

DEPARTMENT OF HOMELAND SECURITY

Independent Auditor's Report on DHS' FY 2007 Special-Purpose Financial Statements



Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

November 30, 2007

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the Homeland Security Act of 2002 (*Public Law 107-296*) by amendment to the Inspector General Act of 1978. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report presents the independent auditor's report for DHS' FY 2007 special-purpose financial statements. We contracted with the independent public accounting firm KPMG LLP to perform the audit. KPMG is responsible for the attached report dated November 16, 2007, and the conclusions expressed in it. We do not express opinions on DHS' financial statements or internal control or conclusion on compliance with laws and regulations

It is our hope that this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General



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INDEPENDENT AUDITORS' REPORT

Secretary and Inspector General
U.S. Department of Homeland Security:

We were engaged to audit the accompanying Closing Package Financial Statement Report – Balance Sheet of the Department of Homeland Security (DHS or Department) as of September 30, 2007 and 2006, and the accompanying Financial Report (FR) Notes Report (except for Section A in FR Notes Report No. 25, and Sections A and B in FR Notes Report No. 26) for the years then ended; the accompanying Additional Note Nos. 27 and 28; and the accompanying Trading Partner Summary Note Report – Balance Sheet as of September 30, 2007 and 2006 (hereinafter collectively referred to as the special-purpose financial statements). These special-purpose financial statements are the responsibility of DHS management. We were not engaged to audit the related accompanying Closing Package Financial Statement Reports – Statement of Net Cost and Statement of Changes in Net Position for the years ended September 30, 2007 and 2006, and the related Trading Partner Summary Note Reports – Statement of Net Cost and Statement of Net Position for the years ended September 30, 2007 and 2006 (herein referred to as “other fiscal year 2007 and 2006 Closing Package Financial Statement Reports”).

The accompanying special-purpose financial statements have been prepared for the purpose of complying with the requirements of Chapter 4700 of the U.S. Department of the Treasury’s *Treasury Financial Manual* (TFM), as described in Additional Note Nos. 27 and 28, solely for the purpose of providing financial information to the U.S. Department of the Treasury and the U.S. Government Accountability Office (GAO) to use in preparing and auditing the *Financial Report of the U.S. Government*, and are not intended to be a complete presentation of DHS’ balance sheets as of September 30, 2007 and 2006.

In accordance with *TFM Chapter 4700*, DHS prepared FR Notes Report Nos. 1 through 9, 10B, 11 through 20, 22, 25, and 26, except for FR Notes Report Nos. 10A, 21, 23 and 24, which were not applicable to DHS. DHS included Additional Note Nos. 27 and 28 to disclose data not contained in the special-purpose financial statements, but which is necessary to make the special-purpose financial statements more informative.

The United States Coast Guard (Coast Guard) was unable to provide sufficient evidential matter or make knowledgeable representations of facts and circumstances, that support transactions and account balances of the Coast Guard, as presented in the DHS balance sheets at September 30, 2007 and 2006; particularly with respect to fund balance with Treasury, accounts receivable, inventory and related property, certain categories of property, plant and equipment, actuarially-derived liabilities, environmental and other liabilities, undelivered orders and changes in net position, and adjustments, both manual and automated, made as part of Coast Guard’s financial reporting process. The Coast Guard was unable to complete corrective actions, and make adjustments, as necessary, to these and other balance sheet amounts, prior to the completion of the DHS 2007 and 2006 special-purpose financial statements. The total assets of Coast Guard, as



reported in the accompanying DHS special-purpose financial statements were \$15.9 billion and \$12.5 billion, or 20 percent and 16 percent of total DHS consolidated assets as of September 30, 2007 and 2006, respectively.

DHS Office of Financial Management (OFM) and certain DHS components were unable to reconcile intragovernmental transactions and balances with other Federal trading partners totaling approximately \$1.5 billion as of September 30, 2007, prior to the completion of the DHS 2007 special-purpose financial statements. In addition, DHS was unable to provide sufficient evidential matter to support its recording of \$1.5 billion in both fund balance with Treasury and undelivered orders at September 30, 2007, resulting from a budgetary allocation transfer made by the Office of Health Affairs (OHA), a DHS component, to another Federal agency, in fiscal year 2007. Because of the significance of this allocation transfer, DHS management was unable to represent that the balance sheet of OHA is fairly stated in conformity with U.S. generally accepted accounting principles at September 30, 2007. The total assets of OHA, as reported in the accompanying DHS special-purpose financial statements as of September 30, 2007, were \$3.3 billion or 4 percent of total DHS consolidated assets. In fiscal year 2006, OFM and certain DHS components were unable to provide sufficient evidential matter supporting the completeness and accuracy of the Department's accrued legal liability totaling \$71 million as of September 30, 2006, and related contingent legal liabilities as disclosed in FR Notes Report No. 18 of the special-purpose financial statements; reconcile intragovernmental transactions and balances with other Federal trading partners totaling \$3.5 billion, as of September 30, 2006; or provide sufficient evidential matter or make knowledgeable representations of the facts and circumstances that support its implementation of Statement of Federal Financial Accounting Standard (SFFAS) No. 27, *Identifying and Reporting Earmarked Funds*, prior to the completion of the DHS 2006 special-purpose financial statements.

Federal Emergency Management Agency (FEMA) was unable to fully support the accuracy and completeness of certain stockpiled supplies, unpaid obligations related to mission assignments, and certain grants payable/advances, and the related effects on net position, if any, prior to the completion of the DHS 2007 special-purpose financial statements. The stockpiled supplies, as reported in the accompanying DHS special-purpose financial statements as of September 30, 2007 were \$243 million or 38 percent of DHS' consolidated inventory and related property. FEMA's unpaid obligations related to mission assignments, as reported in the accompanying DHS special-purpose financial statements as of September 30, 2007, were \$2.6 billion or 5 percent of DHS' consolidated unexpended appropriations. FEMA's net grants payable/advances, as reported in the DHS special-purpose financial statements as of September 30, 2007, were \$149 million or 3 percent of DHS' consolidated accounts payable. The total net position of FEMA as reported in the accompanying DHS special-purpose financial statements as of September 30, 2007, was \$10.1 billion or 12.8 percent of DHS' consolidated liabilities and net position. In fiscal year 2006, FEMA was unable to fully support the accuracy and completeness of certain unpaid obligations and accounts payable, and the related effect on net position, if any, prior to the completion of DHS' 2006 special-purpose financial statements. FEMA's unpaid obligations, as reported in the accompanying DHS special-purpose financial statements as of September 30, 2006, were \$22.3 billion or 46 percent of DHS' consolidated unexpended appropriations. FEMA's accounts payable, as reported in the DHS special-purpose financial statements as of September 30, 2006, were \$1.5 billion or 33 percent of DHS' consolidated accounts payable. The total net position of FEMA as reported in the accompanying DHS special-purpose financial statements as of September 30, 2006, was \$11.2 billion or 14 percent of DHS' consolidated liabilities and net position.



In fiscal year 2006, Transportation Security Administration (TSA) was unable to provide sufficient evidential matter or make knowledgeable representations of facts and circumstances that support certain transactions and account balances of TSA, as presented in the DHS special-purpose financial statements at September 30, 2006, particularly with respect to property and equipment, accounts payable, accrued unfunded employee leave, and the components of net position. The total assets of TSA as reported in the accompanying DHS special-purpose financial statements as of September 30, 2006, were \$4.1 billion or 5 percent of DHS consolidated assets.

In fiscal year 2006, Immigration and Customs Enforcement (ICE), was unable to fully support the accuracy and completeness of certain accounts payable and undelivered orders, and the related effect on net position, if any, prior to the completion of the DHS 2006 special-purpose financial statements. ICE's accounts payable and undelivered orders, as reported in the accompanying DHS special-purpose financial statements as of September 30, 2006, were \$319 million or 7 percent of DHS' consolidated total accounts payable, and \$1.2 billion or 2.5 percent of DHS' consolidated unexpended appropriations, respectively.

In fiscal year 2006, the Management Directorate was unable to fully support the accuracy and completeness of certain accounts payable and undelivered orders, and the related effect on net position, if any, prior to the completion of the DHS 2006 special-purpose financial statements. The Management Directorate's accounts payable and undelivered orders, as reported in the accompanying DHS special-purpose financial statements as of September 30, 2006, were \$60 million or 1.3 percent of consolidated total accounts payable, and \$527 million or 1.1 percent of DHS consolidated unexpended appropriations, respectively.

In addition, we were unable to obtain appropriate representations from DHS management, including certain representations as to compliance with U.S. generally accepted accounting principles, with respect to the accompanying special-purpose financial statements as of September 30, 2007 and 2006, and were unable to determine the effect of the lack of such representations on the special-purpose financial statements at September 30, 2007 and 2006.

Because of the matters discussed in the seven preceding paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying special-purpose financial statements of DHS as of September 30, 2007 and 2006. However, we noted the following discrepancies and omissions while performing our procedures:

- FR Notes Report – Note 18 Contingencies, Sections C, D and E – legal liabilities of \$136 million in 2007, and \$71 million in 2006, are reported twice, resulting in an overstatement of Note 18 by \$136 million in 2007, and \$71 in 2006.
- FR Notes Report – Note 06 Property, Plant and Equipment – Text Data, Question I – the physical quantity for multi-use heritage assets is approximately 14,500 units.

We were not engaged to audit the accompanying other fiscal year 2007 and 2006 Closing Package Financial Statement Reports and, accordingly, we do not express an opinion on them. In addition, the accompanying “previously reported” and “line item changes” presented in the Closing Package Line Reclassification Summary Reports for the Balance Sheet, Statement of Net Cost and Statement of Net Position, were not audited by us and accordingly, we do not express an opinion thereon.



As discussed in FR Notes Report No. 17, DHS restated its fiscal year 2006 financial statements to correct multiple errors identified by TSA, ICE, National Protection and Programs Directorate (NPPD), United States Citizenship and Immigration Services, Science and Technology Directorate, Federal Law Enforcement Training Center (FLETC), and Management Directorate that required adjustment of balances previously reported in DHS' fiscal year 2006 financial statements. Because of the matters discussed above regarding our fiscal year 2006 audit, and the control deficiencies described in our report on internal control over financial reporting, we were unable to audit the restatements, and accordingly, we have not concluded on the appropriateness of this accounting treatment or the restatement of the DHS balance sheet as of September 30, 2006.

As discussed in FR Notes Report No. 17, in fiscal year 2007, DHS changed its method of reporting certain mixed funding budgetary authority.

DHS also prepared Other Data Report Nos. 1 through 17, except for Other Data Report Nos. 3 through 8, and 11 through 14, which were not applicable to DHS. The information included in the Section A of FR Notes Report No. 25, Sections A and B of FR Notes Report No. 26, and Other Data Report Nos. 1, 2, 9, 10, 15, 16 and 17 is presented for the purpose of additional analysis and is not a required part of the special-purpose financial statements, but is supplementary information required by U.S. generally accepted accounting principles and the *TFM Chapter 4700*. We were unable to complete limited procedures over this required supplementary information, as prescribed by professional standards, because of the limitations on the scope of our audits described above. The information in the Other Data Report Nos. 1 and 2 is based on other fiscal year 2007 and 2006 Closing Package Financial Statement Reports which we were not engaged to audit. This information has not been subjected to the auditing procedures, and accordingly, we express no opinion on it.

The information entitled "Threshold" in Other Data Report No. 9; the information entitled "Threshold" in FR Notes Report Nos. 2, 3, 4A, 5, 6, 9, 11, 12, 14, 15, and 19; the information in the Closing Package Line Reclassification Summary Reports – Balance Sheet; the information in the Closing Package Line Reclassification Summary Reports – Statements of Net Cost and Changes in Net Position; and the information in Closing Package Line Reclassification Summary Report – Custodial Activity is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. This information has not been subjected to the auditing procedures applied in the audits of the special-purpose financial statements and, accordingly, we express no opinion on it.

The *TFM Chapter 4700* requires agencies to use the Government wide Financial Reporting System to input certain data as described in Additional Note No. 27. We express no opinion on information maintained in that system.

In accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, we have also issued a combined report, dated November 15, 2007, which discusses the reasons why we were unable to express an opinion on DHS' balance sheets as of September 30, 2007 and 2006, and on the related statements of custodial activity for the years then ended; our consideration of the DHS' internal controls over financial reporting; and the results of our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters that are required to be reported under *Government Auditing Standards*. That report is an integral part of our engagement to audit DHS' balance sheets as of September 30, 2007 and 2006, and the related



statements of custodial activity for the years then ended, and should be read in conjunction with this report in considering the results of our engagement to audit the special-purpose financial statements. Our engagement to audit DHS' balance sheets as of September 30, 2007 and 2006 and related statements of custodial activity for the years then ended disclosed the following material weaknesses, significant deficiencies, and compliance and other matters:

Significant Deficiencies That Are Considered To Be Material Weaknesses:

- A. Financial Management and Entity-level Controls
- B. Financial Reporting
- C. Financial Systems Security
- D. Fund Balance with Treasury
- E. Capital Assets and Supplies
- F. Actuarial and Other Liabilities
- G. Budgetary Accounting

Other Reportable Conditions:

- H. Custodial Revenue and Drawback

Compliance With Laws, Regulations, Contracts, and Grant Agreements:

- I. *Federal Managers' Financial Integrity Act of 1982*
- J. *Federal Financial Management Improvement Act of 1996*
- K. *Single Audit Act Amendments of 1996*, and laws and regulations supporting OMB Circular No. A-50, *Audit Follow-up* (as revised)
- L. *Improper Payments Information Act of 2002*
- M. *Chief Financial Officers Act of 1990*
- N. *Government Performance and Results Act of 1993*
- O. *Debt Collection Improvement Act of 1996*
- P. *Anti-deficiency Act*

Other Matters:

NDDP management has initiated a review of the classification and use of certain funds that may identify a violation of the *Anti-deficiency Act*, or other violations of appropriation law in fiscal year 2007 or in previous years. In addition, FLETC management has initiated a review of the classification of certain liabilities, recorded in their accounting records that may identify a violation of the *Anti-deficiency Act*, or other violations of appropriation law that may have occurred during fiscal year 2007 or during previous years.

As discussed in our *Independent Auditors' Report* dated November 15, 2007, the scope of our work was not sufficient to express an opinion on DHS' balance sheets as of September 30, 2007 and 2006, and on the related statements of custodial activity for the years then ended, and accordingly, other matters involving internal control over financial reporting, instances of non-compliance with laws, regulations, contracts, and grant agreements and other matters may have been identified and reported, had we been able to perform all procedures necessary to express an opinion on those financial statements, and had we been engaged to audit the related statements of net cost, changes in net position, and budgetary resources, for the years ended September 30, 2007 and 2006.

Management is responsible for establishing and maintaining internal control. In planning and performing our engagement to audit the fiscal year 2007 special-purpose financial statements we also considered DHS' internal control over financial reporting by obtaining an understanding of



DHS' internal control over financial reporting for the special-purpose financial statements and performing tests of controls as a basis for designing our audit procedures, but not for the purpose of expressing an opinion on the effectiveness of DHS' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of DHS' internal control over financial reporting.

Our consideration of internal control over financial reporting for special-purpose financial statements was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting for special-purpose financial statements that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects DHS' ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of DHS' financial statements that is more than inconsequential will not be prevented or detected by DHS' internal control over financial reporting for special-purpose financial statements. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by DHS' internal control.

In our fiscal year 2007 engagement to audit the special-purpose financial statements, we did not identify any deficiencies in internal control over financial reporting for the special-purpose financial statements that we consider to be material weaknesses as defined above. However, had we been able to perform all of the procedures necessary to express an opinion on the special-purpose financial statement, other matters involving internal control over financial reporting and compliance with *TFM Chapter 4700* requirements relating to the special purpose financial statement may have been identified and reported.

Management is responsible for complying with laws, regulations (including *TFM Chapter 4700*), contracts and grant agreements applicable to DHS. As part of our engagement to audit DHS' fiscal year 2007 special-purpose financial statements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose financial statement amounts. However, providing an opinion on compliance with those provisions or on compliance with *TFM Chapter 4700* requirements was not an objective of our fiscal year 2007 engagement to audit the special-purpose financial statements and, accordingly, we do not express such an opinion.

The results of our tests of compliance with *TFM Chapter 4700* disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 07-04. However, had we been able to perform all of the procedures necessary to express an opinion on the special-purpose financial statements, other matters involving compliance with certain provisions of laws, regulations, contracts, and grant agreements and compliance with *TFM Chapter 4700* requirements relating to the special-purpose financial statements may have been identified and reported.



This report is intended solely for the information and use of DHS management, the DHS Office of Inspector General, U.S. Department of Treasury, OMB, and GAO, in connection with the preparation and audit of the *Financial Report of the U.S. Government*, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 16, 2007

**U.S Department of Homeland
Government-wide Financial Reporting System
Additional Note to the Special-Purpose Financial Statements**

Additional Note 27 – Components of the Closing Package

A. Basis of Presentation

The *Budget and Accounting Procedures Act of 1950* allows the Secretary of the Treasury to stipulate the format and requirements of executive agencies to furnish financial and operational information to the President and Congress to comply with *Government Management Reform Act of 1994* (GMRA) (Pub. L. No. 103-356), which requires the Secretary of the Treasury to prepare and submit annual audited financial statements of the executive branch. The Secretary of the Treasury developed guidance in the U.S Department of Treasury's Financial Manual (TFM) Volume 1, Part 2, Chapter 4700 to provide agencies with instructions to meet the requirements of GMRA. The TFM Chapter 4700 requires agencies to:

1. Reclassify all items and amounts on the audited consolidated, department-level balance sheet, statements of net cost, changes in net position/income statement, and statement or note on custodial activity, if applicable, to the special-purpose financial statements.
2. Disclose special-purpose financial statement line item amounts identified as Federal by trading partner and amount (amounts should be net of intra-bureau and intra-departmental eliminations).
3. Disclose notes required by the special-purpose financial statement line items and other notes required in the *Financial Report of the U.S. Government* (FR); and
4. Disclose other data not contained in the primary FR financial statements and notes required to meet requirement of U.S. generally accepted accounting principles

The TFM Chapter 4700 requires agencies to use the Governmentwide Financial Report System to input the above information. For purposes of the Special-purpose financial statements, Closing Package is comprised of the following GFRS Modules:

1. Closing Package Financial Statement Reports (GF003F)
2. Trading Partner Summary Note Report (GF004F)
3. Closing Package Line Reclassification Summary Report (GF003G)
4. FR Notes Report (GF006)
5. Other Data Report (GF007)

The generic format for the special-purpose financial statements is based on the U.S. Standard General Ledger (USSGL) crosswalk to the FR financial statements and notes. In May 2007, Treasury issued TFM Transmittal Letter No. 637 effective for fiscal year 2007 that revised the mapping of certain USSGL accounts to the special-purpose financial statements and resulted in agencies reclassifying the accompanying fiscal year 2006 special-purpose financial statements to conform with the fiscal year 2007 presentation. Therefore, certain amounts in the fiscal year 2006 columns on the accompanying special-purpose financial statements differ from the amounts in the columns labeled previously reported.

Additional Note 28 – Summary of Significant Accounting Policies

For a complete description of the significant accounting policies of the Department, see Note 1 of the *Department of Homeland Security - FY 2006 Performance and Accountability Report*.

A. Reporting Entity

The Department of Homeland Security (DHS or the Department) was established by the *Homeland Security Act of 2002 (HSA)*, P.L. 107-296, dated March 25, 2002, as an executive department of the U.S. Federal Government. DHS's mission is to lead the national effort to secure America. This mission includes the prevention and deterrence of terrorist attacks and protection against, and response to, threats and hazards to the Nation and critical infrastructure from dangerous people and goods. Additionally, DHS's mission is to ensure the safety and security of borders, welcome lawful immigrants and visitors, and promote the free-flow of commerce. In support of DHS's mission, the Secretary has established additional goals to build a nimble, effective emergency response system and a culture of preparedness, and to strengthen and unify DHS operations and management. The Department is composed of the following financial reporting Components¹:

- **Federal Emergency Management Agency (FEMA)**
- **National Protection and Programs Directorate (NPPD)**
- **Science and Technology Directorate (S&T)**
- **U.S. Citizenship and Immigration Services (USCIS)**
- **U.S. Coast Guard (USCG)**
- **U.S. Customs and Border Protection (CBP)**
- **Federal Law Enforcement Training Center (FLETC)**
- **U.S. Immigration and Customs Enforcement (ICE)**, including the Federal Protective Services (FPS)
- **U.S. Secret Service (USSS)**
- **Transportation Security Administration (TSA)**
- **Office of Health Affairs (OHA)**
- **Departmental Operations and Other**, including the Management Directorate (MGMT), the Office of the Secretary, the Office of the Inspector General (OIG), the Domestic Nuclear Detection Office (DNDO), Office of Intelligence and Analysis, and the Office of Operations Coordination

On October 4, 2006, the President signed the *Post-Katrina Emergency Management Reform Act of 2006 (P.L. 109-295)* (the PKEMR Act) which is codified at Title VI of the Department's FY 2007 Appropriations Act (P.L. 109-295). The PKEMR Act established various positions within DHS, brought additional functions into FEMA, and created and reallocated functions to other Components within DHS. In addition, pursuant to the Secretary's Authority under Section 872, *Reorganization Authority of the Homeland Security Act of 2002* (the Reorganization Authority under the HSA), DHS has made certain other organizational changes outside of the PKEMR Act. All changes as a result of the PKEMR Act and the Reorganization Authority under the HSA were effective as of March 31, 2007, unless otherwise noted.

¹ Financial reporting components are to be distinguished from direct report components.

As a result of the PKEMR Act:

- FEMA was expanded to include some programs from the Preparedness Directorate, including: the Office of Grants and Training (G&T); the Radiological Emergency Preparedness Program (REPP); and the United States Fire Administration (USFA).
- A new Office of Emergency Communications (OEC) was established and reports directly to the Assistant Secretary for Cyber Security and Communication within NPPD.

Pursuant to the Reorganization Authority under the HSA:

- The Preparedness Directorate was renamed the National Protection and Programs Directorate (NPPD). The new NPPD includes the following offices: Office of the Under Secretary, Office of Infrastructure Protection, Office of Risk Management and Analysis, Office of Cyber Security and Communications, Office of Intergovernmental Programs, and the US-VISIT program.
- The Office of Health Affairs (OHA) was established and is comprised of the Office of the Chief Medical Officer and offices responsible for carrying out the Department's biodefense responsibilities.

During FY 2007, the Department began reporting the Sport Fish Restoration and Boating Trust Fund (SFRBTF) in the applicable financial statements and footnotes based on the updated A-136 requirements for the reporting of mixed funds (partially earmarked and partially non-earmarked). The SFRBTF is a Treasury managed trust fund. During FY 2006 and prior, the SFRBTF was reported by the Department of the Interior.

B. Basis of Presentation

These financial statements are prepared to report the consolidated financial position, net cost of operation, changes in net position, custodial activity, and the combined budgetary resources of the Department pursuant to the *Government Management Reform Act of 1994 (P.L. 103-356)* and *Chief Financial Officers Act of 1990 (P.L. 101-576)*, as amended by the *Reports Consolidation Act of 2000 (P.L. 106-531)*.

The Department's financial statements have been prepared from the accounting records of the Department in conformity with U.S. Generally Accepted Accounting Principles (GAAP), and the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), the official accounting standards-setting body of the Federal Government.

The Department's financial statements reflect the reporting of Departmental activities including appropriations received to conduct operations and revenue generated from operations. The financial statements also reflect the reporting of certain non-entity (custodial) functions performed by the Department on behalf of the Federal Government.

Intragovernmental assets and liabilities result from activity with other Federal entities. All other assets and liabilities result from activity with parties outside the Federal Government, such as domestic and foreign persons, organizations, or governments. Intragovernmental earned revenues are collections or accruals of revenue from other Federal entities and intragovernmental costs are payments or accruals to other Federal entities. Transactions and balances among the Department's Components have been eliminated in the consolidated presentation of the Balance

Sheets, Statements of Net Cost, Statements of Changes in Net Position, and the Statements of Custodial Activity. The Statements of Budgetary Resources are reported on a combined basis; therefore, intradepartmental balances have not been eliminated.

While these financial statements have been prepared from the books and records of the Department in accordance with the formats prescribed by OMB, these financial statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

These financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity, that liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation, and that the payment of all liabilities other than for contracts can be abrogated by the U.S. Government acting in its capacity as a sovereign entity.

Reclassifications. The PKEMR Act and the Reorganization Authority under HSA caused changes affecting the definition of the Reporting Entity. Therefore, certain reclassifications were made to the FY 2006 financial statements and associated footnotes to conform with the FY 2007 presentation.

C. Basis of Accounting

Transactions are recorded on an accrual and a budgetary basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of when cash is exchanged. Budgetary accounting facilitates compliance with legal constraints and the controls over the use of Federal funds. The balances and activity of budgetary accounts are used to prepare the Statements of Budgetary Resources. The Statements of Custodial Activity are reported using the modified cash basis. With this method, revenue from cash collections is reported separately from receivable accruals and cash disbursements are reported separately from payable accruals.

