra-governmental				
Accounts payable to DOL agencies	$ 2,283,650	$ -	$ -	$ 2,283,650
Debt	7,981,387	6,370,580	-	14,351,967
Amounts held for the Railroad Retirement Board	35,552	-	-	35,552
Other	-	-	7,372	7,372
Total intra-governmental	10,300,589	6,370,580	7,372	16,678,541
Accounts payable	-	-	10,371	10,371
Future workers' compensation benefits	-	-	55,925	55,925
Accrued benefits	4,238,749	17,339	-	4,256,088
Other	-	-	624	624
Total liabilities	14,539,338	6,387,919	74,292	21,001,549
Net position				
Cumulative results of operations	10,538,857	(6,320,321)	344,130	4,562,666
Total liabilities and net position	$ 25,078,195	$ 67,598	$ 418,422	$ 25,564,215

NOTE 21 - EARMARKED FUNDS - Continued

The net results of operations of the earmarked funds for the year ended September 30, 2009 is shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Cost, net of earned revenues				
Benefits	$ (114,281,060)	$ (240,625)	$ (8,739)	$ (114,530,424)
Grants	-	-	(110,869)	(110,869)
Interest	(34,228)	(231,292)	-	(265,520)
Loss on debt refinancing	-	(2,495,660)	-	(2,495,660)
Administrative and other	(368,303)	(384)	(15,688)	(384,375)
	(114,683,591)	(2,967,961)	(135,296)	(117,786,848)
Earned revenue	1,004,431	-	-	1,004,431
	(113,679,160)	(2,967,961)	(135,296)	(116,782,417)
Net financing sources				
Taxes	35,309,497	644,881	-	35,954,378
Interest	2,056,548	1,283	1,976	2,059,807
Reimbursement of unemployment benefits	2,763,817	-	-	2,763,817
Imputed financing	-	-	170	170
Transfers-in				
Department of Homeland Security	-	-	94,451	94,451
DOL entities	17,273,663	6,497,989	-	23,771,652
Transfers-out				
DOL entities	(5,294,564)	(57,327)	-	(5,351,891)
	52,108,961	7,086,826	96,597	59,292,384
Net results of operations	(61,570,199)	4,118,865	(38,699)	(57,490,033)
Net position, beginning of period	72,109,056	(10,439,186)	382,829	62,052,699
Net position, end of period	$ 10,538,857	$ (6,320,321)	$ 344,130	$ 4,562,666

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 21 - EARMARKED FUNDS - Continued

The financial position of the earmarked funds as of September 30, 2008 is shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Assets				
Intra-governmental				
Funds with U.S. Treasury	$ (147,882)	$ 53,064	$ 381,801	$ 286,983
Investments	73,295,222	-	77,123	73,372,345
Accounts receivable, net				
Due from other Federal agencies for UCX and UCFE benefits	292,981	-	-	292,981
Total intra-governmental	73,440,321	53,064	458,924	73,952,309
Accounts receivable, net				
State unemployment tax	183,985	-	-	183,985
Due from reimbursable employers	473,802	-	-	473,802
Benefit overpayments	220,191	10,776	-	230,967
Other	-	-	2	2
Advances	706,556	-	-	706,556
Other	-	-	366	366
Total assets	$ 75,024,855	$ 63,840	$ 459,292	$ 75,547,987
Liabilities				
Intra-governmental				
Accounts payable to DOL agencies	$ 1,176,351	$ -	$ -	$ 1,176,351
Debt	-	10,483,557	-	10,483,557
Amounts held for the Railroad Retirement Board	110,455	-	-	110,455
Other	-	-	7,616	7,616
Total intra-governmental	1,286,806	10,483,557	7,616	11,777,979
Accounts payable	-	-	14,683	14,683
Future workers' compensation benefits	-	-	53,562	53,562
Accrued benefits	1,628,993	19,469	-	1,648,462
Other	-	-	602	602
Total liabilities	2,915,799	10,503,026	76,463	13,495,288
Net position				
Cumulative results of operations	72,109,056	(10,439,186)	382,829	62,052,699
Total liabilities and net position	$ 75,024,855	$ 63,840	$ 459,292	$ 75,547,987