D. Use of Estimates

Management has made certain estimates and assumptions in the reporting of assets, liabilities, revenues, expenses, obligations incurred, spending authority from offsetting collections, and note disclosures in the financial statements. Actual results could differ from these estimates. Significant estimates include: the year-end accruals of accounts and grants payable; contingent legal and environmental liabilities; accrued workers' compensation; allowance for doubtful accounts receivable; allowances for obsolete inventory and operating materials and supplies (OM&S) balances; allocations of indirect common costs to construction-in-progress; depreciation; subsidy re-estimates; deferred revenues; National Flood Insurance Program (NFIP) insurance liability; actuarial workers compensation assumptions; military and other pension, retirement and post-retirement benefit assumptions; allowances for doubtful duties, fines, penalties, and certain non-entity receivables; and payables related to custodial activities and undeposited collections.

E. Entity and Non-Entity Assets

Entity assets are assets that the Department has the authority to use in its operations. The authority to use funds in an entity's operations means that Department management has the authority to decide how funds are used, or management is legally obligated to use funds to meet

entity obligations, e.g. salaries and benefits.

Non-entity assets are assets held by the Department, but are not available for use by the Department. An example of a non-entity asset is Fund Balance with Treasury which consists of special and deposit funds, permanent appropriations, and miscellaneous receipts that are available to pay non-entity liabilities.

F. Fund Balance with Treasury

Fund Balance with Treasury represents the aggregate amount of the Department's accounts with the U.S. Department of the Treasury (Treasury) available to pay current liabilities and finance authorized purchases, except as restricted by law. The Department's Fund Balance with Treasury balances are primarily appropriated, revolving, trust, deposit, receipt, and special fund amounts remaining as of the fiscal year-end.

G. Cash and Other Monetary Assets

The Department's cash and other monetary assets primarily consist of undeposited collections, imprest funds, cash used in undercover operations, cash held as evidence, cash held by insurance companies, and seized cash and monetary instruments.

The Department does not maintain cash in commercial bank accounts. For FEMA, certain receipts are received and processed by insurance companies. The remainder of the receipts and disbursements are processed by Treasury.

H. Investments, Net

Investments consist of U.S. Government non-marketable par value and market based Treasury securities, and are reported at cost or amortized cost net of premiums or discounts. Premiums or discounts are amortized into interest income over the terms of the investment using the effective interest method or the straight line method, which approximates the interest method. No provision is made for unrealized gains or losses on these securities because it is the Department's intent to hold these investments to maturity.

I. Accounts Receivable, Net

Accounts receivable represent amounts due to the Department from other Federal agencies and the public. Intragovernmental accounts receivable generally arise from the provision of goods and services to other Federal agencies and are expected to be fully collected.

Accounts receivable due from the public typically results from various immigration and user fees, premiums and restitution from insurance companies and policyholders, breached bonds, reimbursable services, and security fees. Public accounts receivable are presented net of an allowance for doubtful accounts, which is based on analyses of debtors' ability to pay, specific identification of probable losses, aging analysis of past due receivables, or historical collection experience. Interest due on past due receivables is fully reserved until collected.

J. Advances and Prepayments

Intragovernmental advances, presented as a component of other assets in the accompanying Balance Sheets, consist primarily of disaster recovery and assistance advances to other Federal

agencies tasked with mission assignments.

Advances and prepayments to the public, presented as a component of other assets in the accompanying Balance Sheets, consist primarily of disaster recovery and assistance grants to States and other grant activity. Advances are expensed as they are used by the recipients. At year-end, the amount, if any, of grant funding unexpended and a grant payable is estimated based on cash transactions reported by the grant administrator.

K. Direct Loans, Net

Direct loans are loans issued by the Department to local governments. FEMA, the only DHS Component with loan activity, operates the Community Disaster Loan program to support any local government which has suffered a substantial loss of tax and other revenues as a result of a major disaster and which demonstrates a need for Federal financial assistance in order to perform its governmental functions. Under the program, FEMA transacts direct loans to local governments who meet statutorily set eligibility criteria. Loans are accounted for as receivables as funds are disbursed.

All of the Department's loans are post-1991 obligated direct loans, and the resulting receivables are governed by the *Federal Credit Reform Act of 1990 (FCRA) (P.L. 101-508)*. Under FCRA, for direct loans disbursed during a fiscal year, the corresponding receivable is adjusted for subsidy costs. Subsidy costs are an estimated long-term cost to the U.S. Government for its loan programs. The subsidy cost is equal to the present value of the estimated cash outflows over the life of the loans minus the present value of the estimated cash inflows, discounted at the applicable Treasury interest rate. Administrative costs such as salaries and contractual fees are not included. Subsidy costs can arise from interest rate differentials, interest subsidies, delinquencies and defaults, and other cash flows. The Department calculates the subsidy costs based on a subsidy calculator model created by OMB.

Loans receivable are recorded at the present value of the estimated net cash flows. The difference between the outstanding principal of the loans and the present value of their net cash inflows is recorded in the allowance for subsidy, which is estimated and adjusted annually, as of year-end. Interest receivable is the total interest that has accrued on each of the outstanding loans, less any cancellations that may have been recorded due to the FEMA cancellation policy as described in 44 CFR Section 206.366.

L. Inventory and Related Property, Net

OM&S are tangible personal property consumed during normal operations. Department OM&S consists primarily of goods consumed during the service of vessels and aircraft. OM&S are valued based on an average unit cost, weighted moving average method, or on actual prices paid. OM&S are expensed when consumed or issued for use. Excess, obsolete, and unserviceable OM&S are stated at net realizable value net of an allowance, which is based on the condition of various asset categories, as well as historical experience with using and disposing of such assets.

Inventory is tangible personal property that is held for sale, in the process of production for sale, or to be consumed in the production of goods for sale, or in the provision of services for fees. Department inventories consist primarily of USCG Supply Fund's uniform clothing, subsistence provisions, retail stores, general stores, technical material and fuel, and USCG Yard Fund's ship repair and general inventory. Inventories on hand at year-end are stated at cost using standard price/specific identification, last acquisition price, or weighted average cost methods, which

approximates historical cost. Revenue on inventory sales and associated cost of goods sold are recorded when merchandise is sold to the end user.

Stockpile materials are critical materials held due to statutory requirements for use in national emergencies. The Department's stockpile materials held by FEMA include goods that would be used to respond to national disasters, including water, meals, cots, and blankets. The goods are valued at historical cost.

M. Seized and Forfeited Property

The Department's prohibited seized property results primarily from criminal investigations and passenger/cargo processing. Seized property falls into two categories, prohibited and non-prohibited. Prohibited seized property includes illegal drugs, contraband, and counterfeit items that cannot legally enter into the commerce of the United States; non-prohibited seized property includes items that are not inherently illegal to possess or own such as monetary instruments, real property, and tangible personal property of others.

Seized property is not considered an asset of the Department and is not reported as such in the Department's financial statements. However, the Department has a stewardship responsibility until the disposition of the seized items are determined, i.e., judicially or administratively forfeited or returned to the entity from which it was seized.

Forfeited property is seized property for which the title has passed to the U.S. Government. Prohibited forfeited items such as counterfeit goods, narcotics, or firearms are held by the Department until disposed of or destroyed. Non-prohibited forfeited property is transferred to the Treasury Forfeiture Fund.

N. General Property, Plant, and Equipment, Net

The Department's property, plant, and equipment (PP&E) consists of aircraft, vessels, vehicles, land, structures, facilities, capital leases, leasehold improvements, software, information technology, and other equipment. PP&E is recorded at cost. The Department capitalizes PP&E acquisitions when the cost equals or exceeds an established threshold and has a useful life of two years or more.

Costs for construction projects are recorded as construction-in-progress until completed, and are valued at actual (direct) costs, plus applied overhead and other indirect costs. In cases where historical cost information was not maintained, PP&E is capitalized using an estimated cost based on the cost of similar assets at the time of acquisition or the current cost of similar assets discounted for inflation since the time of acquisition. The Department owns some of the buildings in which Components operate. Other buildings are provided by the General Services Administration (GSA), which charges rent equivalent to the commercial rental rates for similar properties.

Internal use software includes purchased commercial off-the-shelf software (COTS), contractor developed software, and internally developed software. For COTS software, the capitalized costs include the amount paid to the vendor for the software. For contractor developed software the capitalized costs include the amount paid to a contractor to design, program, install, and implement the software. Capitalized costs for internally developed software include the full cost (direct and indirect) incurred during the software development phase.

The schedule of capitalization thresholds shown below is a summary of the range of capitalization rules in place from the legacy agencies that comprised the Department. In accordance with DHS policy, Components were allowed to continue using their legacy thresholds and capitalization rules until a more comprehensive approach is developed that takes into account the vast differences in Component size and asset usage.

The ranges of capitalization thresholds and service life used by Components, by primary asset category, are as follows:

Asset Description	Capitalization Threshold	Service Life
Land	Regardless of cost to \$100,000	Not Applicable
Improvements to Land	Regardless of cost to \$100,000	3 years to 50 years
Buildings and improvement	Regardless of cost to \$200,000	2 years to 50 years
Equipment and capital leases	\$5,000 to \$200,000	2 years to 65 years
Software	\$5,000 to \$750,000	2 years to 10 years

The Department begins to recognize depreciation expense once the asset has been placed in service. Depreciation is calculated on a straight-line method for all asset classes over their estimated useful lives. Land is not depreciated. Leasehold improvements are depreciated over the shorter of the term of the remaining portion of the lease or the useful life of the improvement. Buildings and equipment acquired under capital leases are amortized over the lease term. Amortization of capitalized software is calculated using the straight-line method and begins on the date of acquisition if purchased, or when the module or component has been placed in use (i.e., successfully installed and tested) if contractor or internally developed. There are no restrictions on the use or convertibility of general PP&E.

O. Stewardship Property, Plant and Equipment

Stewardship PP&E includes heritage assets and stewardship land which generally are not included in general PP&E presented on the Balance Sheet. Heritage assets are unique due to their historical or natural significance, cultural, educational, or artistic importance, or significant architectural characteristics. The Department's heritage assets consist primarily of buildings and structures owned by USCG. Due to their nature, heritage assets are not depreciated because matching costs with specific periods would not be meaningful.

Heritage assets can serve two purposes: a heritage function and general government operational function. If a heritage asset serves both purposes, but is predominantly used for general government operations, the heritage asset is considered a multi-use heritage asset, which is included in general PP&E on the Balance Sheet. The Department's multi-use heritage assets consist primarily of buildings and structures owned by CBP and USCG. DHS depreciates its multi-use heritage assets.

P. Liabilities

Liabilities represent the probable and measurable future outflow or other sacrifice of resources as a result of past transactions or events. Liabilities covered by budgetary resources are those liabilities for which Congress has appropriated funds or funding is otherwise available to pay amounts due. Liabilities not covered by budgetary or other resources represent amounts owed in excess of available Congressionally appropriated funds or other amounts, and there is no certainty that the appropriations will be enacted. The U.S. Government, acting in its sovereign capacity,

can abrogate liabilities of the Department arising from other than contracts.

Q. Contingent Liabilities

Certain conditions exist as of the date of the financial statements, which may result in a loss to the government, but which will only be resolved when one or more future events occur or fail to occur. The Department recognizes a loss contingency when the future outflow or other sacrifice of resources is probable and reasonably estimable. The Department discloses a loss contingency in the notes to the financial statements when the conditions for liability recognition are not met, but a loss from the outcome of future events is more than remote.

Environmental Cleanup Costs. Environmental liabilities consist of environmental remediation, cleanup, and decommissioning. The liability for environmental remediation is an estimate of costs necessary to bring a known contaminated asset into compliance with applicable environmental standards. Accruals for environmental cleanup costs are the costs of removing, containing, and/or disposing of hazardous wastes or materials that, because of quantity, concentration, or physical or chemical characteristics, may pose a substantial present or potential hazard to human health or the environment.

For all PP&E in service as of October 1, 1997, DHS recognizes the estimated total cleanup costs associated with the PP&E at the time the cleanup requirement is identified. DHS does not prorate a cleanup cost over the life of these PP&E. However, the estimate may be subsequently adjusted for material changes due to inflation/deflation or changes in regulations, plans, or technology. The applicable costs of decommissioning DHS's existing and future vessels are considered cleanup costs.

R. Grants Liabilities

The Department awards grants and cooperative agreements to Federal, State, and local governments, universities, non-profit organizations, and private sector companies for the purpose of building the capacity to respond to disasters and emergencies, conduct research into preparedness, enhance and ensure the security of passenger and cargo transportation by air, land, or sea, and other Department-related activities. The Department estimates the year-end grant accrual for unreported grantee expenditures using historical disbursement data. Grants liabilities are combined with accounts payable to the public in the accompanying Balance Sheets.

S. Insurance Liabilities

Insurance liabilities are the result of the Department's sale or continuation-in-force of flood insurance known as the NFIP, which is managed by FEMA. The insurance liability represents an estimate of NFIP losses that are unpaid at the Balance Sheet date. Although the insurance underwriting operations believes the liability for unpaid losses and loss adjustment expenses is reasonable and adequate in the circumstances, actual incurred losses and loss adjustment expenses may not conform to the assumptions inherent in the estimation of the liability. Accordingly, the ultimate settlement of losses and the related loss adjustment expenses may vary from the estimate reported in the financial statements.

T. Debt and Borrowing Authority

Debt is reported within Intragovernmental Liabilities and results from Treasury loans and related interest payable to fund NFIP and Disaster Assistance Direct Loan Program (DADLP) operations.

The Department's obligations for NFIP and DADLP are financed by principal repayments, flood premiums, and map collection fees.

The Department has borrowing authority for NFIP and DADLP, and may obtain additional borrowing authority if approved.

U. Accrued Payroll and Benefits

Accrued Payroll. Accrued Payroll consists of salaries, wages, and other compensation earned by the employees, but not disbursed as of September 30. The liability is estimated for reporting purposes based on historical pay information.

Leave Program. Earned annual and other vested compensatory leave is accrued as it is earned and reported on the Balance Sheet as an accrued payroll and benefits liability. The liability is reduced as leave is taken. Each year, the balances in the accrued leave accounts are adjusted to reflect the liability at current pay rates and leave balances. Sick leave and other types of non-vested leave are not earned benefits. Accordingly, non-vested leave is expensed when used.

Federal Employees Compensation Act. The *Federal Employees Compensation Act (FECA)* (P.L. 103-3) provides income and medical cost protection to covered Federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (Labor), which pays valid claims and subsequently seeks reimbursement from the Department for these paid claims.

The FECA liability consists of two components. The first component, accrued FECA liability, is based on actual claims paid by Labor but not yet reimbursed by the Department. The Department reimburses Labor for the amount of actual claims as funds are appropriated for this purpose. There is generally a two to three-year time period between payment by Labor and reimbursement to Labor by the Department. As a result, the Department recognizes an intragovernmental liability for the actual claims paid by Labor and to be reimbursed by the Department.

The second component, actuarial FECA liability, is the estimated liability for future benefit payments and is recorded as a component of Federal Employee and Veterans' Benefits. This liability includes death, disability, medical, and miscellaneous costs. Labor determines this component annually, as of September 30, using an actuarial method that considers historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. The projected annual benefit payments are discounted to present value using the OMB economic assumptions for ten year Treasury notes and bonds. The actuarial FECA liability is not covered by budgetary resources and will require future funding.

V. Federal Employee and Veterans' Benefits

Civilian Pension and Other Post Employment Benefits. The Department recognizes the full annual cost of its civilian employees' pension benefits; however, the assets of the plan and liability associated with pension costs are recognized by Office of Personnel Management (OPM) rather than the Department.

Most U.S. Government employees of DHS hired prior to January 1, 1984, participate in the Civil Service Retirement System (CSRS), to which the Department contributes 7 percent of base pay

for regular CSRS employees, and 7.5 percent of base pay for law enforcement agents. The majority of employees hired after December 31, 1983, are covered by the Federal Employees Retirement System (FERS) and Social Security. For the FERS basic annuity benefit the Department contributes 11.2 percent of base pay for regular FERS employees and 23.8 percent for law enforcement agents. A primary feature of FERS is that it also offers a defined contribution plan to which the Department automatically contributes 1 percent of base pay and matches employee contributions up to an additional 4 percent of base pay. The Department also contributes the employer's Social Security matching share for FERS participants.

Similar to CSRS and FERS, OPM rather than the Department reports the liability for future payments to retired employees who participate in the Federal Employees Health Benefits Program (FEHB) and Federal Employees Group Life Insurance Program (FEGLI). The Department is required to report the full annual cost of providing these other retirement benefits (ORB) for its retired employees as well as reporting contributions made for active employees. In addition, the Department recognizes an expense and liability for other post employment benefits (OPEB), which includes all types of benefits provided to former or inactive (but not retired) employees, their beneficiaries, and covered dependents.

The difference between the full annual cost of CSRS and FERS retirement, ORB, and OPEB and the amount paid by the Department is recorded as an imputed cost and offsetting imputed financing source in the accompanying financial statements.

Military Retirement System Liability. The USCG Military Retirement System (MRS) is a defined benefit plan that covers both retirement pay and health care benefits for all retired active duty and reserve military members of the USCG. The plan is funded through annual appropriations and, as such, is a pay-as-you-go system. The unfunded accrued liability reported on the accompanying Balance Sheet is actuarially determined by subtracting the present value of future employer/employee contributions, as well as any plan assets, from the present value of the future cost of benefits. Current period expense is computed using the aggregate entry age normal actuarial cost method.

A portion of the accrued MRS liability is for the health care of non-Medicare eligible and Medicare eligible retirees/survivors. The Department of Defense (DOD) is the administrative entity for the Medicare eligible fund (Fund), and in accordance with SFFAS No. 5, is required to recognize the liability on the Fund's financial statements. The USCG makes annual payments to the Fund for current active duty members. Benefits for USCG members who retired prior to the establishment of the Fund are provided by payments from the Treasury to the Fund. The future cost and liability of the Fund is determined using claim factors and claims cost data developed by DOD, adjusted for USCG retiree and actual claims experience. The USCG uses the current year actual costs to project costs for all future years.

Post-employment Military Travel Benefit. USCG uniformed service members are entitled to travel and transportation allowances for travel performed or to be performed under orders upon separation from the service, including the member's termination, retirement, permanent disability, or pre-retirement death in service. These allowances are provided whether or not the member is on active duty at the time of travel and without regard to the comparative costs of the various modes of transportation.

USCG recognizes an expense and a liability for this OPEB when a future outflow or other sacrifice of resources is probable and measurable on the basis of events occurring on or before the reporting date. The OPEB liability is measured at the present value of future payments, which

requires USCG to estimate the amount and timing of future payments, and to discount the future outflow using the Treasury borrowing rate for securities of similar maturity to the period over which the payments are made.

Uniformed Division and Special Agent Pension Liability. The District of Columbia Police and Fireman's Retirement System (the DC Pension Plan) is a defined benefit plan that covers USSS Uniformed Division and Special Agents. The DC Pension Plan makes benefit payments to retirees and/or their beneficiaries. USSS receives permanent, indefinite appropriations each year to pay the excess of benefit payments over salary deductions. The DC Pension Plan is a pay-as-you-go system funded through annual appropriations. The unfunded accrued liability reported on the accompanying Balance Sheet is actuarially determined by subtracting the present value of future employer/employee contributions, as well as any plan assets, from the present value of future cost of benefits. Current period expense is computed using the aggregate cost method.

W. Earmarked 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 Federal Government's general revenues.

Earmarked non-exchange revenue and other financing sources, including appropriations and net cost of operations, are shown separately on the Statements of Changes in Net Position. The portion of cumulative results of operations attributable to earmarked funds is shown separately on both the Statements of Changes in Net Position and the Balance Sheets.

X. Revenue and Financing Sources

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

Appropriations are recognized as financing sources when related expenses are incurred or assets are purchased. Revenue from reimbursable agreements is recognized when the goods or services are provided by the Department. Prices for goods and services sold to the public are based on recovery of full cost or are set at a market price. Reimbursable work between Federal agencies is subject to the *Economy Act (31 United States Code (U.S.C.) 1535)* or other statutes authorizing reimbursement. Prices for goods and services sold to other Federal Government agencies are generally limited to the recovery of direct cost.

Allocation Transfers. The Department is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. 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. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial

statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. The Department allocates funds, as the parent, to the Department of Health and Human Services (HHS). DHS receives allocation transfers, as the child, from the General Services Administration (GSA), the Department of Transportation, and the Environmental Protection Agency.

Exchange and Non-Exchange Revenue. Exchange revenues are recognized when earned and are derived from transactions where both the government and the other party receive value; i.e., goods have been delivered or services have been rendered. Non-exchange revenues from user fees are recognized as earned in accordance with the *Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272)*, as amended. Non-exchange revenues also arise from transfers-in with and without financing sources and donations from the public. Other financing sources, such as donations and transfers of assets without reimbursements, are recognized on the Statements of Changes in Net Position during the period in which the donations and transfers occurred.

Deferred revenue is recorded when the Department receives payment for goods or services which have not been fully rendered. Deferred revenue is reported as a liability on the Balance Sheets until earned. Information and specific examples of deferred revenue include:

- Fees for flood mitigation products and services, such as insurance provided through FEMA's NFIP, are established at rates necessary to sustain a self-supporting program. NFIP premium revenues are recognized ratably over the life of the policies. Deferred revenue relates to unearned premiums reserved to provide for the remaining period of insurance coverage.
- USCIS requires advance payments of the fees for adjudication of applications or petitions for immigration and naturalization benefits. A major portion of the revenue received for certain applicant types is deferred and not considered earned until the application is adjudicated.

Imputed Financing Sources. In certain instances, operating costs of DHS are paid out of funds appropriated to other Federal agencies. For example, OPM, by law, pays certain costs of retirement programs, and certain legal judgments against DHS are paid from a Judgment Fund maintained by the Treasury. When costs that are identifiable to DHS and directly attributable to DHS operations are paid by other agencies, DHS recognizes these amounts as operating expenses. DHS also recognizes an imputed financing source on the Statements of Changes in Net Position to indicate the funding of DHS operations by other Federal agencies.

Custodial Revenue. Non-entity revenue and refunds are reported on the Statements of Custodial Activity using a modified cash basis. Non-entity revenue reported on the Department's Statement of Custodial Activity include duties, excise taxes, and various non-exchange fees collected by CBP and USCIS that are subsequently remitted to the Treasury General Fund or to other Federal agencies. Duties, user fees, fines and penalties are assessed pursuant to the provisions of Title 19 United States Code (U.S.C.); nonimmigrant petition fees under Title 8 U.S.C., and excise taxes under Title 26 U.S.C. CBP also enforces over 400 laws and regulations some of which require the collection of fees or the imposition of fines and penalties pursuant to other Titles within the U.S.C. or Code of Federal Regulations (C.F.R.).

CBP assesses duties, taxes, and fees on goods and merchandise brought into the United States from foreign countries. Non-entity tax and trade accounts receivables are recognized when CBP is entitled to collect duties, user fees, fines and penalties, refunds and drawback overpayments,

and interest associated with import/export activity on behalf of the Federal Government that have been established as a specifically identifiable, legally enforceable claim and remain uncollected as of year-end. The custodial revenue is recorded at the time of collection. These revenue collections primarily result from current fiscal year activities. Generally, CBP records an equal and offsetting liability due to the Treasury General Fund for amounts recognized as non-entity tax and trade receivable and custodial revenue. CBP accrues an estimate of duties, taxes, and fees related to commerce released prior to year-end where receipt of payment is anticipated subsequent to year-end. Fees collected by USCIS for nonimmigrant petitions must be submitted with the petition. The portions of the fees that are subsequently remitted to other Federal agencies are recorded as custodial revenue at the time of collection.

Non-entity receivables are presented net of amounts deemed uncollectible. CBP tracks and enforces payment of estimated duties, taxes and fees receivable by establishing a liquidated damage case that generally results in fines and penalties receivable. A fine or penalty, including interest on past due balances, is established when a violation of import/export law is discovered. An allowance for doubtful collections is established for substantially all accrued fines and penalties and related interest. The amount is based on past experience in resolving disputed assessments, the debtor's payment record and willingness to pay, the probable recovery of amounts from secondary sources, such as sureties and an analysis of aged receivable activity. CBP regulations allow importers to dispute the assessment of duties, taxes, and fees. Receivables related to disputed assessments are not recorded until the protest period expires or a protest decision is rendered in CBP's favor.

Refunds and drawback of duties, taxes, and fees are recognized when payment is made. A permanent, indefinite appropriation is used to fund the disbursement of refunds and drawbacks. Disbursements are recorded as a decrease in the amount Transferred to Federal Entities as reported on the Statement of Custodial Activity. An accrual adjustment is recorded on the Statements of Custodial Activity to adjust cash collections and refund disbursements with the net increase or decrease of accrued non-entity accounts receivables, net of uncollectible amounts, and refunds payable at year-end.

Y. Taxes

The Department, as a Federal agency, is not subject to Federal, State, or local income taxes and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

**U.S Department of the Treasury
Financial Management Service
Governmentwide Financial Report System**

11-17-2007 08:13:27

GF003G-Closing Package Line Reclassification Summary Report

Statement: BALANCE SHEET

Fiscal Year: 2007

Period: SEPTEMBER

Entity: 7000 - Department of Homeland Security

Reported in: MILLIONS

Decimal Point: ZERO

Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
3	Fund Balance with Treasury (Notes 2 and 3)	A	D	F	56,185	59,569
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Fund Balance with Treasury	56,185	59,569	59,568	1
	Total:	56,185	59,569	59,568	1

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
4	Investments, Net (Note 5)	A	D	F	2,778	634
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Federal Investments	2,778	634	634	0
	Total:	2,778	634	634	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
5	Accounts Receivable, Net (Note 6)	A	D	F	278	247
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Accounts Receivable	132	147	148	(1)
F	Interest Receivable	23	4	4	0
F	Transfers Receivable	123	96	96	0
	Total:	278	247	248	(1)

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Decimal Point: ZERO

Amounts reported as normal/(abnormal) balances.

Line# Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
7 Advances and Prepayments	A	D	F	2,887	2,913
	Variance:			0	0

CP Line Reclassification

F/N CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F Advances to Others and Prepayments	2,887	2,913	2,912	1
Total:	2,887	2,913	2,912	1

Line# Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
8 Other (Note 2)	A	D	F	176	411
	Variance:			0	0

CP Line Reclassification

F/N CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F Other Assets (without reciprocals)	176	411	411	0
Total:	176	411	411	0

Line# Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
11 Cash and Other Monetary Assets (Notes 2 and 4)	A	D	N	321	99
	Variance:			0	0

CP Line Reclassification

F/N CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N Cash and Other Monetary Assets	321	99	99	0
Total:	321	99	99	0

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Period: SEPTEMBER

Entity: 7000 - Department of Homeland Security

Reported in: MILLIONS

Decimal Point: ZERO

Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
12	Accounts Receivable, Net (Notes 2 and 6)	A	D	N	760	1,181
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Accounts and Taxes Receivable	760	1,181	1,181	0
	Total:	760	1,181	1,181	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
13	Tax, Duties and Trade Receivables, Net (Notes 2 and 7)	A	D	N	1,937	1,755
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Accounts and Taxes Receivable	1,937	1,755	1,755	0
	Total:	1,937	1,755	1,755	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
14	Direct Loans, Net (Note 8)	A	D	N		161
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Loans Receivable	0	161	161	0
	Total:	0	161	161	0

U.S. Department of the Treasury
Financial Management Service
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11-17-2007 08:13:27

GF003G-Closing Package Line Reclassification Summary Report

Statement: BALANCE SHEET

Fiscal Year: 2007

Period: SEPTEMBER

Entity: 7000 - Department of Homeland Security

Reported in: MILLIONS

Decimal Point: ZERO

Amounts reported as normal/(abnormal) balances.

Line# Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
15 Inventory and Related Property, Net (Note 9)	A	D	N	632	677
	Variance:			0	0

CP Line Reclassification

F/N CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N Inventory and Related Property	632	677	677	0
Total:	632	677	677	0

Line# Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
16 General Property, Plant and Equipment, Net (Notes 2 and 11)	A	D	N	12,275	11,151
	Variance:			0	0

CP Line Reclassification

F/N CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N Property, Plant and Equipment	12,275	11,151	11,036	115
Total:	12,275	11,151	11,036	115

Line# Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
18 Advances and Prepayments	A	D	N	567	551
	Variance:			0	0

CP Line Reclassification

F/N CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N Other Assets	567	551	551	0
Total:	567	551	551	0

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Reported in: MILLIONS

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Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
I 25	Due to the Treasury General Fund (Note 14)	L	C	F		
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
	Total:		0		

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
26	Accounts Payable	L	C	F	2,066	1,907
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Accounts Payable	965	1,902	1,895	7
F	Transfers Payable	1,101	5	5	0
F	Other Liabilities (without reciprocals)	0	0	0	0
	Total:	(2,066)	(1,907)	(1,900)	7

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
27	Debt (Note 15)	L	C	F	18,153	17,446
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Interest Payable	366	354	354	0
F	Loans Payable	17,787	17,092	17,092	0
	Total:	(18,153)	(17,446)	(17,446)	0

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
29	Due to the General Fund	L	C	F	2,085	1,809
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Accounts Payable	0	0	0	0
F	Loans Payable	0	0	0	0
F	Other Liabilities (without reciprocals)	2,085	1,809	1,809	0
	Total:	(2,085)	(1,809)	(1,809)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
30	Accrued FECA Liability	L	C	F	355	339
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Benefit Program Contributions Payable	355	339	323	16
	Total:	(355)	(339)	(323)	16

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
31	Other	L	C	F	245	187
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Accounts Payable	15	8	8	0
F	Benefit Program Contributions Payable	170	153	153	0
F	Advances from Others and Deferred Credits	70	22	22	0
F	Other Liabilities (without reciprocals)	(10)	4	4	0
	Total:	(245)	(187)	(187)	0

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
34	Accounts Payable	L	C	N	3,003	2,629
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Accounts Payable	3,003	2,629	2,765	(136)
	Total:	(3,003)	(2,629)	(2,765)	(136)

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
35	Federal Employee and Veterans' Benefits (Note 16)	L	C	N	34,910	32,278
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Federal Employee and Veteran Benefits Payable	34,910	32,278	32,278	0
	Total:	(34,910)	(32,278)	(32,278)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
36	Environmental and Disposal Liabilities (Note 17)	L	C	N	275	245
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Environmental and Disposal Liabilities	275	245	245	0
	Total:	(275)	(245)	(245)	0

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
38	Insurance Liabilities	L	C	N	1,508	3,567
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Insurance Programs	1,508	3,567	3,567	0
	Total:	(1,508)	(3,567)	(3,567)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
39	Deferred Revenue and Advances from Others	L	C	N	2,727	2,188
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Liabilities	2,727	2,188	2,188	0
	Total:	(2,727)	(2,188)	(2,188)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
40	Accrued Payroll and Benefits	L	C	N	1,553	1,362
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Federal Employee and Veteran Benefits Payable	43	70	0	70
N	Other Liabilities	1,510	1,292	1,362	(70)
	Total:	(1,553)	(1,362)	(1,362)	0

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
41	Unliquidated Antidumping/Countervailing Duties	L	C	N	514	34
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Liabilities	514	34	34	0
	Total:	(514)	(34)	(34)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
42	Refunds and Drawbacks	L	C	N	131	5,593
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Liabilities	131	5,593	5,593	0
	Total:	(131)	(5,593)	(5,593)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
I 43	Military Service and Other Retirement Benefits	L	C	N	0	0
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
	Total:		0		

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
44	Other	L	C	N	1,408	1,205
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Liabilities	1,408	1,205	1,190	15
	Total:	(1,408)	(1,205)	(1,190)	15

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
52	Unexpended Appropriations - Earmarked Funds (Note 22)	E	C	B		
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
B	Net Position- Earmarked Funds	0	0	18	(18)
	Total:	0	0	(18)	(18)

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
53	Unexpended Appropriations - Other Funds	E	C	B	49,003	48,816
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
B	Net Position-Non- Earmarked Funds	49,003	48,816	48,084	732
	Total:	(49,003)	(48,816)	(48,084)	732

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Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
55	Cumulative Results of Operations - Earmarked Funds (Note 22)	E	C	B	(16,236)	(19,337)
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
B	Net Position-Earmarked Funds	(16,236)	(19,337)	(19,328)	(9)
	Total:	16,236	19,337	19,328	(9)

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
56	Cumulative Results of Operations - Other Funds	E	C	B	(22,904)	(20,919)
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
B	Net Position-Non-Earmarked Funds	(22,904)	(20,919)	(20,428)	(491)
	Total:	22,904	20,919	20,428	(491)

Statement: STATEMENT OF NET COST

Fiscal Year: 2007

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Entity: 7000 - Department of Homeland Security

Reported in: MILLIONS

Decimal Point: ZERO

Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
63	Total Gross Cost	GC	D	B	51,237	62,354
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Imputed Costs	839	702	702	0
F	Buy/Sell Costs	5,974	9,549	9,549	0
F	Benefit Program Costs	3,311	2,757	2,754	3
F	Borrowing and Other Interest Expense	743	533	533	0
F	Borrowing Losses	0	61	61	0
N	Non-Federal Gross Cost	40,370	48,752	48,882	(130)
	Total:	51,237	62,354	62,481	(127)

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Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
64	Total Earned Revenue	ER	C	B	8,422	8,163
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Buy/Sell Revenue	1,198	1,255	1,255	0
F	Federal Securities Interest Revenue (exchange)	106	0	0	0
F	Borrowings Gains	0	66	66	0
F	Borrowing and Other Interest Revenue (Exchange)	6	6	6	0
N	Non-Federal Earned Revenue	7,112	6,836	6,836	0
	Total:	(8,422)	(8,163)	(8,163)	0

Statement: STATEMENT OF CHANGES IN NET POSITION

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Entity: 7000 - Department of Homeland Security

Reported in: MILLIONS

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Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
51	Beginning Balances	BN	C	B	(40,256)	(41,847)
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
B	Beginning Net Position	(40,256)	(41,847)	(41,847)	0
	Total:	40,256	41,847	41,847	0

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
53	Change in Accounting Principles	P	C	B	693	0
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Federal Prior Period Adjustments (Not Restated)	693	0	0	0
	Total:	(693)	0	0	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
54	Corrections of Errors	F	C	B	0	(588)
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Non-Federal Prior Period Adjustments (Not Restated)	0	(588)	0	(588)
	Total:	0	588	0	(588)

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
58	Appropriations Used	F	C	F	39,074	52,872
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Other Financing Sources	39,074	52,872	52,895	(23)
	Total:	(39,074)	(52,872)	(52,895)	(23)

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
59	Non-Exchange Revenue	F	C	B	3,609	2,527
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	3,609	2,527	2,527	0
	Total:	(3,609)	(2,527)	(2,527)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
60	Donations and Forfeitures of Cash and Cash Equivalents	F	C	B	2	68
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	2	68	68	0
	Total:	(2)	(68)	(68)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
61	Transfers In/(Out) without Reimbursement	F	C	F	(125)	361
		Variance:			0	0

CP Line Reclassification

I	F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
	F	Appropriation transfers-in	0	0	362	(362)
	F	Transfers-in Without Reimbursement	0	0	0	0
	F	Other Financing Sources	59	0	0	0
	F	Appropriation of unavailable special or trust fund receipts transfers-in	0	57	0	57
	F	Nonexpenditure transfers-in of unexpended appropriations and financing sources	481	351	0	351
	F	Nonexpenditure	(665)	(47)	0	(47)

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
61	Transfers In/(Out) without Reimbursement	F	C	F	(125)	361
CP Line Reclassification						
	transfers-out of unexpended appropriations and financing sources					
	Total:				125	(361)
					(362)	(1)

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
62	Other	F	C	B	(174)	(196)
	Variance:				0	0

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	(169)	(196)	(180)	(16)
F	Other Financing Sources	(5)	0	(1)	1
	Total:	174	196	181	(15)

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
65	Donations and Forfeitures of Property	F	C	N	4	6
	Variance:				0	0

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	4	6	6	0
	Total:	(4)	(6)	(6)	0

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
66	Transfers In(Out) without Reimbursement	F	C	F	9	30
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Transfers-in Without Reimbursement	11	45	44	1
F	Transfers-out Without Reimbursement	2	15	14	1
	Total:	(9)	(30)	(30)	2

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
67	Imputed Financing	F	C	B	839	702
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Imputed Financing Source	839	702	702	0
	Total:	(839)	(702)	(702)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
107	Beginning Balance	BN	C	B	48,816	87,131
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
B	Beginning Net Position	48,816	87,131	87,131	0
	Total:	(48,816)	(87,131)	(87,131)	0

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Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
109	Change in accounting Principles	P	C	B	37	0
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Federal Prior Period Adjustments (Not Restated)	37	0	0	0
	Total:	(37)	0	0	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
110	Correction of Errors	F	C	B	0	676
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Non-Federal Prior Period Adjustments (Not Restated)	0	676	0	676
	Total:	0	(676)	0	676

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
114	Appropriations Received	F	C	F	39,520	39,529
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Appropriations received as adjusted (rescissions and other adjustments)	39,520	39,529	39,529	0
	Total:	(39,520)	(39,529)	(39,529)	0

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
115	Appropriations Transferred In(Out)	F	C	F	295	(573)
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
I F	Unexpended Appropriations transferred in	0	0	184	(184)
I F	Unexpended Appropriations transferred out	0	0	757	(757)
F	Nonexpenditure transfers-in of unexpended appropriations and financing sources	384	184	0	184
F	Nonexpenditure transfers-out of unexpended appropriations and financing sources	(89)	(757)	0	(757)
	Total:	(295)	573	573	(1,514)

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
116	Other Adjustments	F	C	F	(591)	(25,075)
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Appropriations received as adjusted (rescissions and other adjustments)	(591)	(25,075)	0	(25,075)
I F	Other Adjustments (recissions, etc.)	0	0	(25,090)	25,090
	Total:	591	25,075	25,090	15

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GF003G-Closing Package Line Reclassification Summary Report

Statement: STATEMENT OF CHANGES IN NET POSITION **Fiscal Year:** 2007 **Period:** SEPTEMBER
Entity: 7000 - Department of Homeland Security **Reported in:** MILLIONS **Decimal Point:** ZERO
 Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
117	Appropriations Used	F	C	F	(39,074)	(52,872)
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Other Financing Sources	(39,074)	(52,872)	(52,895)	23
	Total:	39,074	52,872	52,895	23

Statement: CUSTODIAL ACTIVITY **Fiscal Year:** 2007 **Period:** SEPTEMBER
Entity: 7000 - Department of Homeland Security **Reported in:** MILLIONS **Decimal Point:** ZERO
 Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
4	Duties	F	C	B	26,658	24,730
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	381	0	0	0
N	Custom Duties	26,277	24,730	24,730	0
N	Miscellaneous Earned Revenue	0	0	0	0
	Total:	(26,658)	(24,730)	(24,730)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
5	User Fees	F	C	B	1,732	1,524
	Variance:				0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	1,713	1,524	1,524	0
N	Miscellaneous Earned Revenue	19	0	0	0
	Total:	(1,732)	(1,524)	(1,524)	0

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GF003G-Closing Package Line Reclassification Summary Report

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Fiscal Year: 2007

Period: SEPTEMBER

Entity: 7000 - Department of Homeland Security

Reported in: MILLIONS

Decimal Point: ZERO

Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
6	Excise Taxes	F	C	B	2,626	2,427
Variance:					0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Excise Taxes	2,626	2,427	2,427	0
Total:		(2,626)	(2,427)	(2,427)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
7	Fines and Penalties	F	C	B	60	64
Variance:					0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	62	64	64	0
N	Miscellaneous Earned Revenue	(2)	0	0	0
Total:		(60)	(64)	(64)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
8	Interest	F	C	B	15	12
Variance:					0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	3	12	12	0
N	Miscellaneous Earned Revenue	12	0	0	0
Total:		(15)	(12)	(12)	0

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Entity: 7000 - Department of Homeland Security

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Decimal Point: ZERO

Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
9	Miscellaneous	F	C	B	25	178
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	0	178	178	0
N	Miscellaneous Earned Revenue	25	0	0	0
	Total:	(25)	(178)	(178)	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
12	Accrual Adjustments (+/-)	F	C	B	5,723	(5,371)
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	5,723	(5,371)	(5,371)	0
	Total:	(5,723)	5,371	5,371	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
18	U.S. Department of Agriculture	CL	D	B	148	127
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	0	0	0	0
F	Other taxes and receipts	0	0	0	0
F	Other Financing Sources	(148)	(127)	(127)	0
	Total:	148	127	127	0

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Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
19	U.S. Department of Labor	CL	D	F	193	189
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Other taxes and receipts	0	0	0	0
F	Other Financing Sources	(193)	(189)	(189)	0
	Total:	193	189	189	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
20	U.S. Department of State	CL	D	F	46	44
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Other taxes and receipts	0	0	0	0
F	Other Financing Sources	(46)	(44)	(44)	0
	Total:	46	44	44	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
21	National Science Foundation	CL	D	F	107	105
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Other taxes and receipts	0	0	0	0
F	Other Financing Sources	(107)	(105)	(105)	0
	Total:	107	105	105	0

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Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
22	Treasury General Fund Accounts	CL	D	F	23,591	27,206
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Other Financing Sources	(23,591)	(27,206)	(27,206)	0
	Total:	23,591	27,206	27,206	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
23	Other Federal Agencies	CL	D	F	21	17
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
F	Other Financing Sources	(21)	(17)	(17)	0
	Total:	21	17	17	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
25	Government of Puerto Rico	CL	D	N	14	14
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	(14)	(14)	(14)	0
	Total:	14	14	14	0

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Amounts reported as normal/(abnormal) balances.

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
26	Government of the U.S. Virgin Islands	CL	D	N	5	6
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	(5)	(6)	(6)	0
	Total:	5	6	6	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
27	Other Non-Federal Entities	CL	D	N	20	9
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	(20)	(9)	(9)	0
	Total:	20	9	9	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
28	(Increase)Decrease in Amount Yet to be Transferred	F	C	B	(5,712)	5,371
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	(5,712)	5,371	0	5,371
	Total:	5,712	(5,371)	0	5,371

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Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
29	Refunds and Drawbacks (Notes 18 and 33)	CL	D	N	6,922	1,160
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	(28)	0	(1,160)	1,160
N	Custom Duties	(6,894)	(1,160)	0	(1,160)
N	Miscellaneous Earned Revenue	0	0	0	0
	Total:	6,922	1,160	1,160	0

Line#	Agency Line Description	Acct Type	NB	F/N	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER
30	Retained by the Department	CL	D	F	60	58
		Variance:			0	0

CP Line Reclassification

F/N	CP Line Description	FY2007-SEPTEMBER	FY2006-SEPTEMBER	Previously Reported	Line Item Changes
N	Other Taxes and Receipts	0	0	(58)	58
F	Other taxes and receipts	(60)	(58)	0	(58)
	Total:	60	58	58	0

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Accounts Receivable	A	D	132	147
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1200	Department of Agriculture	1	1	1	0
1300	Department of Commerce	2	2	2	0
1400	Department of the Interior	1	1	1	0
1500	Department of Justice	6	8	9	(1)
1900	Department of State	4	3	3	0
2000	Department of the Treasury	21	35	35	0
2800	Social Security Administration	13	6	6	0
3600	DEPARTMENT OF VETERANS AFFAIRS	1	1	1	0
4700	General Services Administration	3	3	3	0
4900	National Science Foundation	0	3	3	0
6800	Environmental Protection Agency	5	7	7	0
6900	Department of Transportation	1	2	2	0
7200	Agency for International Development	0	1	1	0
7500	Department of Health and Human Services	5	1	1	0
8900	Department of Energy	1	0	0	0
9500	Independent and Other Agencies	16	16	16	0
DE00	Department of Defense	52	57	57	0

* I = Inactive

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Total	132	147	148	(1)
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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Advances to Others and Prepayments	A	D	2,887	2,913
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1300	Department of Commerce	51	62	61	1
1400	Department of the Interior	7	25	25	0
1500	Department of Justice	193	170	170	0
1900	Department of State	0	(1)	0	(1)
2000	Department of the Treasury	7	7	0	7
2400	Office of Personnel Management	7	0	0	0
2700	Federal Communications Commission	0	0	7	(7)
4700	General Services Administration	4	1	0	1
6900	Department of Transportation	2,604	2,623	2,623	0

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8600 Department of Housing and Urban Development	20	9	9	0
9999 Unidentified	4	4	3	1
DE00 Department of Defense	(10)	13	14	(1)
Total	2,887	2,913	2,912	1

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Federal Investments	A	D	2,778	634
			Variance:	0	0

<u>TP</u>	<u>Trading Partner Name</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER Prev. Rpt.</u>	<u>FY 2006-SEPTEMBER Line item chgs.</u>
2000	Department of the Treasury	2,778	634	634	0
	Total	2,778	634	634	0

* I = Inactive

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Interest Receivable	A	D	23	4
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
2000	Department of the Treasury	23	4	4	0
	Total	23	4	4	0

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Other Assets (without reciprocals)	A	D	176	411
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
9900	Treasury General Fund	176	411	411	0
	Total	176	411	411	0

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Transfers Receivable	A	D	123	96
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1400	Department of the Interior	123	96	96	0
	Total	123	96	96	0

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Accounts Payable	L	C	980	1,910
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1200	Department of Agriculture	2	1	1	0
1300	Department of Commerce	0	1	1	0
1400	Department of the Interior	2	1	1	0
1500	Department of Justice	35	123	123	0
1900	Department of State	6	3	3	0
2000	Department of the Treasury	3	10	10	0
2400	Office of Personnel Management	8	1	1	0
2800	Social Security Administration	1	0	0	0

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3600 DEPARTMENT OF VETERANS AFFAIRS	4	4	4	0
4700 General Services Administration	119	(46)	(49)	3
6800 Environmental Protection Agency	25	1	1	0
6900 Department of Transportation	50	10	5	5
7200 Agency for International Development	0	3	3	0
7500 Department of Health and Human Services	10	3	3	0
8000 National Aeronautics and Space Administration	2	1	1	0
8900 Department of Energy	26	48	48	0
9500 Independent and Other Agencies	4	3	3	0
9900 Treasury General Fund	0	0	8	(8)
9999 Unidentified	14	41	36	5
DE00 Department of Defense	669	1,702	1,700	2
Total	(980)	(1,910)	(1,903)	7

* I = Inactive

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Advances from Others and Deferred Credits	L	C	70	22
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1300	Department of Commerce	18	0	0	0
1500	Department of Justice	0	1	1	0
1900	Department of State	2	1	1	0
DE00	Department of Defense	50	20	20	0
	Total	(70)	(22)	(22)	0

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Benefit Program Contributions Payable	L	C	525	492
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1601	Department of Labor	355	339	476	(137)
2000	Department of the Treasury	0	1	0	1
2400	Office of Personnel Management	139	71	0	71
2800	Social Security Administration	0	(2)	0	(2)
9900	Treasury General Fund	23	26	0	26

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9999 Unidentified	0	56	0	56
DE00 Department of Defense	8	1	0	1
Total	(525)	(492)	(476)	16

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Interest Payable	L	C	366	354
			Variance:	0	0

<u>TP</u>	<u>Trading Partner Name</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>	<u>FY 2006- SEPTEMBER Prev. Rpt.</u>	<u>FY 2006- SEPTEMBER Line item chgs.</u>
2000	Department of the Treasury	366	354	354	0
	Total	(366)	(354)	(354)	0

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Loans Payable	L	C	17,787	17,092
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
2000	Department of the Treasury	17,787	17,092	17,092	0
	Total	(17,787)	(17,092)	(17,092)	0

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Other Liabilities (without reciprocals)	L	C	2,075	1,813
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1900	Department of State	3	2	2	0
4700	General Services Administration	3	2	2	0
7500	Department of Health and Human Services	1	0	0	0
9900	Treasury General Fund	2,086	1,809	1,809	0
9999	Unidentified	(2)	0	0	0
DE00	Department of Defense	(16)	0	0	0
	Total	(2,075)	(1,813)	(1,813)	0

* I = Inactive

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
BS	Transfers Payable	L	C	1,101	5
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1400	Department of the Interior	1,101	0	0	0
6900	Department of Transportation	0	5	5	0
	Total	(1,101)	(5)	(5)	0

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
NCS	Borrowing and Other Interest Revenue (Exchange)	ER	C	6	6
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
2000	Department of the Treasury	6	6	0	6
9900	Treasury General Fund	0	0	6	(6)
	Total	(6)	(6)	(6)	0

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
NCS	Borrowings Gains	ER	C	0	66
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
DE00	Department of Defense	0	66	66	0
	Total	0	(66)	(66)	0

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
NCS	Buy/Sell Revenue	ER	C	1,198	1,255
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1200	Department of Agriculture	23	22	22	0
1300	Department of Commerce	21	20	20	0
1400	Department of the Interior	26	24	24	0
1500	Department of Justice	111	112	112	0
1601	Department of Labor	11	10	10	0
1800	United States Postal Service	6	6	6	0
1900	Department of State	41	43	43	0
2000	Department of the Treasury	158	149	149	0
2400	Office of Personnel Management	1	1	0	1
2800	Social Security Administration	152	153	153	0
3100	U. S. Nuclear Regulatory Commission	1	1	0	1
3300	Smithsonian Institution	0	1	0	1
3600	DEPARTMENT OF VETERANS AFFAIRS	17	17	17	0
4700	General Services Administration	66	43	43	0
4900	National Science Foundation	56	66	66	0
6400	Tennessee Valley Authority	0	1	0	1
6800	Environmental Protection Agency	37	108	108	0
6900	Department of Transportation	35	41	41	0