NOTE 21 - EARMARKED FUNDS - Continued

The net results of operations of the earmarked funds for the year ended September 30, 2008 is shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Cost, net of earned revenues				
Benefits	$ (42,533,112)	$ (266,960)	$ (8,538)	$ (42,808,610)
Grants	-	-	(90,490)	(90,490)
Interest	(3,519)	(739,469)	-	(742,988)
Administrative and other	(414,822)	(376)	(21,769)	(436,967)
	(42,951,453)	(1,006,805)	(120,797)	(44,079,055)
Earned revenue	711,675	-	-	711,675
	(42,239,778)	(1,006,805)	(120,797)	(43,367,380)
Net financing sources				
Taxes	37,655,181	652,650	-	38,307,831
Interest	3,635,617	551	3,108	3,639,276
Reimbursement of unemployment benefits	1,768,182	-	-	1,768,182
Imputed financing	-	-	195	195
Transfers-in				
Department of Homeland Security	-	-	86,779	86,779
DOL entities	2,396	-	-	2,396
Transfers-out				
DOL entities	(3,714,880)	(57,881)	-	(3,772,761)
	39,346,496	595,320	90,082	40,031,898
Net results of operations	(2,893,282)	(411,485)	(30,715)	(3,335,482)
Net position, beginning of period	75,002,338	(10,027,701)	413,544	65,388,181
Net position, end of period	$ 72,109,056	$ (10,439,186)	$ 382,829	$ 62,052,699

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2009 and 2008

NOTE 22 - FIDUCIARY ACTIVITY

The Department has one deposit fund and two trust funds that fall under the definition of fiduciary activity promulgated by SFFAS 31, "Accounting for Fiduciary Activities" which the Department implemented effective October 1, 2008. The schedule of fiduciary activity for these funds for the year ended September 30, 2009 is shown below.

(Dollars in thousands)	Wage and Hour and Public Contracts Restitution Fund	Longshore and Harbor Workers' Compensation Act Trust Fund	District of Columbia Workmen's Compensation Act Trust Fund	Total Fiduciary Funds
Fiduciary activity				
Assessments	$ 37,941	$ 130,209	$ 10,730	$ 178,880
Investment earnings	-	44	4	48
Administrative and other expenses	-	(2,101)	-	(2,101)
Transfer of funds to Treasury	(9,783)	-	-	(9,783)
Disbursements to beneficiaries	(23,653)	(128,993)	(9,777)	(162,423)
Increase (decrease) in fiduciary net assets	4,505	(841)	957	4,621
Fiduciary net assets, beginning of year	81,942	27,245	3,023	112,210
Fiduciary net assets, end of year	$ 86,447	$ 26,404	$ 3,980	$ 116,831

The schedule of fiduciary net assets for these funds as of September 30, 2009 is shown below.

(Dollars in thousands)	Wage and Hour and Public Contracts Restitution Fund	Longshore and Harbor Workers' Compensation Act Trust Fund	District of Columbia Workmen's Compensation Act Trust Fund	Total Fiduciary Funds
Fiduciary assets				
Cash	$ 80,034	$ 2,085	$ 995	$ 83,114
Investments	-	58,969	5,228	64,197
Other assets	6,413	3,756	674	10,843
Less: liabilities	-	(38,406)	(2,917)	(41,323)
Total fiduciary net assets	$ 86,447	$ 26,404	$ 3,980	$ 116,831

Unqualified opinions were given on separate financial statements issued for the Longshore and Harbor Workers' Compensation Act Trust Fund and the District of Columbia Workmen's Compensation Act Trust Fund for FY 2008. These separate financial statements were presented in accordance with U.S. GAAP.

NOTE 23 - SUBSEQUENT EVENTS

The financial statements, notes, and required supplementary information do not reflect the effects of the subsequent events described below.

A. P.L. 111-92, the Worker, Homeownership, and Business Assistance Act of 2009

P.L. 111-92, the Worker, Homeownership, and Business Assistance Act of 2009, was enacted on November 6, 2009. The Act amended section 4002 of P.L. 110-252 (26 USC 3304 note), Supplemental Appropriations Act, 2008, to extend unemployment benefits to eligible recipients up to 14 additional weeks in all States and a total of up to 20 additional weeks in States with unemployment of 8.5 percent or greater. The Act also amended section 3301 of the Internal Revenue Code of 1986 to extend the 0.2 percent Federal Unemployment Tax Act (FUTA) surtax on covered employers through June 30, 2011. No benefits are payable for weeks of unemployment commencing before the date of enactment of the Act.

B. Employment Standards Administration

The Employment Standards Administration (ESA) was dissolved on November 8, 2009. The Wage and Hour Division (WHD), Office of Federal Contract Compliance Programs (OFCCP), Office of Workers' Compensation Programs (OWCP), and Office of Labor-Management Standards (OLMS) now report directly to the Office of the Secretary.