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7200	Agency for International Development	12	11	11	0
7300	Small Business Administration	3	3	3	0
7500	Department of Health and Human Services	47	37	37	0
8300	Export-Import Bank of the United States	1	1	0	1
8600	Department of Housing and Urban Development	7	7	7	0
8900	Department of Energy	10	4	4	0
9100	Department of Education	14	12	12	0
9500	Independent and Other Agencies	97	97	103	(6)
9999	Unidentified	0	0	264	(264)
DE00	Department of Defense	245	265	0	265
	Total	(1,198)	(1,255)	(1,255)	0

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
NCS	Federal Securities Interest Revenue (exchange)	ER	C	106	0
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
2000	Department of the Treasury	106	0	0	0
	Total	(106)	0	0	0

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
NCS	Benefit Program Costs	GC	D	3,311	2,757
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1601	Department of Labor	180	166	389	(223)
1900	Department of State	1	1	1	0
2000	Department of the Treasury	13	38	38	0
2400	Office of Personnel Management	2,394	2,153	2,153	0
2800	Social Security Administration	0	(2)	(2)	0
9500	Independent and Other Agencies	0	0	157	(157)
9900	Treasury General Fund	454	386	0	386
9999	Unidentified	(10)	15	18	(3)

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DE00 Department of Defense	279	0	0	0
Total	3,311	2,757	2,754	3

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
NCS	Borrowing Losses	GC	D	0	61
			Variance:	0	0

<u>TP</u>	<u>Trading Partner Name</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>	<u>FY 2006- SEPTEMBER Prev. Rpt.</u>	<u>FY 2006- SEPTEMBER Line item chgs.</u>
DE00	Department of Defense	0	61	61	0
	Total	0	61	61	0

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
NCS	Borrowing and Other Interest Expense	GC	D	743	533
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
2000	Department of the Treasury	743	533	0	533
9900	Treasury General Fund	0	0	533	(533)
	Total	743	533	533	0

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
NCS	Buy/Sell Costs	GC	D	5,974	9,549
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1200	Department of Agriculture	12	232	231	1
1300	Department of Commerce	49	17	17	0
1400	Department of the Interior	108	132	132	0
1500	Department of Justice	334	343	343	0
1601	Department of Labor	35	454	454	0
1800	United States Postal Service	28	33	33	0
1900	Department of State	90	55	55	0

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2000	Department of the Treasury	43	27	27	0
2400	Office of Personnel Management	110	51	51	0
2800	Social Security Administration	4	1	1	0
3600	DEPARTMENT OF VETERANS AFFAIRS	26	47	47	0
4700	General Services Administration	1,643	1,244	1,244	0
4900	National Science Foundation	4	1	1	0
6400	Tennessee Valley Authority	7	9	9	0
6800	Environmental Protection Agency	166	375	375	0
6900	Department of Transportation	232	399	399	0
7200	Agency for International Development	(2)	0	0	0
7300	Small Business Administration	1	0	0	0
7500	Department of Health and Human Services	132	266	265	1
8000	National Aeronautics and Space Administration	6	5	5	0
8600	Department of Housing and Urban Development	(6)	48	48	0
8900	Department of Energy	400	296	296	0
9100	Department of Education	0	1	0	1
9500	Independent and Other Agencies	60	58	7	51
9900	Treasury General Fund	0	0	167	(167)
9999	Unidentified	0	169	55	114

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DE00 Department of Defense	2,492	5,286	5,287	(1)
Total	5,974	9,549	9,549	0

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
NCS	Imputed Costs	GC	D	839	702
			Variance:	0	0

<u>TP</u>	<u>Trading Partner Name</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>	<u>FY 2006- SEPTEMBER Prev. Rpt.</u>	<u>FY 2006- SEPTEMBER Line item chgs.</u>
1601	Department of Labor	0	6	0	6
2000	Department of the Treasury	115	16	0	16
2400	Office of Personnel Management	535	685	702	(17)
6900	Department of Transportation	212	0	0	0
9999	Unidentified	0	1	0	1
DE00	Department of Defense	(23)	(6)	0	(6)
	Total	839	702	702	0

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
SCNP	Transfers-out Without Reimbursement	CF	D	2	15
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
6800	Environmental Protection Agency	1	0	0	0
7500	Department of Health and Human Services	1	0	0	0
DE00	Department of Defense	0	15	14	1
	Total	2	15	14	1

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
SCNP	I Unexpended Appropriations transferred out	CF	D	0	0
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
2800	Social Security Administration	0	0	38	(38)
7300	Small Business Administration	0	0	712	(712)
9999	Unidentified	0	0	7	(7)
	Total	0	0	757	(757)

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
SCNP	Appropriation of unavailable special or trust fund receipts transfers-in	F	C	0	57
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006-SEPTEMBER Prev. Rpt.	FY 2006-SEPTEMBER Line item chgs.
9900	Treasury General Fund	0	57	0	57
	Total	0	(57)	0	57

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
SCNP	I Appropriation transfers-in	F	C	0	0
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006-SEPTEMBER Prev. Rpt.	FY 2006-SEPTEMBER Line item chgs.
1200	Department of Agriculture	0	0	241	(241)
1400	Department of the Interior	0	0	102	(102)
7200	Agency for International Development	0	0	5	(5)
DE00	Department of Defense	0	0	14	(14)
	Total	0	0	(362)	(362)

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<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
SCNP	Imputed Financing Source	F	C	839	702
			Variance:	0	0

<u>TP</u>	<u>Trading Partner Name</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER Prev. Rpt.</u>	<u>FY 2006-SEPTEMBER Line item chgs.</u>
1601	Department of Labor	0	6	0	6
2000	Department of the Treasury	115	16	0	16
2400	Office of Personnel Management	535	685	702	(17)
6900	Department of Transportation	212	0	0	0
9999	Unidentified	0	1	0	1
DE00	Department of Defense	(23)	(6)	0	(6)
	Total	(839)	(702)	(702)	0

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
SCNP	Nonexpenditure transfers-in of unexpended appropriations and financing sources	F	C	865	535
			Variance:	0	0

<u>TP</u>	<u>Trading Partner Name</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER Prev. Rpt.</u>	<u>FY 2006-SEPTEMBER Line item chgs.</u>
1200	Department of Agriculture	286	241	0	241
1400	Department of the Interior	117	101	0	101
7200	Agency for International Development	5	5	0	5

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7300 Small Business Administration	150	0	0	0
9500 Independent and Other Agencies	92	2	0	2
9999 Unidentified	2	8	0	8
DE00 Department of Defense	213	178	0	178
Total	(865)	(535)	0	535

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
SCNP	Nonexpenditure transfers-out of unexpended appropriations and financing sources	F	C	(754)	(804)
			Variance:	0	0

<u>TP</u>	<u>Trading Partner Name</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER Prev. Rpt.</u>	<u>FY 2006-SEPTEMBER Line item chgs.</u>
1300	Department of Commerce	(5)	(5)	0	(5)
1400	Department of the Interior	(633)	(7)	0	(7)
2800	Social Security Administration	0	(38)	0	(38)
6800	Environmental Protection Agency	(16)	(15)	0	(15)
6900	Department of Transportation	(7)	(15)	0	(15)
7300	Small Business Administration	0	(712)	0	(712)
7500	Department of Health and Human Services	(89)	0	0	0

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9500 Independent and Other Agencies	(4)	(4)	0	(4)
9999 Unidentified	0	(8)	0	(8)
Total	754	804	0	(804)

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
SCNP	Other Financing Sources	F	C	54	0
			Variance:	0	0

<u>TP</u>	<u>Trading Partner Name</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>	<u>FY 2006- SEPTEMBER Prev. Rpt.</u>	<u>FY 2006- SEPTEMBER Line item chgs.</u>
1300	Department of Commerce	(5)	0	0	0
9900	Treasury General Fund	59	0	0	0
9999	Unidentified	0	0	(1)	1
	Total	(54)	0	1	1

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SCNP	Transfers-in Without Reimbursement	F	C	11	45
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1800	United States Postal Service	0	1	0	1
2000	Department of the Treasury	5	1	1	0
4700	General Services Administration	0	3	0	3
4900	National Science Foundation	0	0	3	(3)
9900	Treasury General Fund	1	0	0	0
DE00	Department of Defense	5	40	40	0
	Total	(11)	(45)	(44)	1

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
SCNP	I Unexpended Appropriations transferred in	F	C	0	0
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1200	Department of Agriculture	0	0	2	(2)
9999	Unidentified	0	0	7	(7)
DE00	Department of Defense	0	0	175	(175)

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Total 0 0 (184) (184)

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
CUST	Other Financing Sources	F	C	(24,106)	(27,688)
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
1200	Department of Agriculture	(148)	(127)	94	(221)
1400	Department of the Interior	0	0	17	(17)
1601	Department of Labor	(193)	(189)	0	(189)
1900	Department of State	(46)	(44)	0	(44)
4900	National Science Foundation	(107)	(105)	0	(105)
9900	Treasury General Fund	(23,612)	(27,223)	(27,799)	576
	Total	24,106	27,688	27,688	0

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GF004F - Trading Partner Summary Note Report

Statement: STATEMENT OF CHANGES IN NET POSITION

Fiscal Year: 2007

Period: SEPTEMBER

Entity: 7000 - Department of Homeland Security

Reported in: MILLIONS

Decimal Point: ZERO

<u>Agency FS</u>	<u>CP Line Description</u>	<u>Acct Type</u>	<u>NB</u>	<u>FY 2007-SEPTEMBER</u>	<u>FY 2006-SEPTEMBER</u>
CUST	Other taxes and receipts	F	C	(60)	(58)
			Variance:	0	0

TP	Trading Partner Name	FY 2007-SEPTEMBER	FY 2006-SEPTEMBER	FY 2006- SEPTEMBER Prev. Rpt.	FY 2006- SEPTEMBER Line item chgs.
2000	Department of the Treasury	(1)	(1)	0	(1)
9900	Treasury General Fund	(59)	(57)	0	(57)
	Total	60	58	0	(58)

**U.S. Department of the Treasury
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Note: 01	Federal Reserve Earnings, Subsequent Events, and Other Pertinent Information	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: none	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data** **No Data Flag: YES**

Line No	Question	Answer
1	Describe any significant events that occurred after the date of the balance sheet but prior to the agency's audited financial statements being issued.	
2	Describe any departures from U.S. Generally Accepted Accounting Procedures (GAAP).	
3	Describe any change in accounting if a collecting entity adopts accounting standards that embody a fuller application of accrual accounting concepts that differs from that prescribed by the standard-SFFAS no. 7, par.64.	
4	List and describe any entity or Treasury fund account symbol whose balances and activities are not consolidated into the agency's audited consolidated agency financial statements.	
5	Provide any other relevant information pertaining to this note.	

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Note: 02	Cash and Other Monetary Assets	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Notes 4	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description	NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions	
Cash and Other Monetary Assets	D	A	321	99	Decimal: Zero	
	Variance:		0	0		

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
2	Other cash - not restricted	279	59	62	-3
3	Other cash - restricted	42	40	37	3
4	International monetary assets				
6	Domestic monetary assets				
7	Foreign currency				
	Total	<u>321</u>	<u>99</u>	<u>99</u>	<u>0</u>

Threshold

Line Description	Question	Answer
Line Item Notes - Other cash - not restricted (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	An announced increase in immigration application fees and a demand for preference visa categories, which became available under the Department of State July 2007 Visa Bulletin, combined to create a tremendous surge in immigration applications filed in July. The surge in applications resulted in a temporary increase in immigration application fees collected but not deposited. The increase in undeposited application fees was estimated at \$234 million based on mail received, but not processed at USCIS Service Centers and lock boxes.

Tab: Other Notes Info.

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Note: 02	Cash and Other Monetary Assets	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Notes 4	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
1	Describe the nature of the amount in the line item "other cash - not restricted".	DHS Cash includes cash held by others, including the net balance maintained by insurance companies for flood insurance premiums received from policyholders, less amounts paid for insured losses; imprest funds; and undeposited cash, which represents fees collected but not yet deposited.
2	Describe the restrictions on the cash reported in the line item "Other cash - restricted" and any statutory authority.	Seized Monetary Instruments are held until disposition and relate primarily to gold coins seized at the end of FY 2004
3	If you have restricted cash, is the restricted cash held in a financial institution? If yes, is it a Treasury designated bank?	N/A
4	If you have restricted cash, is the restricted cash invested? If yes, is it invested in the Bureau of the Public Debt security, agency security, and/or non-Federal security?	N/A
5	Describe the nature of the amount in the line item "Foreign currency."	N/A
6	Provide relevant information if the amount reported in the line item "Foreign currency" is restricted.	N/A
7	Provide any other relevant information pertaining to this note.	An announced increase in immigration application fees and a demand for preference visa categories, which became available under the Department of State's July 2007 Visa Bulletin, combined to create a large increase in immigration applications, resulting in an increase in immigration application fees collected but not yet deposited.

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Note: 03	Accounts and Taxes Receivable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 6 and 7	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description	NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method:	Millions
Accounts and Taxes Receivable	D	A	2,697	2,936	Decimal:	Zero
		Variance:	0	0		

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
1	Accounts receivable, gross	1,112	1,564	1,564	0
2	Related interest receivable - accounts receivable	38	19	19	0
3	Penalties, fines, and administrative fees receivable	79	56	56	0
4	Less: allowance for loss on accounts receivable	-396	-407	-407	0
5	Less: allowance for loss on interest receivable	-22	-13	-13	0
6	Less: allowance for loss on penalties, fines, and admin. fees rec.	-51	-38	-38	0
7	Taxes receivable, gross	3,528	3,322	3,322	0
8	Less: allowance for loss on taxes receivable	-1,591	-1,567	-1,567	0
	Total	<u>2,697</u>	<u>2,936</u>	<u>2,936</u>	<u>0</u>

Threshold

Line Description	Question	Answer
Line Item Notes - Accounts receivable, gross (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	The decrease in accounts receivable with the public is primarily caused by an increase in payments to TSA received for Aviation Security Infrastructure Fees due from airline companies.
Line Item Notes - Related interest receivable - accounts receivable (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	There was an increase in direct loans obligated in FY06 compared to FY07 which resulted in the overall increase in related interest receivable.

Tab: Other Notes Info.

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Note: 03	Accounts and Taxes Receivable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 6 and 7	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name: Taxes (To be completed by the Depts. of Treasury, Labor and Homeland Security)	Rounding Method: Millions	Decimal: Zero				
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	Interest on uncollectible accounts (SFFAS No. 1, par. 55)	-22	-13		-13	Dollars	Debit

Tab: Text Data

Line No	Question	Answer
1	Describe the method(s) used to calculate the allowances on accounts receivable.	Public accounts receivable are presented net of an allowance for doubtful accounts, which is based on analyses of debtors' ability to pay, specific identification of probable losses, aging analysis of past due receivables, or historical collection experience. Interest due on past due receivables is fully reserved until collected.
2	Describe the method(s) used to calculate the allowance on taxes receivable.	The receivables are net of amounts deemed uncollectible which were determined by considering the debtor's payment record and willingness to pay, the probable recovery of amounts from secondary sources, such as sureties, and an analysis of aged receivable activity.
3	Provide any other relevant information pertaining to this note.	N/A

**U.S. Department of the Treasury
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Note: 04A	Direct Loans Receivable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 8	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description		NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions	
Loans Receivable		D	A	0	161	Decimal: Zero	
		Variance:		0	0		

Line No	Line Description	CY: Face Value of Loans Outstanding	CY: Long-Term Cost of Loans	CY Net Loans	PY: Face Value of Loans Outstanding	PY: Long-Term Cost of Loans	PY Net Loans
13	Community Disaster Loans	822	822	0	640	479	161
14							
15							
16							
17							
18	All other loans receivable						
	Total	822	822	0	640	479	161

Threshold

Line Description	Question	Answer
Line Item Notes - Community Disaster Loans (CY: Long-Term Cost of Loans)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	P.L. 110-28 amended the Community Disaster Loan Act of 2005 (P.L. 109-88) by striking Provided further, that notwithstanding section 471(c)(1) of the Stafford Act, such loans may not be cancelled. This resulted in a total modification cost of \$327 million for the 2006 Cohort. Of this amount \$207 million was transferred to the Financing account to repay funds borrowed from Treasury. The balance remains in the Programming account to cover costs of undisturbed loans for the 2006 Cohort.
Line Item Notes - Community Disaster Loans (CY: Face Value of Loans Outstanding)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	P.L. 110-28 amended the Community Disaster Loan Act of 2005 (P.L. 109-88) by striking Provided further, that notwithstanding section 471(c)(1) of the Stafford Act, such loans may not be cancelled. This resulted in a total modification cost of \$327 million for the 2006 Cohort. Of this amount \$207 million was transferred to the Financing account to repay funds borrowed from Treasury. The balance remains in the Programming account to cover costs of undisturbed loans for the 2006 Cohort.

Tab: Other Notes Info.

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Note: 04A	Direct Loans Receivable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 8	
Status: Complete			

Tab: Other Notes Info.

Section: A		Section Name: Subsidy Expense		Rounding Method: Millions		Decimal: Zero	
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
		D	D				
13	Community Disaster Loans	121	471		471	Dollars	N/A
14						Dollars	N/A
15						Dollars	N/A
16						Dollars	N/A
17						Dollars	N/A
18	All other loans receivable					Dollars	N/A
19	Total	121	471		471	Dollars	N/A
Section: B		Section Name: Foreclosed Assets - Balances (SFFAS No. 3, par. 91)		No Data Flag: YES		Rounding Method: Millions	
						Decimal: Zero	
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	Balances for property held Pre-1992					Dollars	Debit
2	Balances for property held Post-1991					Dollars	Debit
Section: C		Section Name: Reconciliation Schedule for Subsidy Cost Allowance Balance - Direct Loans		Rounding Method: Millions		Decimal: Zero	
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	(I) Beginning balance of the subsidy cost allowance			3	-3	Dollars	Debit
2	(I) Interest rate differential cost			109	-109	Dollars	Debit
3	(I) Default costs (net of operations)					Dollars	Debit

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Note: 04A	Direct Loans Receivable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 8	
Status: Complete			

Tab: Other Notes Info.					
Section: C	Section Name:	Rounding Method: Millions		Decimal: Zero	
	Reconciliation Schedule for Subsidy Cost Allowance Balance - Direct Loans				
4	(I) Fees and other collections			Dollars	Credit
5	(I) Other subsidy costs	362	-362	Dollars	Debit
6	(I) Total of the above subsidy expense components	471	-471	Dollars	Debit
7	(I) Loan modifications			Dollars	Debit
8	(I) Fees received			Dollars	Debit
9	(I) Foreclosed property acquired			Dollars	Debit
10	(I) Loans written off			Dollars	Credit
11	(I) Subsidy allowance amortization	5	-5	Dollars	Debit
12	(I) Other			Dollars	Debit
13	(I) Ending balance of the subsidy cost allowance before reestimates	479	-479	Dollars	Debit
14	(I) Interest rate reestimate			Dollars	Debit
15	(I) Technical/default reestimate			Dollars	Debit
16	(I) Total of the above reestimate components			Dollars	Debit
17	(I) Ending balance of the subsidy cost allowance	479	-479	Dollars	Debit

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Note: 04A	Direct Loans Receivable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 8	
Status: Complete			

Tab: Other Notes Info.

Section: D **Section Name:** Subsidy Rates for Direct Loans **No Data Flag:** YES

Line No	Line Description	CY Interest Differential	CY Defaults	CY Fees and Other Collections	CY Other	CY Total	CY Loan Modification	Line Attributes	NB
1	(I)							Percent	N/A
2	(I)							Percent	N/A
3	(I)							Percent	N/A
4	(I)							Percent	N/A
5	(I)							Percent	N/A
6	(I)							Percent	N/A
7	(I)							Percent	N/A
8	(I)							Percent	N/A
9	(I)							Percent	N/A
10	(I)							Percent	N/A
11	(I)							Percent	N/A
12	(I)							Percent	N/A
13	(I)							Percent	N/A
14	(I)							Percent	N/A
15	(I)							Percent	N/A
16	(I)							Percent	N/A
17	(I)							Percent	N/A
18	(I)							Percent	N/A
19	(I)							Percent	N/A
20	(I)							Percent	N/A
21	(I)							Percent	N/A
22	(I)							Percent	N/A
23	(I)							Percent	N/A
24	(I)							Percent	N/A
25	(I)							Percent	N/A
26	(I)							Percent	N/A
27	(I)							Percent	N/A
28	(I)							Percent	N/A
29	(I)							Percent	N/A
30	(I)							Percent	N/A
31	(I)							Percent	N/A
32	(I)							Percent	N/A
33	(I)							Percent	N/A
34	(I)							Percent	N/A
35	(I) All other							Percent	N/A

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Note: 04A	Direct Loans Receivable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 8	
Status: Complete			

Tab: Other Notes Info.

Section: D	Section Name: Subsidy Rates for Direct Loans	No Data Flag: YES
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programs									
Line No	Line Description	PY Interest differential	PY Defaults	PY Fees and other collections	PY Other	PY Total	PY Loan Modification	Line Attributes	NB
1	(I)							Percent	N/A
2	(I)							Percent	N/A
3	(I)							Percent	N/A
4	(I)							Percent	N/A
5	(I)							Percent	N/A
6	(I)							Percent	N/A
7	(I)							Percent	N/A
8	(I)							Percent	N/A
9	(I)							Percent	N/A
10	(I)							Percent	N/A
11	(I)							Percent	N/A
12	(I)							Percent	N/A
13	(I)							Percent	N/A
14	(I)							Percent	N/A
15	(I)							Percent	N/A
16	(I)							Percent	N/A
17	(I)							Percent	N/A
18	(I)							Percent	N/A
19	(I)							Percent	N/A
20	(I)							Percent	N/A
21	(I)							Percent	N/A
22	(I)							Percent	N/A
23	(I)							Percent	N/A
24	(I)							Percent	N/A
25	(I)							Percent	N/A
26	(I)							Percent	N/A
27	(I)							Percent	N/A
28	(I)							Percent	N/A
29	(I)							Percent	N/A
30	(I)							Percent	N/A
31	(I)							Percent	N/A
32	(I)							Percent	N/A
33	(I)							Percent	N/A

**U.S. Department of the Treasury
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Note: 04A	Direct Loans Receivable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 8	
Status: Complete			

Tab: Other Notes Info.

Section: D	Section Name: Subsidy Rates for Direct Loans	No Data Flag: YES
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34 (I)		Percent	N/A
35 (I) All other programs		Percent	N/A

Section: E	Section Name: Foreclosed assets- Number of units (SFFAS No. 3, par. 91)	No Data Flag: YES
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	(I) Number of properties in the foreclosure process					Units	N/A
2	(I) Number of properties held					Units	N/A
3	(I) Average holding period for properties held in months					Units	N/A

Section: F	Section Name: Foreclosed Assets- Balances (SFFAS No. 3, par. 91)	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	(I) Balances for property held Pre 1992					Dollars	Debit
2	(I) Balances for property held Post 1991					Dollars	Debit

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Note: 04A	Direct Loans Receivable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 8	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
1	Provide a broad description of foreclosed property.	N/A
2	Provide any other relevant information pertaining to this note.	N/A

**U.S. Department of the Treasury
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Note: 04B	Loan Guarantees	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: none	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description		NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions
Loan Guarantee Liabilities		C	L	0	0	Decimal: Zero
		Variance:		0	0	

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
13					
14					
15					
16					
17					
18	All other loan guarantee liabilities				
	Total				

Tab: Other Notes Info.

Section: A	Section Name: Other Related Information	No Data Flag: YES	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	CY Face Value of Loans Outstanding D	CY Amount Guaranteed by the Government D	CY Subsidy Expense D	PY Face Value of Loans Outstanding D	PY Amount Guaranteed by the Government D	PY Subsidy Expense D	Line Attributes	NB
13								Dollars	N/A
14								Dollars	N/A
15								Dollars	N/A
16								Dollars	N/A
17								Dollars	N/A
18	All other loans guarantee liabilities							Dollars	N/A
19	Total:							Dollars	N/A

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Note: 04B	Loan Guarantees	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: none	
Status: Complete			

Tab: Other Notes Info.

Section: B	Section Name: Reconciliation of Loan Guarantee Liability Balances	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	(I) Beginning balance of the loan guarantee liability					Dollars	Credit
2	(I) Interest supplement costs					Dollars	Credit
3	(I) Default costs (net of recoveries)					Dollars	Credit
4	(I) Fees and other collections					Dollars	Debit
5	(I) Other subsidy costs					Dollars	Credit
6	(I) Total of the above subsidy expense components					Dollars	Debit
7	(I) Loan guarantee modifications					Dollars	Credit
8	(I) Fees received					Dollars	Credit
9	(I) Interest supplements paid					Dollars	Debit
10	(I) Foreclosed property and loans acquired					Dollars	Credit
11	(I) Claim payments to lenders					Dollars	Debit
12	(I) Interest accumulation on the liability balance					Dollars	Credit
13	(I) Other Loan Guarantees					Dollars	Credit
14	(I) Ending balance of the loan guarantee before reestimates					Dollars	Debit

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Note: 04B	Loan Guarantees	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: none	
Status: Complete			

Tab: Other Notes Info.

Section: B	Section Name: Reconciliation of Loan Guarantee Liability Balances	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
15 (I) Interest rate reestimate				Dollars Debit
16 (I) Technical/default reestimate				Dollars Debit
17 (I) Total of the above reestimate components				Dollars Debit
18 (I) Ending balance of loan guarantee liability				Dollars Debit

Section: C	Section Name: Subsidy Rates for Loan Guarantees	No Data Flag: YES
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Line No	Line Description	CY Interest Supplements	CY Defaults	CY Fees and Other Collections	CY Other	CY Total	PY Interest Supplements	Line Attributes	NB
1 (I)								Percent	N/A
2 (I)								Percent	N/A
3 (I)								Percent	N/A
4 (I)								Percent	N/A
5 (I)								Percent	N/A
6 (I)								Percent	N/A
7 (I)								Percent	N/A
8 (I)								Percent	N/A
9 (I)								Percent	N/A
10 (I)								Percent	N/A
11 (I)								Percent	N/A
12 (I)								Percent	N/A
13 (I)								Percent	N/A
14 (I)								Percent	N/A
15 (I)								Percent	N/A
16 (I)								Percent	N/A
17 (I)								Percent	N/A
18 (I)								Percent	N/A
19 (I)								Percent	N/A
20 (I)								Percent	N/A
21 (I)								Percent	N/A
22 (I)								Percent	N/A

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Note: 04B	Loan Guarantees	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: none	
Status: Complete			

Tab: Other Notes Info.

Section: C	Section Name: Subsidy Rates for Loan Guarantees	No Data Flag: YES
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23 (I)					Percent	N/A
24 (I)					Percent	N/A
25 (I)					Percent	N/A
26 (I)					Percent	N/A
27 (I)					Percent	N/A
28 (I)					Percent	N/A
29 (I)					Percent	N/A
30 (I)					Percent	N/A
31 (I)					Percent	N/A
32 (I)					Percent	N/A
33 (I)					Percent	N/A
34 (I)					Percent	N/A
35 (I) All other programs					Percent	N/A

Line No	Line Description	PY Defaults	PY Fees and Other Collections	PY Other	PY Total	Line Attributes	NB
1 (I)						Percent	N/A
2 (I)						Percent	N/A
3 (I)						Percent	N/A
4 (I)						Percent	N/A
5 (I)						Percent	N/A
6 (I)						Percent	N/A
7 (I)						Percent	N/A
8 (I)						Percent	N/A
9 (I)						Percent	N/A
10 (I)						Percent	N/A
11 (I)						Percent	N/A
12 (I)						Percent	N/A
13 (I)						Percent	N/A
14 (I)						Percent	N/A
15 (I)						Percent	N/A
16 (I)						Percent	N/A
17 (I)						Percent	N/A
18 (I)						Percent	N/A
19 (I)						Percent	N/A
20 (I)						Percent	N/A

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Note: 04B	Loan Guarantees	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: none	
Status: Complete			

Tab: Other Notes Info.

Section: C	Section Name: Subsidy Rates for Loan Gurantees	No Data Flag: YES		
21 (I)			Percent	N/A
22 (I)			Percent	N/A
23 (I)			Percent	N/A
24 (I)			Percent	N/A
25 (I)			Percent	N/A
26 (I)			Percent	N/A
27 (I)			Percent	N/A
28 (I)			Percent	N/A
29 (I)			Percent	N/A
30 (I)			Percent	N/A
31 (I)			Percent	N/A
32 (I)			Percent	N/A
33 (I)			Percent	N/A
34 (I)			Percent	N/A
35 (I) All other programs			Percent	N/A

Tab: Text Data **No Data Flag:** YES

Line No	Question	Answer
1	Provide any other relevant information pertaining to this note.	

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 05	Inventories and Related Property	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 9	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description		NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions	
Inventory and Related Property		D	A	632	677	Decimal: Zero	
		Variance:		0	0		

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
1	Gross Inventory - balance beginning of year	754	506	498	8
2	Prior-period adjustment (not restated)	0	-8		-8
3	Capitalized acquisitions from the public	242	557	556	1
4	Capitalized acquisitions from Government agencies	39	11	12	-1
5	Inventory sold or used	-250	-312	-312	0
6	Total allowance for inventories and related property	-153	-77	-77	0
Total		632	677	677	0

Tab: Other Notes Info.

Section: A		Section Name: Inventory Yearend Balances by Category Type			Rounding Method: Millions		Decimal: Zero	
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB	
1	Inventory purchased for sale	60	67	67	0	Dollars	Debit	
2	Inventory held in reserve for future sale to the public	1	2	2	0	Dollars	Debit	
3	Inventory and operating material and supplies held for repair					Dollars	Debit	
4	Inventory - excess, obsolete, and unserviceable					Dollars	Debit	

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Note: 05	Inventories and Related Property	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 9	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name: Inventory Yearend Balances by Category Type	Rounding Method: Millions			Decimal: Zero	
5	Operating materials and supplies held for use	302	336	336	0	Dollars Debit
6	Operating materials and supplies held in reserve for future use	30	28	28	0	Dollars Debit
7	Operating materials and supplies excess, obsolete, and unserviceable	149	75	75	0	Dollars Debit
8	Stockpile materials	243	246	246	0	Dollars Debit
9	Stockpile materials held for sale					Dollars Debit
10	Forfeited property					Dollars Debit
11	Other related property					Dollars Debit
12	Total allowance for inventories and related property	153	77	77	0	Dollars Credit
13	Total inventories and related property, net	632	677	677	0	Dollars N/A

**U.S. Department of the Treasury
Financial Management Service
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Note: 05	Inventories and Related Property	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 9	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name: Inventory Yearend Balances by Category Type	Rounding Method: Millions	Decimal: Zero
Threshold	Question	Answer	
Line Description			
Other Notes Info - Inventory purchased for sale (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	The decrease in Inventory is due to field unit reduction program coupled with ICP review of stock.	
Other Notes Info - Operating materials and supplies held for use (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	Excess, obsolete or unserviceable stockpile is disposed of through GSA since items are date sensitive. Expenses are recorded when the inventories are sold or distributed.	
Other Notes Info - Operating materials and supplies excess, obsolete, and unserviceable (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	Excess, obsolete or unserviceable stockpile is disposed of through GSA since items are date sensitive. Expenses are recorded when the inventories are sold or distributed.	
Other Notes Info - Inventory held in reserve for future sale to the public (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	The decrease in Inventory held in reserve for future sale is due to field unit reduction program coupled with ICP review of stock	

Section: B	Section Name: Capitalized Acquisitions From Government Agencies by Trading Patner	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	General Services Administration					Dollars	Debit
2	Department of Defense	39	11	12	-1	Dollars	Debit
3	Department of Interior					Dollars	Debit
4	Department of Justice					Dollars	Debit
5	National Aeronautics and Space Administration					Dollars	Debit
6	All other departments					Dollars	Debit
7	Total Capitalized Assets from Federal Agencies	39	11	12	-1	Dollars	N/A

**U.S. Department of the Treasury
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Note: 05	Inventories and Related Property	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 9	
Status: Complete			

Tab: Other Notes Info.

Section: C	Section Name: Other Information - Dollar Value	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined			
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	Seized property					Dollars	Debit
2	Forfeited property					Dollars	Debit
3	Goods held under price support and stabilization programs					Dollars	Debit

Section: D	Section Name: Other Information - Number of Items/Volume	No Data Flag: YES	Rounding Method: Millions	Decimal: Zero			
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	Seized property	4,003,205.0000	4,229,506.0000		4,229,506.0000	Units	N/A
2	Forfeited property	202,808.0000	119,394.0000		119,394.0000	Units	N/A
3	Goods held under price support and stabilization programs					Units	N/A

Section: E	Section Name: Other Information	No Data Flag: YES	Rounding Method: Millions	Decimal: Zero			
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	(I) Difference between stockpile material carrying amount and its estimated selling price					Dollars	Debit
2	(I) Difference between excess, obsolete, or unserviceable material carrying amount and its					Dollars	Debit

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Note: 05	Inventories and Related Property	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 9	
Status: Complete			

Tab: Other Notes Info.

Section:	Section Name:	No Data Flag:	Rounding Method:	Decimal:																														
E	Other Information	YES	Millions	Zero																														
<table border="0"> <tr> <td>estimated selling price</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3 (I) Amount of inventory revalued by holding gains and losses</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Dollars</td> <td>Debit</td> </tr> <tr> <td>4 (I) Change in allowance</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Dollars</td> <td>Debit</td> </tr> </table>					estimated selling price										3 (I) Amount of inventory revalued by holding gains and losses								Dollars	Debit	4 (I) Change in allowance								Dollars	Debit
estimated selling price																																		
3 (I) Amount of inventory revalued by holding gains and losses								Dollars	Debit																									
4 (I) Change in allowance								Dollars	Debit																									
Section:	Section Name:	No Data Flag:	Rounding Method:	Decimal:																														
F	Seized Property-Analysis of Change in Dollar Value	YES	User-Defined	User-Defined																														
Line No	Line Description	CY Balance at the Beginning of the year D	CY Seized during the year D	CY Disposed of during the year C	CY Balance at end of the year	PY Balance at the Beginning of the year D	PY Seized during the year D	Line Attributes	NB																									
1 (I)								Dollars	N/A																									
2 (I)								Dollars	N/A																									
3 (I)								Dollars	N/A																									
4 (I)								Dollars	N/A																									
Line No	Line Description	PY Disposed of during the year C	PY Balance at the end of the year	Line Attributes	NB																													
1 (I)				Dollars	N/A																													
2 (I)				Dollars	N/A																													
3 (I)				Dollars	N/A																													
4 (I)				Dollars	N/A																													

**U.S. Department of the Treasury
Financial Management Service
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Note: 05	Inventories and Related Property	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 9	
Status: Complete			

Tab: Other Notes Info.

Section: G	Section Name: Seized Property-Analysis of Change in the Number of Items	No Data Flag: YES
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Line No	Line Description	CY Balance at the beginning of the year	CY Seized during the year	CY Disposed of during the year	CY Balance at the end of the year	PY Balance at the beginning of the year	PY Seized during the year	Line Attributes	NB
1	(I)							Units	N/A
2	(I)							Units	N/A
3	(I)							Units	N/A
4	(I)							Units	N/A

Line No	Line Description	PY Disposed of during the year	PY Balance at the end of the year	Line Attributes	NB
1	(I)			Units	N/A
2	(I)			Units	N/A
3	(I)			Units	N/A
4	(I)			Units	N/A

Section: H	Section Name: Forfeited Property-Analysis of Change in Dollar Value	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	CY Balance at the beginning of the year D	CY Additions during the year D	CY Disposed of during the year C	CY Balance at end of the year	PY Balance at the beginning of the year D	PY Additions during the year D	Line Attributes	NB
1	(I)							Dollars	N/A
2	(I)							Dollars	N/A
3	(I)							Dollars	N/A
4	(I)							Dollars	N/A

Line No	Line Description	PY Disposed of during the year C	PY Balance at end of the year	Line Attributes	NB
1	(I)			Dollars	N/A
2	(I)			Dollars	N/A
3	(I)			Dollars	N/A
4	(I)			Dollars	N/A

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Note: 05	Inventories and Related Property	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 9	
Status: Complete			

Tab: Other Notes Info.

Section: I	Section Name: Forfeited Property-Analysis of Change in the Number of Items	No Data Flag: YES
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Line No	Line Description	CY Balance at the beginning of the year	CY Additions during the year	CY Disposed of during the year	CY Balance at the end of the year	PY Balance at the beginning of the year	PY Additionals during the year	Line Attributes	NB
1	(I)							Units	N/A
2	(I)							Units	N/A
3	(I)							Units	N/A
4	(I)							Units	N/A

Line No	Line Description	PY Disposed of during the year	PY Balance at the end of the year	Line Attributes	NB
1	(I)			Units	N/A
2	(I)			Units	N/A
3	(I)			Units	N/A
4	(I)			Units	N/A

Section: J	Section Name: Goods Held Under Price Support and Stabilization Programs-Analysis of Change in Dollar Value	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	CY Beginning of year D	CY Acquired during the year D	CY Disposed of during the year C	CY Balance at the end of the year	PY Beginning of year D	PY Acquired during the year D	Line Attributes	NB
1	(I)							Dollars	N/A
2	(I)							Dollars	N/A
3	(I)							Dollars	N/A
4	(I)							Dollars	N/A

Line No	Line Description	PY Disposed of during the year C	PY Balance at the end of the year	Line Attributes	NB
1	(I)			Dollars	N/A
2	(I)			Dollars	N/A
3	(I)			Dollars	N/A
4	(I)			Dollars	N/A

**U.S. Department of the Treasury
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Note: 05	Inventories and Related Property	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 9	
Status: Complete			

Tab: Other Notes Info.

Section: K	Section Name: Goods Held Under Price Support and Stabilization Programs-Analysis of Change in Volume	No Data Flag: YES
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Line No	Line Description	CY Balance at the beginning of the year	CY Acquired during the year	CY Disposed of during the year	CY Balance at the end of the year	PY Balance at the beginning of the year	PY Acquired during the year	Line Attributes	NB
1	(I)							Units	N/A
2	(I)							Units	N/A
3	(I)							Units	N/A
4	(I)							Units	N/A

Line No	Line Description	PY Disposed of during the year	PY Balance at the end of the year	Line Attributes	NB
1	(I)			Units	N/A
2	(I)			Units	N/A
3	(I)			Units	N/A
4	(I)			Units	N/A

Section: L	Section Name: Goods Held Under Price Support and Stabilization Programs-Other Information	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Line Attributes	NB
1	(I) Estimate to be donated or transferred during the coming period			Dollars	Debit
2	(I) Goods received as a result of surrender of collateral related to nonrecourse loans outstanding			Dollars	Debit
3	(I) Dollar value of purchase commitments			Dollars	Debit
4	(I) Contingent loss if it is at least reasonably possible			Dollars	Credit

**U.S. Department of the Treasury
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Note: 05	Inventories and Related Property	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 9	
Status: Complete			

Tab: Other Notes Info.

Section: M	Section Name: Goods Held Under Price Support and Stabilization Programs-Volume	No Data Flag: YES
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Line Attributes	NB
1	(I) Volume of purchase agreement commitments			Units	N/A

Section: N	Section Name: Forfeited Property by Type	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Line Attributes	NB
1	(I) Estimate of value to be distributed to other Federal agencies or State and local governments			Dollars	Debit

Tab: Text Data

Line No	Question	Answer
1	Method used to calculate allowance for each category of inventory	Operating materials are valued based on an average unit cost, weighted moving average method or on actual prices paid. OM&S are expensed when consumed or issued for use. Excess, obsolete, and unserviceable OM&S are stated at net realizable value net of an allowance, which is based on the condition of various asset categories, as well as historical experience with using and disposing of such assets.
2	Provide any other relevant information pertaining to this note.	Department inventories consist primarily of USCG Supply Funds, uniform clothing, subsistence provisions, retail stores, general stores, technical material and fuel, and USCG Yard Funds ship repair and general inventory. Inventories on hand at year-end are stated at cost using standard price/specific identification, last acquisition price, or weighted average cost methods, which approximates historical cost. Revenue on inventory sales and associated cost of goods sold are recorded when merchandise is sold to the end user. Also, stockpile is comprised of ice, water, meals, cots, blankets, tarp and blue roof sheeting.

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
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Note: 06	Property, Plant, and Equipment	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Notes 11	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description		NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions		
Property, Plant and Equipment		D	A	12,275	11,151	Decimal: Zero		
		Variance:		0	0			
Line No	Line Description	CY PP&E	CY Accum. Depr.	CY Net PP&E	PY PP&E	PY Accum. Depr.	PY Net PP&E	
1	PP&E - balance beginning of year	19,999	8,848	11,151	18,175	7,667	10,508	
2	Prior-period adjustments (not restated)					0	0	
3	Capitalized acquisitions from the public	1,993	0	1,993	1,584	0	1,584	
4	Capitalized acquisitions from Government agencies	715	35	680	419	4	415	
5	Deletions from the Balance Sheet	-542	-185	-357	-246	-138	-108	
6	Revaluations	-33		-33	67	208	-141	
7	Stewardship reclassifications							
8	Depreciation/amortization		1,159	-1,159		1,107	-1,107	
	Total	22,132	9,857	12,275	19,999	8,848	11,151	

Tab: Other Notes Info.

Section: A		Section Name: Gross cost for PP&E for each category			Rounding Method: Millions		Decimal: Zero	
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB	
1	Buildings, structures, and facilities (including improvement to land)	4,261	3,957	3,940	17	Dollars	Debit	
2	Furniture, fixtures, and equipment	11,763	11,549	11,415	134	Dollars	Debit	
3	Construction in progress	4,468	2,899	2,914	-15	Dollars	Debit	

**U.S. Department of the Treasury
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Note: 06	Property, Plant, and Equipment	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Notes 11	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name: Gross cost for PP&E for each category	Rounding Method: Millions		Decimal: Zero	
4 Land	90	75	75	0	Dollars Debit
5 (I) Automated data processing software			988	-988	Dollars Debit
6 Internal use software	1,107	1,059		1,059	Dollars Debit
7 Assets under capital lease	79	79	79	0	Dollars Debit
8 Leasehold improvements	364	381	350	31	Dollars Debit
9 Other property, plant and equipment	0	0	122	-122	Dollars Debit
10 Total property, plant and equipment	22,132	19,999	19,883	116	Dollars N/A

Threshold Line Description	Question	Answer
Other Notes Info - Construction in progress (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	There has been an increase this FY to Construction-in-Progress due to the Deepwater Program. Also, CBP is engaged in extensive construction activities, especially along the southern border for the southern border initiative projects. Further, there are two substantial projects include the PF70 fencing project and the virtual fence project which contributed to the increase in CIP.
Other Notes Info - Land (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	CBP increased land acquisition by 14 million.

Section: B	Section Name: Accumulated Depreciation/Amortization	Rounding Method: Millions		Decimal: Zero	
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	Buildings, structures, and facilities	2,042	1,932	1,931	1	Dollars	Credit
2	Furniture, fixtures, and equipment	6,971	6,222	6,220	2	Dollars	Credit
3	(I) Automated data processing			565	-565	Dollars	Credit

**U.S. Department of the Treasury
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Note: 06	Property, Plant, and Equipment	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Notes 11	
Status: Complete			

Tab: Other Notes Info.

Section: B	Section Name: Accumulated Depreciation/Amortization	Rounding Method: Millions			Decimal: Zero		
software							
4 Internal use software	714	567		567	Dollars	Credit	
5 Assets under capital lease	26	23	30	-7	Dollars	Credit	
6 Leasehold improvements	104	104	101	3	Dollars	Credit	
7 Other property, plant, and equipment					Dollars	Credit	
8 Total accumulated depreciation/amortization	-9,857	-8,848	-8,847	-1	Dollars	N/A	
Section: C	Section Name: Intragovernmental Capitalized acquisition amounts	Rounding Method: Millions			Decimal: Zero		
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	General Services Administration	133	131	70	61	Dollars	Debit
2	Department of Defense	496	9	9	0	Dollars	Debit
3	Department of the Interior	8	6		6	Dollars	Debit
4	Department of Justice			6	-6	Dollars	Debit
5	National Aeronautics and Space Administration	12				Dollars	Debit
6	All other departments	66	273	326	-53	Dollars	Debit
7	Total capitalized assets from Federal agencies	715	419	411	8	Dollars	N/A

**U.S. Department of the Treasury
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Note: 06	Property, Plant, and Equipment	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Notes 11	
Status: Complete			

Tab: Other Notes Info.

Section: D	Section Name: Gain/Loss on Sale/Disposition	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	2007 - SEPTEMBER D	2006 - SEPTEMBER D	Previously Rptd D	Line Item Changes D	Line Attributes Dollars	NB
1	Gain/loss on sale/disposition of property, plant and equipment	744	410		410		N/A

Section: E	Section Name: Estimated useful life	No Data Flag: YES
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Line No	Line Description	CY Low Estimate	CY High Estimate	PY Low Estimate	PY High Estimate	Line Attributes Units	NB
1	(I) Building, structures, and facilities (including improvement to land)					Units	N/A
2	(I) Furniture, fixtures, and equipment					Units	N/A
3	(I) Construction in progress					Units	N/A
4	(I) Land					Units	N/A
5	(I) Automated data processing software					Units	N/A
6	(I) Assets under capital lease					Units	N/A
7	(I) Leasehold improvements					Units	N/A
8	(I) Other property, plant, and equipment					Units	N/A

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Note: 06	Property, Plant, and Equipment	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Notes 11	
Status: Complete			

Tab: Other Notes Info.

Section: F	Section Name: Capitalization threshold for PP&E (SFFAS No. 6, par. 45)	No Data Flag: YES	Rounding Method: Whole-Dollars	Decimal: Zero
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Line No	Line Description	CY Low	CY High	PY Low	PY High	Line Attributes	NB
1	(I) Building, structures, and facilities (including improvement to land)					Dollars	Debit
2	(I) Furniture, fixtures, and equipment					Dollars	Debit
3	(I) Construction in progress					Dollars	Debit
4	(I) Land					Dollars	Debit
5	(I) Automated data processing software					Dollars	Debit
6	(I) Assets under capital lease					Dollars	Debit
7	(I) Leasehold improvements					Dollars	Debit
8	(I) Other property, plant, and equipment					Dollars	Debit

Section: G	Section Name: Gains/Loss on Sale/Disposition	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Line Attributes	NB
1	(I) Gain/Loss on sale/disposition of property, plant and equipment			Dollars	Debit

**U.S. Department of the Treasury
Financial Management Service
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Note: 06	Property, Plant, and Equipment	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Notes 11	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
1	Provide the physical quantity information by category for multiuse heritage assets that are included in the "Line Item Notes" tab of this note (SFFAS No. 16, par 9).	The straight line method was used in calculating the amortization and depreciation allowances.
2	Disclose any transfer of land where the book value is not known by the receiving entity, if material (SFFAS No. 6, par.72).	N/A
3	Provide any other relevant information pertaining to this note and any material changes from the prior years' depreciation methods and capitalization thresholds.	N/A

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Note: 07	Securities and Investments	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: none	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description		NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions	
						Decimal: Zero	
Variance:							
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes		
2							
3							
4							
5							
6							
7	Other securities and investments						
	Total						

Tab: Other Notes Info.

Section: A	Section Name: Gain/Loss on Disposition of Securities and Investments	No Data Flag: YES	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
						Dollars	Debit
1	Gain/Loss on disposition of securities and investments						

Tab: Text Data **No Data Flag:** YES

Line No	Question	Answer
1	Provide a description of the programs reported on the "Line Item Notes" tab for lines 1 through 6.	
2	Provide a description and related amounts for balances that exceed \$1 billion in the line title "Other Securities and Investments" on the "Line Item Notes" tab.	
3	Provide any other relevant information pertaining to this note.	

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Note: 08	Other Assets	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 13	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description		NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions	
				Variance:		Decimal: Zero	
Line No	Line Description			2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
1	Advances and prepayments			567	551	551	0
2	Other Assets						
	Total			<u>567</u>	<u>551</u>	<u>551</u>	<u>0</u>

Tab: Text Data

Line No	Question	Answer
1	Provide a description of advances and prepayments on the "Line Item Notes" tab for line 1.	The Department provides advance funds to public grant recipients to incur expenses related to the approved grant. Advances are made within the amount of the total grant obligation.
2	Provide a description and related amounts for balances that exceed \$1 billion in the line titled "Other Assets" on the "Line Item Notes" tab.	N/A
3	Provide any other relevant information pertaining to this note.	N/A

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Note: 09	Accounts Payable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: See AFR Balance Sheet	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description	NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions
Accounts Payable	C	L	3,003	2,629	Decimal: Zero
		Variance:	-6,006	136	

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
1	Accounts Payable	3,003	2,629	2,765	-136
	Total	3,003	2,629	2,765	-136

Threshold

Line Description	Question	Answer
Line Item Notes - Accounts Payable (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	The increase in accounts payable is due to an increase in inspection technology activity, increase in Secure Border activity, as well as increased operating expense appropriation due to normal Coast Guard expense activity.

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Note: 10B	Treasury securities held by the Government trust, revolving, and special funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 5	
Status: Complete			

Tab: Other Notes Info.

Section: A		Section Name: Investments in Federal Debt securities				Rounding Method: Millions		Decimal: Zero	
Line No	Line Description	CY Par value of the investment D	CY Unamortized Discount C	CY Unamortized premium D	CY Net Investment	PY Par Value D	PY Unamortized discount C	Line Attributes	NB
21	Oil Spill Liability Trust Fund	915	8	13	920	579	5	Dollars	N/A
22	General Gift Fund	14			14	39		Dollars	N/A
23	Coast Gaurd Sport &Fish Restoration Boating Trust Fund	1,851	7		1,844			Dollars	N/A
24	All other programs and funds							Dollars	N/A
25	Total	2,780	-15	13	2,778	618	-5	Dollars	N/A
Line No	Line Description	PY Unamortized premium D	PY Net Investment					Line Attributes	NB
21	Oil Spill Liability Trust Fund	21	595					Dollars	N/A
22	General Gift Fund		39					Dollars	N/A
23	Coast Gaurd Sport &Fish Restoration Boating Trust Fund							Dollars	N/A
24	All other programs and funds							Dollars	N/A
25	Total	21	634					Dollars	N/A

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Note: 11	Federal Employee and Veteran Benefits Payable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 16	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description	NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method:	Millions
Federal Employee and Veteran Benefits Payable	C	L	34,953	32,348		
		Variance:	0	0	Decimal:	Zero

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
1	Pension and accrued benefits	28,421	26,220	26,220	0
2	Post-retirement health and accrued benefits	4,668	4,403	4,403	0
3	Veteran's compensation and burial benefits				
4	Life Insurance and accrued benefits				
5	FECA Benefits	1,683	1,520	1,520	0
6	Liability for other retirement and postemployment benefits	181	205	135	70
	Total	<u>34,953</u>	<u>32,348</u>	<u>32,278</u>	<u>70</u>

Threshold

Line Description	Question	Answer
Line Item Notes - Liability for other retirement and postemployment benefits (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year (unaudited).	The change is due to FY05 restatement that effect FY06 beginning balance.

Tab: Other Notes Info.

Section:	Section Name:	Rounding Method:	Millions	Decimal:	Zero
A	Pension and Accrued Benefits Liability-To be completed for the amount entered for pension and accrued benefits in the "Line Item Notes" tab				

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	Pension and accrued benefits liability- beginning of period	26,220	24,434	24,434	0	Dollars	Credit
2	Prior-period adjustments(not					Dollars	Credit

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Note: 11	Federal Employee and Veteran Benefits Payable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 16	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name:				Rounding Method: Millions	Decimal: Zero		
	Pension and Accrued Benefits Liability-To be completed for the amount entered for pension and accrued benefits in the "Line Item Notes" tab							
	restated)							
3	Prior (and past) service costs from plan amendments (or the initiation of a new plan) during the period	136					Dollars	Credit
4	Assumption Change Liability	798	967	967	0		Dollars	Credit
5	Normal Costs (SFFAS No. 5, par. 72)	653	590	590	0		Dollars	Credit
6	Interest on pension liability during the period	1,417	1,376	1,376	0		Dollars	Credit
7	Prior (and past) service cost (from the initiation of a new plan)						Dollars	Credit
8	Actuarial (gains)/losses	120	-239	-239	0		Dollars	Credit
9	Total pension expense (SFFAS No. 5, par.72)	-29,344	-27,128	-27,128	0		Dollars	N/A
10	Less Benefits Paid	923	908	908	0		Dollars	Debit
11	Pension and Accrued Benefits Liability-end of period	-28,421	-26,220	-26,220	0		Dollars	N/A

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Note: 11	Federal Employee and Veteran Benefits Payable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 16	
Status: Complete			

Tab: Other Notes Info.

Section: A **Section Name:** Pension and Accrued Benefits Liability-To be completed for the amount entered for pension and accrued benefits in the "Line Item Notes" tab **Rounding Method:** Millions **Decimal:** Zero

Threshold Line Description	Question	Answer
Other Notes Info - Assumption Change Liability (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year (unaudited).	<p>During 2006, a study of actual to expected experience of the Coast Guard's active duty participants over the period 2001 to 2005. Based upon this study, the withdrawal, retirement and disability assumptions for active duty participants were updated and utilized for this valuation.</p> <p>As well, we have updated both pre-retirement and post-retirement mortality assumptions to be consistent with those used by the Department of Defense Office of the Actuary in their most recently published (September 30, 2005) actuarial valuation. The actuarial assumption change includes the effect of the change in the investment assumption from 6.25 percent to 6.00 percent based on the same change being made by the Military Retirement System to its pension valuation. As well, this item includes updates to the mortality assumptions, to the adjustment (reserve load) factors used to reflect the liability/cost for reserve members who have not yet retired and to the adjustment factor used for CRSC.</p>

Section: B **Section Name:** Pension Liability Long-Term Significant Assumptions Used in 2006 and 2005 Valuation (SFFAS No. 5, par.67)

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	Rate of Interest	6.0000	6.0000		6.0000	Percent	N/A
2	Rate of inflation	3.0000	3.0000		3.0000	Percent	N/A
3	Projected salary increases	4.0000	4.0000		4.0000	Percent	N/A

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Note: 11	Federal Employee and Veteran Benefits Payable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 16	
Status: Complete			

Tab: Other Notes Info.

Section: C	Section Name: Postretirement Health and Accrued Benefits			Rounding Method: Millions	Decimal: Zero	Line Attributes	NB
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes		
1	Postretirement health and accrued benefits liability-beginning of period (SFFAS No. 5, par.88)	4,679	4,042	4,043	-1	Dollars	Credit
2	Prior-period adjustments (not restated)					Dollars	Credit
3	Prior (and past) service costs from plan amendments (or the initiation of a new plan) during the period					Dollars	Credit
4	(I) Assumption change liability					Dollars	Credit
5	Normal costs	151	180	179	1	Dollars	Credit
6	Interest on liability	287	249	249	0	Dollars	Credit
7	Change in medical inflation rate assumption (gains)/losses					Dollars	Credit
8	Other actuarial (gains)/losses	-281	48	48	0	Dollars	Credit
9	Total postretirement health benefits expense	-4,836	-4,519	-4,519	0	Dollars	N/A
10	Less claims paid	168	116	116	0	Dollars	Debit
11	Postretirement health and accrued benefits liability-end of period	-4,668	-4,403	-4,403	0	Dollars	N/A

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Note: 11	Federal Employee and Veteran Benefits Payable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 16	
Status: Complete			

Tab: Other Notes Info.

Section: C	Section Name: Postretirement Health and Accrued Benefits	Rounding Method: Millions	Decimal: Zero
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Threshold Line Description	Question	Answer
Other Notes Info - Interest on liability (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year (unaudited).	As time passes, the number of years remaining from the valuation date until the expected payment of a particular benefit is reduced and, therefore, the present value of that benefit increases. Thus increases the interest (i.e., to the passage of time).
Other Notes Info - Normal costs (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year (unaudited).	The annual actuarial cost requirement is determined on the basis of the Entry Age Normal Actuarial Cost Method. Future benefits are projected in accordance with the actuarial assumptions, including future salary increases and expected benefit accruals for future service. The present value of all projected benefits is the amount of assets needed to provide those benefits.

Section: D	Section Name: Postretirement Health Liability Significant Assumptions Used in Determining the 2006 and 2005 Valuation
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	Rate of Interest	6.0000	6.0000	6.2500	-.2500	Percent	N/A
2	Rate of health care cost inflation	6.0000	6.0000		6.0000	Percent	N/A

Section: E

Section Name: Veteran's Compensation and Burial Benefits (to be completed by the Department of Veterans Affairs)	No Data Flag: YES	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	2007 - SEPTEMBER D	2006 - SEPTEMBER D	Previously Rptd D	Line Item Changes D	Line Attributes	NB
4	Total compensation and burial benefits payable					Dollars	N/A

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Note: 11	Federal Employee and Veteran Benefits Payable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR NOTE 16	
Status: Complete			

Tab: Other Notes Info.						
Section: G	Section Name: Other	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined		
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes
1	Non-marketable Treasury securities held by Thrift Savings Plan (TSP) Fund					Dollars Debit
2	Total assets of pension and other retirement and benefit plans					Dollars Debit
3	Market value of investments in market-based and marketable securities included in line 2					Dollars Debit

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Note: 11 Federal Employee and Veteran Benefits Payable
Entity: 7000 Department of Homeland Security
Status: Complete

Fiscal Year: 2007 **Period:** SEPTEMBER
Agency Notes: AFR NOTE 16

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
1	Provide the following information as it relates to life insurance (other than whole life) (SFFAS No. 5, par. 110, table 9): a description of each component of the liability for future policy benefits, an explanation of its projected use, and any other potential uses.	N/A
2	For pension plans that differ from the Civil Service Retirement System (CSRS), the Federal Employee Retirement System (FERS), and the Military Retirement System (MRS), describe assumptions used (SFFAS 5, par. 67).	Special agents and personnel in certain job series hired by USSS before January 1, 1984, are eligible to transfer to the District of Columbia Police and Fireman's Retirement System (DC Pension Plan) after completion of ten years of protection related experience. All uniformed USSS officers who were hired before January 1, 1984, are automatically covered under this retirement system. Participants in the DC Pension Plan make contributions of 7 percent of base pay with no matching contribution made by USSS. Annuitants of this plan receive benefit payments directly from the DC Pension Plan. The USSS reimburses the District of Columbia for the difference between benefits provided to the annuitants, and payroll contributions received from current employees. This liability is presented as a component of the liability for military service and other retirement benefits in the accompanying Balance Sheet. The liability and expense are computed using the aggregate cost method. The primary actuarial assumptions used to determine the liability at September 30, 2007, are: (1) life expectancy is based upon the 1994 Uninsured Pension (UP94) tables; (2) cost of living increases are 3.5 percent annually; (3) rates of salary increases are 3.5 percent annually; (4) annual rate of investment return is 7.25 percent; and (5) rates of withdrawal for active service by gender and age.
3	Provide the long-term projection (25 years) of the significant assumptions used in determining pension liability and the related expense.	Based on the 9/30/06 data, Coast Guard numbers of active-duty participants increased by about .6 percent, of reserve duty participants decreased by about 1.6% percent, of retirees increased by about 1.9%, and of other annuitants increased by 2.0% compared
4	Provide the long-term projection (25 years) of the significant assumptions used in determining the postretirement health benefits liability and the related expense.	Based on the 9/30/06 data, Coast Guard numbers of active-duty participants increased by about .6 percent, of reserve duty participants decreased by about 1.6% percent, of retirees increased by about 1.9%, and of other annuitants increased by 2.0% compared
7	Provide any other relevant information pertaining to this note.	The difference between the prior year ending balances for post-retirement health and accrued benefits and the current year prior beginning balance are due to FY06 restatements.

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Note: 12	Environmental and Disposal Liabilities	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 17	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description	NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions	
Environmental and Disposal Liabilities	C	L	275	245	Decimal: Zero	
	Variance:		0	0		

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
1	Petroleum & Misc Products	52	37	35	2
2	Lead Based Paint	87	76	87	-11
3	Firing Ranges	34	32	22	10
4	PCB	6	24	24	0
5	Change in law and technologies	1	0		0
6	Other Environmental and Disposal Liabilities	95	76	77	-1
	Total	275	245	245	0

Threshold

Line Description	Question	Answer
Line Item Notes - Petroleum & Misc Products (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	Cost estimates for environmental and disposal liabilities are subject to revision as a result of changes in inflation, technology, environmental laws and regulations, and plans for disposal.
Line Item Notes - Lead Based Paint (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	Cost estimates for environmental and disposal liabilities are subject to revision as a result of changes in inflation, technology, environmental laws and regulations, and plans for disposal.
Line Item Notes - PCB (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	Cost estimates for environmental and disposal liabilities are subject to revision as a result of changes in inflation, technology, environmental laws and regulations, and plans for disposal.
Line Item Notes - Change in law and technologies (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	Cost estimates for environmental and disposal liabilities are subject to revision as a result of changes in inflation, technology, environmental laws and regulations, and plans for disposal.
Line Item Notes - Other Environmental and Disposal Liabilities (2007 - SEPTEMBER)	Please enter a description for any amounts over \$50 million.	Cost estimates for environmental and disposal liabilities are subject to revision as a result of changes in inflation, technology, environmental laws and regulations, and plans for disposal.

Tab: Other Notes Info.

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Note: 12	Environmental and Disposal Liabilities	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 17	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name: Other Related Information		Rounding Method: Millions		Decimal: Zero		
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
						Dollars	Debit
1	(I) Amount of operating and capital expenditures used to remediate legacy waste						
2	Unrecognized portion of estimated total cleanup costs associated with general property, plant, and equipment	13	1		1	Dollars	Debit
3	(I) Estimated cleanup costs when general property, plant and equipment is placed into service					Dollars	Debit
4	(I) Changes in total estimated cleanup costs due to changes in law and technology					Dollars	Debit
5	(I) Portion of the change in estimated costs due to changes in law and technology that is related to prior periods					Dollars	Debit

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Note: 12	Environmental and Disposal Liabilities	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 17	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
1	List the applicable laws and regulations covering cleanup requirements	The major Federal laws covering environmental response, cleanup and monitoring are the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act and the Toxic Substances Control Act.
2	Provide a description of the type of environmental and disposal liabilities identified.	The liabilities are primarily due to light houses, light stations, fuel storage tank program, buildings containing asbestos and/or lead based paint, firing ranges, fuels, solvents, industrial chemicals and other environmental cleanup associated with normal operations of CBP, FLETC, and the USCG.
3	Provide any other relevant information pertaining to this note.	N/A

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Note: 13	Benefits Due and Payable	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: N/A	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description		NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions
Benefits Due and Payable		C	L	0	0	Decimal: Zero
		Variance:		0	0	

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
9	Other Benefits Due and Payable				
	Total				

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Note: 14	Insurance Programs Other Than Veterans Affairs	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 20	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description		NB	Acct Type	2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions	
Insurance Programs		C	L	1,508	3,567	Decimal: Zero	
Variance:				0	0		

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
3	National Flood Insurance Programs	1,498	3,557	3,567	-10
4	Other Insurance Programs	10	10		10
	Total	<u>1,508</u>	<u>3,567</u>	<u>3,567</u>	<u>0</u>

Threshold

Line Description	Question	Answer
Line Item Notes - National Flood Insurance Programs (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	Insurance Liabilities decreased in FY 2007 due to payments of flood insurance claims, primarily related to Hurricanes Katrina and Rita.

Tab: Text Data

Line No	Question	Answer
1	Provide a description for the type of insurance programs identified in the "Line Item Notes" tab.	Insurance liabilities are the result of the Department's sale or continuation-in-force of flood insurance known as the NFIP.
2	Provide the name of the insurance programs and a description of the insurance program entered on the line titled "Other insurance programs" in the "Line Item Notes" tab.	National Flood Insurance Programs (NFIP) was established by the National Flood Insurance Act of 1968. The purpose of NFIP is to better indemnify individuals for flood losses through insurance, reduce future flood damages through State and community floodplain management regulations, and reduce federal expenditures for disaster assistance and flood control. Cerro Grande Fire Assistance Act: The U.S. Department of Interior, National Park Service, initiated a prescribed burn that resulted in the loss of Federal, state, local, Indian tribal and private property. In July 2000, Congress passed the Cerro Grande Fire Assistance Act to compensate as fully as possible those parties who suffered damages from the Cerro Grande Fire.
3	Provide any other relevant information pertaining to this note.	The NFIP insurance liability represents an estimate of NFIP losses that are unpaid at the Balance Sheet date. Although the insurance underwriting operations believes the liability for unpaid losses and loss adjustment expenses is reasonable and adequate in the circumstances, actual incurred losses and loss adjustment expenses ultimate settlement of losses and the related loss adjustment expenses may vary from the estimate reported in the financial statements.

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Note: 15	Other Liabilities	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 18,19,21	
Status: Complete			

Tab: Line Item Notes

Closing Package Line Description	Acct		2007 - SEPTEMBER	2006 - SEPTEMBER	Rounding Method: Millions
	NB	Type			
Other Liabilities	C	L	6,290	10,312	Decimal: Zero
	Variance:		0	0	

Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes
1	Deferred revenue	2,727	2,188	2,188	0
2	Accrued wages and benefits	1,510	1,292	1,362	-70
4	Other debt				
6	(I) Deposited funds and undeposited collections			5,623	
7	Capital lease liabilities			110	-110
8	Contingent liabilities			71	-71
9	Accrued grant liabilities				
10	(I) Federal aid highway grant accruals				
11	Other employee and actuarial liabilities				
12	Nuclear waste fund				
13	D.C. pension liability				
14	Custodial liabilities			19	-19
15	Accrued annual leave				
16	DOE contractor's pension and postretirement liability				
17	Advances and prepayments				
18	Accrued subsidies				
19	Refund and drawbacks	131	5,593		5,593
20	Deposit Fund	514	34		34
21					
22	Other Liabilities	1,408	1,205	994	211
	Total	6,290	10,312	10,367	5,568

Threshold	Question	Answer
Line Description		

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Note: 15	Other Liabilities	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 18,19,21	
Status: Complete			

Threshold

Line Description	Question	Answer
Line Item Notes - Deferred revenue (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	CIS The increase in deferred revenue was caused both by a surge in applications, especially naturalization application, submitted prior to the fee increase that took effect on July 30th and the effect of the fee increase for the applications filed in August and September. Also, in July there was a surge in the filing of application for preference visa categories, which became available under the Department of State July 2007 Visa Bulletin. FEMA 70X4236, Increase in the number of policies issued due to Hurricane Katrina and floods in the midwest
Line Item Notes - Accrued wages and benefits (2007 - SEPTEMBER)	Please provide explanations for any amounts that have changed by 10% or more and or greater than 500,000 between the current fiscal year and prior fiscal year. (Unaudited)	TSA: -Increase due to actuarial liability amount as of FY07 provided by DHS (from DOL) incurred by TSA since inception. CBP: An increase in accrued funded payroll & benefits as well as unfunded leave due to increase in personnel from FY 06 to FY 07. CG: This represents an increase in Retired Pay Actuarial Pension Liability, Military Health Care Actuarial Liability, and the PCS, Retirement and Separation Actuarial Liability estimate. CBP: Increase in Unfunded Leave in Salary and Expense between FY 06 and FY 07. CG: Accrued Payroll and Benefits increased from FY06 due to the timing of payroll disbursement and an increase in the unfunded annual leave liability. ICE There was increase in employees in FY 2007 by approximately 1600 employees.
Line Item Notes - Other Liabilities (2007 - SEPTEMBER)	Please enter a description for any amounts over \$50 million.	CIS: An announced increase in immigration application fees and a demand for preference visa categories, which became available under the Department of State July 2007 Visa Bulletin, combined to create a tremendous surge in immigration applications filed in July. The surge in applications resulted in a temporary increase in immigration application fees collected but not deposited. The increase in undeposited application fees was estimated at \$234 million based on mail received, but not processed at USCIS Service Centers and lock boxes. CG: This represents a large increase in the estimates for the unfunded contingent liabilities. The percentage change is actually 45% versus 207.58%. FEMA: Cleaning up of suspense items

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Note: 15	Other Liabilities	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 18,19,21	
Status: Complete			

Tab: Text Data		
Line No	Question	Answer
1	Provide a description of the liabilities reported on the "Line Item Notes" tab for lines 1 through 21.	<p>1).Deferred revenue: USCIS requires payments of fees for applications or petitions for immigration and naturalization benefits at the time of filing. FEMA's deferred revenue relates to unearned NFIP premiums that are recognized over the term of the period of insurance coverage.</p> <p>6). Capital lease liabilities: The Department maintains capital leases for buildings and commercial software license agreements. The liabilities associated with capital leases and software license agreements are presented as other liabilities in the accompanying financial statements based upon the present value of the future minimum lease payments.</p> <p>12). Custodial liabilities: The amount of custodial revenue yet to be transferred to another entity. FEMA had 15 million, TSA had 10 million, and ICE had 3 million.</p> <p>17). Refunds and drawbacks: CBP collected duties on the import of Canadian Softwood Lumber which were included in non-entity fund balance with Treasury during FY 2006.</p> <p>19). Injured Domestic Industries: The Continued Dumping and Subsidy Offset Act of 2000, enacted in FY 2001 calls for CBP to collect and disburse monies received in connection with antidumping and countervailing duty orders and findings to qualifying IDI.</p>
2	Provide a description and related amounts for balances that exceed \$50 billion on the titled "Other liabilities".	Other public liabilities consist primarily of NFIP payable to insurance companies and the liability for deposit and suspense funds.
3	Provide any other relevant information pertaining to this note.	N/A

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Note: 16	Collections and Refunds of Federal Revenue	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 32	
Status: Complete			

Tab: Other Notes Info.

Section: A		Section Name: Collections of Federal Revenue			Rounding Method: Millions	Decimal: Zero		
Line No	Line Description	2007	2006	2005	Prior Years		Line Attributes	NB
1	Individual income and tax withholdings						Dollars	Credit
2	Corporation income taxes						Dollars	Credit
3	Unemployment taxes						Dollars	Credit
4	Excise taxes	2,626					Dollars	Credit
5	Estate and gift taxes						Dollars	Credit
6	Railroad retirement taxes						Dollars	Credit
7	Federal Reserve earnings						Dollars	Credit
8	Fines, penalties, interest, and other revenue	5,603					Dollars	Credit
9	Custom duties	24,914					Dollars	Credit
10	Subtotal	-33,143					Dollars	N/A
11	Amounts collected for Non-Federal entities						Dollars	Debit
12	Total	-33,143					Dollars	N/A
Section: B		Section Name: PP Collections of Federal Revenue			Rounding Method: Millions	Decimal: Zero		
Line No	Line Description	2006	2005	2004	Prior Years		Line Attributes	NB
1	Individual income and tax withholdings						Dollars	Credit
2	Corporation income taxes						Dollars	Credit
3	Unemployment taxes						Dollars	Credit
4	Excise taxes	2,427					Dollars	Credit
5	Estate and gift taxes						Dollars	Credit

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Note: 16	Collections and Refunds of Federal Revenue	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 32	
Status: Complete			

Tab: Other Notes Info.							
Section:	Section Name:	Rounding Method: Millions			Decimal: Zero		
6	Railroad retirement taxes				Dollars	Credit	
7	Federal Reserve earnings				Dollars	Credit	
8	Fines, penalties, interest, and other revenue	4,154			Dollars	Credit	
9	Customs duties	24,166			Dollars	Credit	
10	Subtotal	-30,747			Dollars	N/A	
11	Amounts collected for non-Federal entities				Dollars	Debit	
12	Total	-30,747			Dollars	N/A	
Section:	Section Name:	Rounding Method: Millions			Decimal: Zero		
Section: C	Section Name: Federal Tax Refunds Disbursed						
Line No	Line Description	2007	2006	2005	Prior Years	Line Attributes	NB
1	Individual income and tax withholdings					Dollars	Debit
2	Corporation income taxes					Dollars	Debit
3	Unemployment taxes					Dollars	Debit
4	Excise taxes					Dollars	Debit
5	Estate and gift taxes					Dollars	Debit
6	Railroad retirement taxes					Dollars	Debit
7	Federal Reserve earnings					Dollars	Debit
8	Fines, penalties, interest, and other revenue					Dollars	Debit
9	Customs Duties	5,531	222	327	842	Dollars	Debit
10	Total	5,531	222	327	842	Dollars	N/A

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Note: 16	Collections and Refunds of Federal Revenue	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 32	
Status: Complete			

Tab: Other Notes Info.

Section: D	Section Name: PP Fed Tax Refunds Disbursed for the FY	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	2006	2005	2004	Prior Years	Line Attributes	NB
1	Individual income and tax withholdings					Dollars	Debit
2	Corporation income taxes					Dollars	Debit
3	Unemployment taxes					Dollars	Debit
4	Excise taxes					Dollars	Debit
5	Estate and gift taxes					Dollars	Debit
6	Railroad retirement taxes					Dollars	Debit
7	Federal Reserve earnings					Dollars	Debit
8	Fines, penalties, interest, and other revenue					Dollars	Debit
9	Customs duties	596	142	89	333	Dollars	Debit
10	Total	596	142	89	333	Dollars	N/A

Section: E	Section Name: Miscellaneous	No Data Flag: YES	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	Portion due from identified non-compliance assessments					Dollars	Debit
2	Portion due from pre-assessment work in process					Dollars	Debit

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Note: 16	Collections and Refunds of Federal Revenue	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 32	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
1	Disclose the basis of accounting related to Collections and Disbursements of Federal Revenue.	Modified Cash Basis.
2	Provide a brief description of any other material types of revenue transactions that relate to the custodial responsibility of the collecting entity (SFFAS No. 7, par. 65.2).	Duties: amount collected on imported goods collected on behalf of the Federal Government. Excise taxes: amount collected on imported distilled spirits, wines, and tobacco products. User fees: amounts designed to maintain U.S. harbors and to defray the cost of other miscellaneous service programs. User fees include application fees collected from employers sponsoring nonimmigrant petitions. Fines and penalties: amounts collected for violations of laws and regulations. Refunds: overpayments of duties, taxes, fees, and interest to an importer/exporter for which the importer/exporter needs to reimburse the payer. Refunds include drawback remittance paid when imported merchandise, for which duty was previously paid, is exported from the United States.
3	Disclose the reasons for any trust fund revenues that are not recorded in accordance with applicable law (SFFAS No. 7, par. 66).	N/A
4	Provide any other relevant information pertaining to this note.	Primarily revenue collections result from current fiscal year activity.

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Note: 17	Prior-Period Adjustments	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 36	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name: Prior Period Adjustments	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	2007 - SEPTEMBER	Line Attributes	NB
1	Amounts that adjusted CY beginning net position - for change in accounting principles	730	Dollars	Credit
2	Amounts that adjusted CY beginning net position - for correction of errors in PP not restated		Dollars	Credit

Section: B	Section Name: Prior-Period Adjustments - Restatements	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	Credit Amount C	Debit Amount D	Line Attributes	NB
1	Total Assets		116	Dollars	N/A
2	Total Liabilities	98		Dollars	N/A
3	Total Net Position		214	Dollars	N/A
4	Gross Cost	127		Dollars	N/A
5	Beginning Balances Adjustment	588		Dollars	N/A
6	Total Financing Sources	39		Dollars	N/A
7	Net Cost of Operations		127	Dollars	N/A
8	Cumulative Results of Operations	500		Dollars	N/A
9	Unexpended Appropriations-Adjustment		676	Dollars	N/A
10	Total Budgetary Financing Sources		38	Dollars	N/A

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Note: 17 Prior-Period Adjustments
Entity: 7000 Department of Homeland Security
Status: Complete

Fiscal Year: 2007 **Period:** SEPTEMBER

Agency Notes: AFR Note 36

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Note: 17	Prior-Period Adjustments	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 36	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
1	Describe the adjustments to beginning net position that resulted from changes in accounting principles and all corrections of errors that were not restated.	<p>DHS has reported a change in accounting principle from FY 2006 for the Sport Fish Restoration Boating Trust Fund(SFRBTF). This change was a result of clarifying language on mixed fund reporting added to OMB Circular A-136 in FY 2007 related to SFFAS Number 27.</p> <p>DHS will report the entire TAFS 20X8147 Bureau of Public Debt(BPD) Trust Fund on the DHS financial statements instead of the Department of Interior reporting this Trust Fund. The SFRBTB Fund is an investment fund, which is the reason the funds are held at BPD. It was determined that since the USCG is the DHS Component entity from which the trust fund receipts are shown in the President's Budget it is appropriate for the fund on their financial statements.</p> <p>During FY 2006, the SFRBTF was not a DHS reporting responsibility. Based on the reporting change discussed above, the change in reporting is not a restatement to DHS; however a change to budgetary beginning is necessary to support the transfer of the SFRBTF to DHS. In accordance with OMB guidance, DHS is reporting the FY 2007 beginning balances for the SFRBTF in the following lines: "Adjustments to Beginning Balances" and "Appropriations".</p> <p>DHS Current Year Beginning Balances and Prior Year Ending Balances have differences due to reinstatement of a TAFS at FEMA. The TFAS was reinstated in accordance with P.L. 109-295, Section 542, Authorizes Disaster Assistance for Unmet Needs funds provided to the City of Cuero, TX to be available for use until September 30, 2007. However, this public law was approved after FY 2006 financial reporting. In December 2006, FEMA, working with Financial Management Services, had the TAFS reinstated and the period of availability extended. Consequently, these funds were not legally available to be included in the Prior Year Ending Balances.</p>

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Note: 17	Prior-Period Adjustments	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 36	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
2	Describe the corrections of error that were restated.	<p>TSA Restatement: The Department has restated the FY 2006 principle statements, excluding the Statement of Custodial Activity, and related footnotes as a result of an error in the accounting for the reduction of the Aviation Security Appropriation through a return of appropriated balances to Treasury.</p> <p>In prior years the security fees collected to provide aviation security were recorded as revenue. At the end of each fiscal year, TSA recorded a rescission in an amount equal to the security fees and were returned to the Treasury General Fund. TSA should have been returning unexpended appropriations to Treasury equivalent to the security fees collected. The accounting treatment has been updated for FY 2007.</p> <p>The Department restated the FY 2006 Balance Sheet, Statement of Changes in Net Position, and the Statement of Net Cost, and related footnotes as a result of an error in recording accounts payable during FY 2005 through FY 2006 that resulted from FY 2004 and FY 2005 estimated accruals not reversed. This error was identified by TSA as a result of a FY 2007 year-end analytical review of accounts payable to determine the balance's reasonableness.</p> <p>During FY 2005, TSA identified \$248 million of unrecorded obligations resulting in an adjustment to the FY 2004 Statement of Budgetary Resources, which incorrectly carried forward to the beginning balances of the FY 2006 Statement of Budgetary Resources. The beginning balances to FY 2006 were incorrectly carried forward and as a result required correction for FY 2007 reporting.</p> <p>During FY 2005, TSA identified \$248 million of unrecorded obligations resulting in an adjustment to the FY 2004 Statement of Budgetary Resources, which incorrectly carried forward to the beginning balances of the FY 2006 Statement of Budgetary Resources. The beginning balances to FY 2006 were incorrectly carried forward and as a result required correction for FY 2007 reporting.</p>
3	Describe any Federal prior-period adjustments.	Same as above #2
4	Provide any other relevant information pertaining to this note.	N/A

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Note: 18	Contingencies (SFFAS Nos. 5 and 12)	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 21	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name: Insurance Contingencies (Reasonably Possible Only)	No Data Flag: YES	Rounding Method: Millions	Decimal: Zero			
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
4						Dollars	Credit
5						Dollars	Credit
6						Dollars	Credit
7						Dollars	Credit
8						Dollars	Credit
9	Other insurance contingencies					Dollars	Credit
10	Total					Dollars	N/A

Section: B	Section Name: Insurance in force (Sum of Policy Face Value and Dividends Paid)	Rounding Method: Millions	Decimal: Zero				
Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	DHS - National Flood Insurance					Dollars	Credit
3						Dollars	Credit
4	National Flood Insurance	1,100,000	1,000,000	994,111	5,889	Dollars	Credit
5						Dollars	Credit
6						Dollars	Credit
7						Dollars	Credit
8	Other insurance in force					Dollars	Credit
9	Total	-1,100,000	-1,000,000	-994,111	-5,889	Dollars	N/A

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Note: 18	Contingencies (SFFAS Nos. 5 and 12)	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 21	
Status: Complete			

Tab: Other Notes Info.

Section: C	Section Name: Civil Litigation, Claims and Assessments	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	CY Accrued/Estimated amount	CY Estimated Range (Low end)	CY Estimated Range (High end)	CY Claim amount (Unable to determine loss)	PY Accrued/Estimated amount	PY Estimated Range (Low end)	Line Attributes	NB
1	Probable	83	83	170		0	71	Dollars	Credit
2	Reasonably Possible		57	578	14		68	Dollars	Credit
Line No	Line Description	PY Estimated Range (High end)	PY Claim amount (unable to determine)					Line Attributes	NB
1	Probable	100						Dollars	Credit
2	Reasonably Possible	2,700						Dollars	Credit

Section: D	Section Name: Environmental Litigation, Claims, and Assessments	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	CY Accrued/Estimated amount	CY Estimated Range (Low end)	CY Estimated Range (High end)	CY Claim amount (unable to determine)	PY Accrued/Estimated amount	PY Estimated Range (Low end)	Line Attributes	NB
1	Probable	53	53	62		71		Dollars	Credit
2	Reasonably Possible		67	337				Dollars	Credit
Line No	Line Description	PY Estimated Range (High Range)	PY Claim amount (unable to determine)					Line Attributes	NB
1	Probable							Dollars	Credit
2	Reasonably Possible							Dollars	Credit

Section: E	Section Name: Other Contingencies	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	2007 - SEPTEMBER	2006 - SEPTEMBER	Previously Rptd	Line Item Changes	Line Attributes	NB
1	Other Contingencies	136	71		71	Dollars	Credit
2						Dollars	Credit
3						Dollars	Credit
4						Dollars	Credit
5						Dollars	Credit

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Note: 18	Contingencies (SFFAS Nos. 5 and 12)	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 21	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
1	Describe the risk insurance programs that are in force.	FEMA administers the NFIP through sale or continuation-in-force of insurance in communities that enact and enforce appropriate flood plain management measures.
2	Provide the nature of the insurance contingencies.	Insurance liabilities represent an estimate of NFIP losses that are unpaid at the balance sheet date and is based on the loss and loss adjustment expense factors inherent in the NFIP insurance underwriting operations experience and expectations. Estimation factors used by the insurance underwriting operations reflect current case basis estimates and give effect to estimates of trends in claim severity and frequency. These estimates are continually reviewed, and adjustments, reflected in current operations, are made as deemed necessary.
3	Provide the nature of the litigation contingencies, including the range of loss for probable liabilities.	The estimated contingent liability recorded in the accompanying financial statements included with other liabilities for all probable and estimable litigation related claims at September 30, 2007, was \$136 million, of which \$45 million was funded. The range of probable and estimable litigation is \$136 million to \$232 million. The Department is subject to various other legal proceedings and claims. In management's opinion, the ultimate resolution of other actions will not materially affect the Department's financial position or net costs. The nature of probable and reasonably possible claims is litigation related to the Federal Tort Claims Act, Oil Spill Liability Trust Fund, and various customs laws and regulations.
4	Provide the nature of the litigation contingencies including the range of loss for reasonably possible contingencies.	Asserted and pending legal claims for which loss is reasonably possible is estimated to range from \$124 Million to \$915 million at September 30, 2007.
5	Provide the total claim amount for cases assessed as "unable to determine" if significant. Also, provide a statement on whether this materiality affects the financial statements.	The total claim amounts for cases assessed as "Unable to determine" is \$60,977,470.
6	Provide any other relevant information pertaining to this note.	The Department is generally liable to DOD for damage or loss to aircraft on loan to CBP. As of September 30, 2007 and September 30, 2006, CBP had 16 aircraft loaned from DOD with an acquisition value of \$94 million. The Department is committed under contractual agreements for goods and services that have been ordered but not yet received at fiscal year-end. As of September 30, 2007, DHS estimates \$47 million in obligations related to cancelled appropriations for which the Department has a contractual obligation for payment as well as an estimated \$14 million for contractual arrangements which may require future funding.

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Note: 19	Commitments	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 19	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name: Capital leases-Asset	Rounding Method: Millions	Decimal: Zero				
Line No	Line Description	CY Federal	CY Non-Federal	PY Federal	PY Non-Federal	Line Attributes	NB
1						Dollars	Debit
2						Dollars	Debit
3						Dollars	Debit
4						Dollars	Debit
5	Other Lease to Purchase		79		79	Dollars	Debit
6	Accumulated depreciation/amortization		26		30	Dollars	Credit
7	Net assets under capital leases		53		49	Dollars	N/A

Threshold	Question	Answer
Other Notes Info - Accumulated depreciation/amortization (CY Non-Federal)	Please provide explanations for any amounts that have changed by 10 percent or more between the current fiscal year and prior fiscal year. (unaudited)	FLETC's provisions for security of the dormitories were excluded in the initial fair market value computation. Also, the lease payments were not reduced proportionately when the furnishings were deleted in the fair market value computation. In factoring these two elements, the FLETC re-calculated the fair market value and net present value of the total net lease payments.

Section: B	Section Name: Capital leases - Liability	Rounding Method: Millions	Decimal: Zero				
Line No	Line Description	CY Federal	CY Non-Federal	PY Federal	PY Non-Federal	Line Attributes	NB
1	Future minimum lease programs		148		171	Dollars	Credit
2	Imputed interest		37		45	Dollars	Debit
3	Executory costs including any profit		4		4	Dollars	Debit
4	Total capital lease liability		-107		-122	Dollars	N/A

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Note: 19	Commitments	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 19	
Status: Complete			

Tab: Other Notes Info.

Section: B	Section Name: Capital leases - Liability	Rounding Method: Millions	Decimal: Zero
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Threshold Line Description	Question	Answer
Other Notes Info - Future minimum lease programs (CY Non-Federal)	Please provide explanations for any amounts that have changed by 10 percent or more between current fiscal year and prior fiscal year. (unaudited)	Estimated future minimum lease payments under capital leases were as follows: FY2008 is \$24, FY 2009 is \$24, FY 2010 also is \$24, FY 2011 is \$6, FY 2012 is \$6, and after FY 2012 will be \$64. The total future minimum lease payments are \$148.
Other Notes Info - Imputed interest (CY Non-Federal)	Please provide explanations for any amounts that have changed by 10 percent or more between the current fiscal year and prior fiscal year. (unaudited)	CBP's Capital liability associated with software license agreement is reflected on the balance sheet based upon the present value of the future minimum license agreement payments. The net book value reduced by accumulated depreciation.

Section: C	Section Name: Commitments: Operating leases and undelivered orders	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	CY Federal	CY Non-Federal	PY Federal	PY Non-Federal	Line Attributes	NB
1	Operating leases	7,630	940	7,134	1,010	Dollars	Credit
2	Undelivered orders	8,498	29,937	12,325	24,589	Dollars	Credit

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Note: 19	Commitments	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 19	
Status: Complete			

Tab: Other Notes Info.

Section: C	Section Name: Commitments: Operating leases and undelivered orders	Rounding Method: Millions	Decimal: Zero
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Threshold	Question	Answer
Line Description Other Notes Info - Undelivered orders (CY Non-Federal)	Please provide explanations for any amounts that have changed by 10% or more and or greater than \$500,000 between the current fiscal year and prior fiscal year. (unaudited)	Adjustment of prior year unpaid obligations, Actual FEMA 70X0702 - downward adjustment of prior year obligations for Hurricane Katrina TSA Just recently started recognizing prior year adjustments in July, 2006. Recoveries are due timing differences for year-end obligations, deobligations, and payroll adjustments. OHA One contract was cancelled at HHS for non-performance and the Reimbursable agreement with HHS was cancelled Obligated Balance, Unpaid Obligations CBP Increase in appropriations received for FY 2007. CG The unpaid obligation correlates to the increase in direct obligations (payables and UDOs) incurred above. FEMA In FY 2006, obligations were made and paid for Hurricane Katrina. Obligated Balance Transferred, Actual Transfers Unpaid Obligations CIS Due to the transfer of \$34M in obligated balances to CBP made in FY2007. FEMA DMS transfer in January to HHS PRE The transfer is attributed to the Katrina Re-organization that occurred in FY 2007.

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Note: 19	Commitments	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 19	
Status: Complete			

Tab: Other Notes Info.

Section: C	Section Name: Commitments: Operating leases and undelivered orders	Rounding Method: Millions	Decimal: Zero
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Threshold Line Description	Question	Answer
Other Notes Info - Undelivered orders (CY Federal)	Please provide explanations for any amounts that have changed by 10% or more and or greater than \$500,000 between the current fiscal year and prior fiscal year. (unaudited)	<p>Adjustment of prior year unpaid obligations, Actual</p> <p>FEMA 70X0702 - downward adjustment of prior year obligations for Hurricane Katrina</p> <p>TSA Just recently started recognizing prior year adjustments in July, 2006. Recoveries are due timig differences for year-end obligations, deobligations, and payroll adjustments.</p> <p>OHA One contract was cancelled at HHS for non-performance and the Reimbursable agreement with HHS was cancelled</p> <p>Obligated Balance, Unpaid Obligations</p> <p>CBP Increase in appropriations received for FY 2007.</p> <p>CG The unpaid obligation correlates to the increase in direct obligations (payables and UDOs) incurred above.</p> <p>FEMA In FY 2006, obligations were made and paid for Hurriance Katrina.</p> <p>Obligated Balance Transferred, Actual Transfers Unpaid Obligations CIS Due to the transfer of \$34M in obligated balances to CBP made in FY2007. FEMA DMS transfer in January to HHS PRE The transfer is attributed to the Katrina Re-organization that occurred in FY 2007.</p>

Section: D	Section Name: Other Commitments	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	CY Federal	CY Non-Federal	PY Federal	PY Non-Federal	Line Attributes	NB
9						Dollars	Credit
10						Dollars	Credit
11						Dollars	Credit
12						Dollars	Credit
13	Grant programs- Airport Improvement program		481		335	Dollars	Credit

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 19	Commitments	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: AFR Note 19	
Status: Complete			

Tab: Other Notes Info.

Section: D	Section Name: Other Commitments	Rounding Method: Millions	Decimal: Zero
14 (I)			Dollars
15 Total	-481	-335	Dollars
			Debit
			N/A

Threshold	Question	Answer
Line Description Other Notes Info - Grant programs-Airport Improvement program (CY Non-Federal)	Please provide explanations for any amounts that have changed by 10% or more and or greater than \$500,000 between the current fiscal year and prior fiscal year. (unaudited)	Airport Improvement Program provides for the facility modifications necessary to accommodate for installation of in-line EDS screening equipment. Airport Renovation Program funds for cost sharing obligation relating to the installation EDS and ETD equipment. Port Security Program provides grants to the critical national seaports to support the security at the port thru enhances facility and operational security. Intercity Bus Security Program provides funding to improve security for intercity bus operators and passengers.

Tab: Text Data

Line No	Question	Answer
1	Describe the lessee's leasing arrangements including the basis on which contingent rental payments are determined, the existence and terms of renewal or purchase options, escalation clauses and restrictions imposed by lease agreement.	The Department maintains capital leases for buildings and commercial software license agreements. The liabilities associated with capital leases and software license agreements are presented as other liabilities in the accompanying financial statements based upon the present value of the future minimum lease payments. The Department is not committed to continue paying rent to GSA beyond the period occupied, providing that proper advance notice to GSA is made and unless the space occupied is designated as unique to Department operations. However, it is expected the Department will continue to occupy and lease office space from GSA in future years and lease charges will be adjusted annually to reflect operating costs incurred by GSA. The estimated future lease payments for GSA controlled leases are based on payments made during the year ended September 30, 2007. The Department maintains capital leases for buildings and commercial software license agreements. The liabilities associated with capital leases and software license agreements are presented as other liabilities in the accompanying financial statements based upon the present value of the future minimum lease payments. Certain license agreements are cancelable depending on future funding. Substantially all of the net present value of capital lease obligations and software license agreements may be funded from future sources.
2	Provide any other relevant information pertaining to this note.	N/A

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 20	Dedicated Collections (Excluding Funds Identified as Earmarked and Reported in Note 22 - Earmarked Funds)	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: N/A	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name: Assets - Current Year	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	Inv. in Fed debt securities - net D	Fund balance with Treasury D	Interest D	Other Fed assets D	Non-Federal assets D	Total assets	Line Attributes	NB
1								Dollars	N/A
2								Dollars	N/A
3								Dollars	N/A
4								Dollars	N/A
5								Dollars	N/A

Section: B	Section Name: Assets - Prior year	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	Inv. in Fed Debt Sec. - net D	Fund balance with Treasury D	Interest D	Other Federal assets D	Non-Federal assets D	Total assets	Line Attributes	NB
1								Dollars	N/A
2								Dollars	N/A
3								Dollars	N/A
4								Dollars	N/A
5								Dollars	N/A
23 (I)								Dollars	N/A
24 (I)								Dollars	N/A
25 (I)								Dollars	N/A

Section: C	Section Name: Liabilities - Current Year	No Data Flag: YES	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	Liability due and payable to beneficiaries C	Other liabilities C	Total liabilities	Line Attributes	NB
1					Dollars	N/A
2					Dollars	N/A
3					Dollars	N/A
4					Dollars	N/A
5					Dollars	N/A

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 20	Dedicated Collections (Excluding Funds Identified as Earmarked and Reported in Note 22 - Earmarked Funds)	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: N/A	
Status: Complete			

Tab: Other Notes Info.

Section: D	Section Name: Liabilities - Prior Year	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	Liability due and payable to beneficiaries C	Other liabilities C	Total liabilities	Line Attributes	NB
1					Dollars	N/A
2					Dollars	N/A
3					Dollars	N/A
4					Dollars	N/A
5					Dollars	N/A
23 (I)					Dollars	N/A
24 (I)					Dollars	N/A
25 (I)					Dollars	N/A

Section: E	Section Name: Current Year - Revenue, financing, expenses, and other	No Data Flag: YES	Rounding Method: Millions	Decimal: Zero
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Line No	Line Description	Beginning net position C	Exchange revenue - Federal C	Exchange revenue - with the public C	Nonexchange revenue - Federal C	Nonexchange revenue - with the public C	Other financing sources C	Line Attributes	NB
1								Dollars	N/A
2								Dollars	N/A
3								Dollars	N/A
4								Dollars	N/A
5								Dollars	N/A

Line No	Line Description	Other changes in fund balance C	Program expenses D	Other expenses D	Ending Net Position	Line Attributes	NB
1						Dollars	N/A
2						Dollars	N/A
3						Dollars	N/A
4						Dollars	N/A
5						Dollars	N/A

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 20	Dedicated Collections (Excluding Funds Identified as Earmarked and Reported in Note 22 - Earmarked Funds)	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: N/A	
Status: Complete			

Tab: Other Notes Info.

Section: F	Section Name: Prior Year - Revenue, financing, expenses, and other	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	Beginning net position C	Exchange revenue - Federal C	Exchange revenue - with the public C	Nonexchange revenue - Federal C	Nonexchange revenue - with the public C	Other financing sources C	Line Attributes	NB
1								Dollars	N/A
2								Dollars	N/A
3								Dollars	N/A
4								Dollars	N/A
5								Dollars	N/A
23 (I)								Dollars	N/A
24 (I)								Dollars	N/A
25 (I)								Dollars	N/A

Line No	Line Description	Other changes in fund balance C	Program expenses D	Other expenses D	Ending net position	Line Attributes	NB
1						Dollars	N/A
2						Dollars	N/A
3						Dollars	N/A
4						Dollars	N/A
5						Dollars	N/A
23 (I)						Dollars	N/A
24 (I)						Dollars	N/A
25 (I)						Dollars	N/A

Section: G	Section Name: Other	No Data Flag: YES	Rounding Method: User-Defined	Decimal: User-Defined
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Line No	Line Description	CY - Revenues C	CY - Other financing sources C	CY - Costs D	PY - Revenues C	PY - Other financing sources C	PY - Costs D	Line Attributes	NB
1								Dollars	N/A
2								Dollars	N/A
3								Dollars	N/A
4								Dollars	N/A
5								Dollars	N/A
23 (I)								Dollars	N/A
24 (I)								Dollars	N/A
25 (I)								Dollars	N/A

**U.S. Department of the Treasury
 Financial Management Service
 Governmentwide Financial Report System
 GF006 - FR Notes Report**

Note: 20	Dedicated Collections (Excluding Funds Identified as Earmarked and Reported in Note 22 - Earmarked Funds)	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: N/A	
Status: Complete			

Tab: Other Notes Info.

Tab: Text Data **No Data Flag: YES**

Line No	Question	Answer
1	State the legal authority for the administrative entity of each fund to use the collections based on SFFAS No. 7, par. 85.	
2	Provide any other relevant information pertaining to this note.	

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.

Section: A		Section Name: Assets - Current Year		Rounding Method: Millions		Decimal: Zero		Line	NB
Line No	Line Description	Cash and other monetary assets D	Fund balance with Treasury D	Inv in U. S. Treas. Sec.(net of prem. & disc) D	Interest D	Other Federal assets (with earmarked funds) D	Other Federal assets (with non-earmarked funds) D	Attributes	NB
16	National Flood Insurance Program	11	656					Dollars	N/A
18	Customs User Fees		730					Dollars	N/A
19	Sport Fish Restoration Boating Trust Fund		8	1,845			19	Dollars	N/A
20	Immigration Examination Fees	252	1,245				5	Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds	3	1,061	933			128	Dollars	N/A
24	Total	266	3,700	2,778			152	Dollars	N/A
Line No	Line Description	Other non-Federal assets D	Total assets					Line Attributes	NB
16	National Flood Insurance Program	486	1,153					Dollars	N/A
18	Customs User Fees	145	875					Dollars	N/A
19	Sport Fish Restoration Boating Trust Fund	0	1,872					Dollars	N/A
20	Immigration Examination Fees	10	1,512					Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds	116	2,241					Dollars	N/A
24	Total	757	7,653					Dollars	N/A

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.

Section: B		Section Name: Assets - Prior Year		Rounding Method: Millions			Decimal: Zero		
Line No	Line Description	Cash and other monetary assets D	Fund balance with Treasury D	Inv. in U.S. Treas. Sec. (net of prem. & disc.) D	Other Federal assets (with earmarked funds) D	Other Federal assets (with non-earmarked funds) D	Other non-Federal assets D	Line Attributes	NB
16	National Flood Insurance Program	24	138				483	Dollars	N/A
18	Sport Fish Restoration Boating Trust Fund	0						Dollars	N/A
19	Immigration Fees	19	819		2		8	Dollars	N/A
20	Customs User Fees		761				133	Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds	3	815	634	102		115	Dollars	N/A
24	Total	46	2,533	634	104		739	Dollars	N/A
Line No	Line Description	Total assets						Line Attributes	NB
16	National Flood Insurance Program	645						Dollars	N/A
18	Sport Fish Restoration Boating Trust Fund	0						Dollars	N/A
19	Immigration Fees	848						Dollars	N/A
20	Customs User Fees	894						Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds	1,669						Dollars	N/A
24	Total	4,056						Dollars	N/A

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.

Section: C		Section Name: Liabilities and Net Position - Current Year			Rounding Method: Millions	Decimal: Zero			
Line No	Line Description	Benefits due and payable C	Other Federal liabilities (with earmarked funds) C	Other Fed. liabilities (with non-earmarked funds) C	Other non-Federal liabilities C	Total liabilities	Ending net position C	Line Attributes	NB
16	National Flood Insurance Program		17,901		3,153	-21,054	19,901	Dollars	N/A
18	Customs User Fees		69	18		-87	-788	Dollars	N/A
19	Sport Fish Restoration Boating Trust Fund		1,101			-1,101	-771	Dollars	N/A
20	Immigration Examination Fees		40	9	1,467	-1,516	4	Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds		9		122	-131	-2,110	Dollars	N/A
24	Total		-19,120	-27	-4,742	-23,889	-16,236	Dollars	N/A
Line No	Line Description	Total liabilities and net position						Line Attributes	NB
16	National Flood Insurance Program	1,153						Dollars	N/A
18	Customs User Fees	875						Dollars	N/A
19	Sport Fish Restoration Boating Trust Fund	1,872						Dollars	N/A
20	Immigration Examination Fees	1,512						Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds	2,241						Dollars	N/A
24	Total	7,653						Dollars	N/A

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.

Section: D		Section Name: Liabilities and Net Position - Prior Year				Rounding Method: Millions	Decimal: Zero		
Line No	Line Description	Benefits due and payable C	Other Federal liabilities (with earmarked funds) C	Other Fed. liabilities (with non-earmarked funds) C	Other non-Federal liabilities C	Total liabilities	Ending net position C	Line Attributes	NB
16	National Flood Insurance Program		17,239		5,131	-22,370	21,725	Dollars	N/A
18	Customs User Fees		62	34		-96	-798	Dollars	N/A
19	Sport Fish Restoration Boating Trust Fund	0				0		Dollars	N/A
20	Immigration Examination Fees		44	7	789	-840	-8	Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds				87	-87	-1,582	Dollars	N/A
24	Total	0	-17,345	-41	-6,007	-23,393	-19,337	Dollars	N/A
Line No	Line Description	Total liabilities and net position						Line Attributes	NB
16	National Flood Insurance Program	645						Dollars	N/A
18	Customs User Fees	894						Dollars	N/A
19	Sport Fish Restoration Boating Trust Fund	0						Dollars	N/A
20	Immigration Examination Fees	848						Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds	1,669						Dollars	N/A
24	Total	4,056						Dollars	N/A

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.

Section: E		Section Name: Revenue, Financing, Expenses, and Other - Current Year			Rounding Method: Millions		Decimal: Zero		
Line No	Line Description	Net position, beginning of period C	Investment revenue C	Individual income taxes C	Unemployment and excise taxes C	Other taxes and receipts C	Intragov. transfers to/from earmarked funds C	Line Attributes	NB
16	National Flood Insurance Program	-21,725				1		Dollars	N/A
18	Customs User Fees	798				1,808	-1,450	Dollars	N/A
19	Sport Fish Restoration Boating Trust Fund	693				628	-626	Dollars	N/A
20	Immigration Examination Fees	8						Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds	1,582				1,170	96	Dollars	N/A
24	Total	18,644				-3,607	1,980	Dollars	N/A
Line No	Line Description	Intragov. transfers to/from non-earmarked funds C	Program net cost or benefit payments-public D	Intragov. prog. net cost-with earmarked funds D	Intragov. prog. net cost-with non-earmarked funds D	Non-program expenses D	Net position, end of period	Line Attributes	NB
16	National Flood Insurance Program		-2,569	746			19,901	Dollars	N/A
18	Customs User Fees			369			-787	Dollars	N/A
19	Sport Fish Restoration Boating Trust Fund			-76			-771	Dollars	N/A
20	Immigration Examination Fees		-589	601			4	Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds		134	603			-2,111	Dollars	N/A
24	Total		-3,024	2,243			16,236	Dollars	N/A

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
GF006 - FR Notes Report**

Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.

Section: F	Section Name: Revenue, Financing, Expenses, and Other - Prior Year	Rounding Method: Millions	Decimal: Zero						
Line No	Line Description	Net position, beginning of period C	Investment revenue C	Individual income taxes C	Unemployment and excise taxes C	Other taxes and receipts C	Intragov. transfers to/from earmarked funds C	Line Attributes	NB
16	National Flood Insurance Program	-24,764				2		Dollars	N/A
18	Customs User Fees	797						Dollars	N/A
19	Sport Fish Restoration Boating Trust Fund	0						Dollars	N/A
20	Immigration Examination Fees	-123						Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds	1,375				1,290		Dollars	N/A
24	Total	22,715				-1,292		Dollars	N/A
Line No	Line Description	Intragov. transfers to/from non-earmarked funds C	Program net cost or benefit payments-public D	Intragov. prog. net cost - with earmarked funds D	Intragov. prog. net cost - non-earmarked funds D	Non-program expenses D	Net position, end of period	Line Attributes	NB
16	National Flood Insurance Program		-3,575	538			21,725	Dollars	N/A
18	Customs User Fees		-1				-798	Dollars	N/A
19	Sport Fish Restoration Boating Trust Fund						0	Dollars	N/A
20	Immigration Examination Fees		-215	84			-8	Dollars	N/A
21								Dollars	N/A
22								Dollars	N/A
23	All other earmarked funds		1,013	70			-1,582	Dollars	N/A
24	Total		-2,778	692			19,337	Dollars	N/A

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
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Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
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Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.

Tab: Text Data

Line No	Question	Answer
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**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
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Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
1	Provide a general description of the individual earmarked funds reported in the Other Notes Info tab (SFFAS No. 27, par. 33). Also describe how the entity accounts for and reports the fund (SFFAS No. 27, par. 23.1).	<p>Customs User Fees In April 1986, the President signed the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, which authorized CBP to collect user fees for certain services. The law initially established processing fees for air and sea passengers, commercial trucks, rail cars, private vessels and aircraft, commercial vessels, dutiable mail packages, and CBP broker permits. An additional fee category, contained in tax reform legislation, for processing barges and bulk carriers for Canada and Mexico, was added later that year. The collection of COBRA fees for CBP services began on July 7, 1986.</p> <p>In addition to the collection of user fees, other changes in CBP procedures were enacted due to the COBRA statute. Most importantly, provisions were included for providing non-reimbursable inspectional overtime services and paying for excess pre-clearance costs from COBRA user fee collections.</p> <p>Sport Fish Restoration Boating Trust Fund The SFRBTF, previously known as the Aquatic Resources Trust Fund (ARTF), was created by Section 1016 of the Deficit Reduction Act of 1984 (P.L. 98-369). Two funds were created under this act, the Boat Safety Account and the Sport Fish Restoration Account. The SFRBTF has been the source of budget authority for the Boat Safety program for many years through the transfer of appropriated funds. The SFRBTF is a Treasury-managed fund and provides funding to states and other entities to promote boat safety and conservation of U.S. recreational waters.</p> <p>Immigration Examination Fees In 1988, Congress established the Immigration Examination Fee Account (IEFA) and the fees deposited into the IEFA have been the primary source of funding for providing immigration and naturalization benefits, and other benefits as directed by Congress. The Immigration and Nationality Act (INA) provides for the collection of fees at a level that will ensure recovery of the full costs of providing adjudication and naturalization services, including the costs of providing similar services without charge to asylum applicants and other immigrants. The INA also states that the fees may recover administrative costs. This revenue remains available to provide immigration and naturalization benefits and allow the collection, safeguarding, and accounting for fees. The authority provided by section 286(m) of the INA permits USCIS to recover the full costs of providing all immigration adjudication and naturalization services, including those services provided to individuals other than those paying fees</p> <p>National Flood Insurance Program The National Flood Insurance Program (NFIP) was established by the National Flood Insurance Act of 1968. The purpose of NFIP is to better indemnify individuals for flood losses through insurance, reduce future flood damages through State and community floodplain management regulations, and reduce Federal expenditures for disaster</p>

**U.S. Department of the Treasury
 Financial Management Service
 Governmentwide Financial Report System
 GF006 - FR Notes Report**

Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.

Tab: Text Data

Line No	Question	Answer
		assistance and flood control.
		All Other Earmarked Funds
		The balances and activity reported for all other earmarked funds result from the funds listed below. Information related to these earmarked funds can be located in the Departments appropriations legislation or the statutes referenced.

**U.S. Department of the Treasury
Financial Management Service
Governmentwide Financial Report System
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Note: 22 Earmarked Funds
Entity: 7000 Department of Homeland Security
Status: Complete

Fiscal Year: 2007 **Period:** SEPTEMBER
Agency Notes: 22

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
2	State the legal authority for the administrative entity of each fund to use the revenues and other financing sources based on SFFAS No. 27, par. 23.1	<p>Customs User Fees The Customs and Trade Act of 1990 amended the COBRA legislation to provide for the hiring of inspectional personnel, the purchasing of equipment, and the covering of related expenses with any surplus monies available, after overtime and excess pre-clearance costs are satisfied. Expenditures from the surplus can only be used to enhance the service provided to those functions for which fees are collected. This legislation took effect on October 1, 1990.</p> <p>Sport Fish Restoration Boating Trust Fund The most recent reauthorization of the SFRBTF and expenditure of Boat Safety funds for the National RBS Program was enacted in 2005 in the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users or SAFETEA-LU (P.L. 109-59) and the Sportfishing and Recreational Boating Safety Amendments Act of 2005 (P.L. 109-74).</p> <p>National Flood Insurance Program The Flood Disaster Protection Act of 1973 expanded the authority of FEMA and its use of the NFIP to grant premium subsidies as an additional incentive to encourage widespread state, community, and property owner acceptance of the program requirements.</p> <p>The National Flood Insurance Reform Act of 1994 reinforced the objective of using insurance as the preferred mechanism for disaster assistance by expanding mandatory flood insurance purchase requirements and by effecting a prohibition on further flood disaster assistance for any property where flood insurance, after having been mandated as a condition for receiving disaster assistance, is not mandated.</p> <p>The Bunning-Bereuter-Blumenauer Flood Insurance Reform Act (FIRA) of 2004 provides additional tools for addressing the impact of repetitive loss properties on the National Flood Insurance Fund. It introduced a pilot project though fiscal year 2009 that defines severe repetitive loss properties, authorizes additional funds for mitigation projects, and mandates a 50% increase of premiums for property owners who decline a mitigation offer, along with an appeal process. It also modifies the Flood Mitigation Assistance (FMA) Program by doubling the annual authorized funding level and directing it to give priority to those properties that are in the best interest of the National Flood Insurance Fund.</p> <p>The NFIP requires all partners (Write Your Own (WYO) Companies) in the program to submit financial statements and statistical data to the Bureau & Statistical Agent (B&SA) on a monthly basis. This information is reconciled and the WYO companies are required to correct any variances.</p> <p>This program is an insurance program for which the Department pays claims to</p>

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Note: 22	Earmarked Funds	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: 22	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
3	Explain any changes in legislation during or subsequent to the reporting period and before the issuance of the financial statements that significantly changes the purpose of the fund or that redirects a material portion of the accumulated balance (SFFAS No. 27, par. 23.3).	<p>policyholders whose houses have been flooded. The WYO companies that participate in the program have authority to use Departmental funds (revenue and other financing sources) to respond to the obligations of the policyholders. Congress has mandated that the NFIP funds are to only be used to pay claims caused by flooding.</p> <p>Customs User Fees 19 USC Section 58c contains the fees for certain customs services. The authority to use these funds is contained in the annual Department of Homeland Security Appropriations Act.</p> <p>Sport Fish Restoration Boating Trust Fund This fund receives revenues transferred from custodial activities of the Treasury which are deposited in a Treasury account. The revenues are derived from a number of sources including motor boat fuel tax, excise taxes on sport fishing equipment, and import duties on fishing tackle and yachts. Three agencies share in the available portion of the revenue, the Fish & Wildlife Service in the Department of Interior (DOI) (14X8151), the U.S. Army Corps of Engineers (COE) (96X8333), and USCG (70X8149).</p> <p>National Flood Insurance Program The NFIP sources of revenue and other financing comes from premiums collected to insure policyholders homes and the borrowing authority provided to our program from Congress. The resources are inflows to the Government and are not the result of intragovernmental flows.</p>
4	Provide the sources of revenue and other financing for amounts reported in columns 2 through 5 of Sections E and F in the Other Notes Info tab (SFFAS No. 27, par. 23.2).	<p>Customs User Fees Access to COBRA surplus funds provides CBP with additional resources to assist in the accomplishment of CBPs mission. Increased staffing and equipment have enhanced the managers flexibility in dealing with the ever-increasing demands of the trade and travel communities. At the same time, the responsibilities of CBP have also increased.</p> <p>Immigration Examination Fees The primary sources of revenue are the application and petition fees that are collected during the course of the fiscal year and deposited into the Immigration Examinations Fee Account (Treasury Account Fund Symbol (TAFS) 70X5088). In addition, USCIS provides specific services to other Federal agencies, such as production of Border Crossing Cards for the Department of State, that result in the collection of other revenues that are the result of intragovernmental activities</p>
5	Provide any other relevant information pertaining to this note.	During FY 2007, two events occurred that impacted fee revenue resources, including the fee increase and the Visa open window for employment benefits.

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Note: 25	Stewardship Land	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: N/A	
Status: Complete			

Tab: Other Notes Info.

Section: A	Section Name: Stewardship Land - Physical units of predominate use	No Data Flag: YES							
Line No	Line Description	CY Beginng Balance	CY Acquired	CY Withdrawn	CY Ending Balance	Py Beginning Balance	PY Acquired	Line Attributes	NB
7	(I) All other							Units	N/A
Line No	Line Description	PY Withdrawn	PY Ending Balance					Line Attributes	NB
7	(I) All other							Units	N/A

Tab: Text Data **No Data Flag:** YES

Line No	Question	Answer
1	Provide a brief statement explaining how the stewardship land relates to the mission of the agency.	
2	Provide a brief description of the agency's stewardship policies for stewardship land.	
3	Provide any other information relevant information pertaining to this note.	

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Note: 26	Heritage Assets	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: RSI 1	
Status: Complete			

Tab: Other Notes Info.

Section: A **Section Name:** Collection Type Heritage Assets- Physical Units **No Data Flag:** YES

Line No	Line Description	CY Beginning	CY Added	CY Withdrawn	CY Ending	PY Beginning	PY Added	Line Attributes	NB
1	(I)							Units	N/A
2	(I)							Units	N/A
3	(I)							Units	N/A
4	(I)							Units	N/A
5	(I)							Units	N/A

Line No	Line Description	PY Withdrawn	PY Ending	Line Attributes	NB
1	(I)			Units	N/A
2	(I)			Units	N/A
3	(I)			Units	N/A
4	(I)			Units	N/A
5	(I)			Units	N/A

Section: B **Section Name:** Non-Collection Type Heritage Assets (Physical Units) **No Data Flag:** YES

Line No	Line Description	CY Beg. Balance	CY Added	CY Withdrawn	CY Ending Balance	PY Beginning Balance	PY Added	Line Attributes	NB
1	(I)							Units	N/A
2	(I)							Units	N/A
3	(I)							Units	N/A
4	(I)							Units	N/A
5	(I)							Units	N/A

Line No	Line Description	PY Withdrawn	PY Ending Balance	Line Attributes	NB
1	(I)			Units	N/A
2	(I)			Units	N/A
3	(I)			Units	N/A
4	(I)			Units	N/A
5	(I)			Units	N/A

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Note: 26	Heritage Assets	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: RSI 1	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
1	Provide a brief statement explaining how heritage assets relate to the mission of the agency.	<p>USCG and CBP maintain Heritage Assets, located in the United States, including the Commonwealth of Puerto Rico.</p> <p>USCG does not acquire or retain heritage buildings and structures without an operational use; most real property, even if designated as historical, is acquired for operational use and is transferred to other government agencies or public entities when no longer required for operations; of the USCG buildings and structures designated as heritage, including memorials, recreational areas and other historical areas, over two-thirds are multi-use heritage; the remaining are historical lighthouses, which are no longer in use and awaiting disposal; all multi-use heritage assets are reflected on the Balance Sheet; financial information for multi-use heritage assets is presented in the principal statements and notes; the majority of stewardship buildings and structures are in the multi-use category and used on a daily basis for the diverse mission of the CG. As for condition - the multi-use assets are maintained as any other asset would be to enhance and continue the mission of the CG.</p> <p>CBP also has four multi-use Heritage Assets located in Puerto Rico, and FEMA has one multi-use Heritage Asset that is used by the U.S. Fire Administration for training in Emmitsburg, Maryland. All CBP Heritage Assets are used for general government operation.</p> <p>FEMA's mission of the Center for Domestic Preparedness (CDP) is to operate a federal training center for the delivery of high-quality, comprehensive, and relevant training programs for the nation's emergency responders. The CDP training program contributes to the DHS vision of creating a safe, secure America by offering training programs that lead to an emergency response community prepared for and capable of responding to all-hazards events. Located in Anniston, Alabama, the CDP is the Nation's and the Department of Homeland Security's only federally chartered training center that provides toxic agent training to emergency responders.</p>
2	Provide a brief description of the agency's stewardship policies for each major category of the heritage assets.	<p>USCG and CBP maintain Heritage Assets, located in the United States, including the Commonwealth of Puerto Rico.</p> <p>USCG has Collection type of heritage assets- that have historical or national significance, cultural importance or significant architectural characteristics, and generally expected to be preserved indefinitely. USCG possesses artifacts that can be divided into four general areas: ship's equipment, lighthouse and other aids-navigation items, military uniforms, and display models. Historical artifacts are also gifted to USCG.</p> <p>USCG also has non-collection type Heritage Assets, such as sunken vessels and aircraft, under the property clause of the U.S. Constitution, Articles 95 and 96 of the International Law of the Sea Convention and the sovereign immunity provisions of Admiralty Law govern the USCG treatment of these assets, and they remain Government-owned until the Congress of the United States formally declares them abandoned.</p> <p>CBP's heritage assets are multi-use heritage assets.</p>

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Note: 26	Heritage Assets	Fiscal Year: 2007	Period: SEPTEMBER
Entity: 7000	Department of Homeland Security	Agency Notes: RSI 1	
Status: Complete			

Tab: Other Notes Info.**Tab: Text Data**

Line No	Question	Answer
3	Provide any other relevant information pertaining to this note.	N/A

Name	Title	Phone	Date	
SAVANTAGE SYSTEM PR	SERVER OPERA		17-NOV-2007 09:00 A	View ...
SAVANTAGE SYSTEM PR	SERVER OPERA		17-NOV-2007 08:48 A	View ...
SAVANTAGE SYSTEM PR	SERVER OPERA		17-NOV-2007 08:47 A	View ...
SAVANTAGE SYSTEM PR	SERVER OPERA		17-NOV-2007 08:48 A	View ...
SAVANTAGE SYSTEM PR	SERVER OPERA		17-NOV-2007 08:46 A	View ...

Message

GF007G<<ALL OTHER DATA REPORT>>: REPORT FAILURE. NO PARAMETERS COULD BE FOUND FOR THIS REPORT.

System Message

There is no report output for this message.

OK

U.S. Department of Homeland
Security
Washington, DC 20528



Homeland Security

November 16, 2007

KPMG LLP
2001 M Street, NW
Washington, DC 20036

To whom it may concern:

This letter is in connection with your engagements to audit the U.S. Department of Homeland Security (Department or DHS) Closing Package Financial Statement Reports – Balance Sheets as of September 30, 2007 and 2006, and the accompanying Financial Report notes (hereinafter referred to as the special-purpose financial statements) for the purpose of expressing an opinion as to whether the special-purpose financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles and the presentation requirements set forth in Chapter 4700 of the U.S. Department of the Treasury's *Treasury Financial Manual* (TFM). You were not engaged to audit the accompanying Closing Package Financial Statement Reports – Statements of Net Cost and Statements of Changes in Net Position for the years ended September 30, 2007 and 2006, and the related Trading Partner Summary Note Report – Statements of Net Cost and Statements of Net Position for the years ended September 30, 2007 and 2006 (herein referred to as "other fiscal year 2007 and 2006 Closing Package Financial Statement Reports"). These supplemental representations are in addition to the letter of representations made on November 15, 2007 in connection with your engagements to audit DHS' balance sheets as of September 30, 2007 and 2006, and related statements of custodial activity for the years ended September 30, 2007 and 2006. We understand that the scope of your work was not sufficient to express an opinion on the Department's balance sheets as of September 30, 2007 and 2006, and related statements of custodial activity for the years ended September 30, 2007 and 2006, and accordingly, you do not express an opinion on the DHS special-purpose financial statements, contained in the fiscal year 2007 closing package.

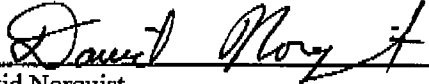
We confirm, to the best of our knowledge and belief, the following representations made to you during your engagements, and that these representations are as of the date of your auditors' report on the special-purpose financial statements and pertain to the period covered by the special-purpose financial statements.

1. No information has come to our attention that would cause us to believe that any of the representations that we provided to you in our management representation letter dated November 15, 2007 should be modified.
2. No events have occurred subsequent to November 15, 2007 and through the date of this letter that would require adjustment to or disclosure in the special-purpose financial statements.

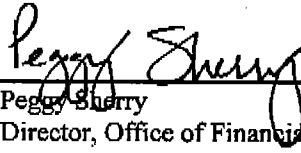
3. We are responsible for the fair presentation of the special-purpose financial statements in conformity with U.S. generally accepted accounting principles and the presentation requirements set forth in TFM Chapter 4700.
4. We acknowledged that while we have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles (GAAP), we cannot represent the special-purpose financial statements are fairly presented in conformity with U.S. generally accepted accounting principles, because of the matters described in paragraphs A through F of our management representation letter dated November 15, 2007 and management has not assessed these effects on the presentation requirements set forth in TFM Chapter 4700.
5. We have made available to you all financial records and related data relevant to the reclassification of the Department's consolidated level balance sheets as of September 30, 2007 and 2006, and related statements of custodial activity for the years ended September 30, 2007 and 2006 for presentation in the special-purpose financial statements and accompanying notes as prescribed in TFM Chapter 4700.
6. There are no material transactions or balances that have not been properly reclassified in the special-purpose financial statements or disclosed in the Financial Report notes.
7. We are responsible for establishing and maintaining internal control over financial reporting in the preparation of the special-purpose financial statements and for complying with the requirements set forth in TFM Chapter 4700.
8. Those internal controls over financial reporting in place on September 30, 2007 provided reasonable assurance that the special-purpose financial statements are in conformity with the requirements set forth in TFM Chapter 4700, except for the effects of the material weaknesses reported in Exhibits I and II of your fiscal year 2007 *Independent Auditors' Report*.
9. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the special-purpose financial statements taken as a whole.

Sincerely,

U.S. Department of Homeland Security



David Norquist
Chief Financial Officer



Peggy Sherry
Director, Office of Financial Management

**Summary of Uncorrected Audit Differences
Schedule 1
Method used to evaluate audit differences:**

Balance Sheet

Impact of audit differences on financial statement captions (000's) - Debit/Credit

Adjustment Number	Component	Description (2)	SGL Account #	SGL Description	Departmentwide Financial Statement Line Item	Income Misstatements		Liability Misstatements		Corrected Entry	Fiscal Year	U.S. Government's CFS Line Item	
						DR	CR	DR	CR				
1	CG	To record adjustment to properly value Vessels from FY03 and to record retroactive adjustment to correct for error in vessels useful lives.	7400	Prior-Period Adjustments Due to Corrections of Errors	BS - Net Position: CRO - Other Funds; SCNP - CRO: Beginning Balance - Adjustments: Correction of an Error - Other Funds			\$ 71,028			No	Prior 2007	BS - Net Position-Non-Earmarked Funds, SCNP-Beginning Net Position
			1750	Vessels	General Property, Plant and Equipment				\$ (67,965)				B/S - Property, Plant, and Equipment
			1759	Accumulated Depreciation on Equipment	General Property, Plant and Equipment				\$ 6,721				B/S - Property, Plant, and Equipment
			6710	Depreciation Expense	BS - Net Position: CRO - Other Funds; SNC - Gross Cost with the Public.				\$ (8,784)				BS - Net Position-Non-Earmarked Funds, SNC-Non-Federal Gross Cost
2	CG	To record the estimated legal liability for OSLTF claims as of 9/30/06.	7400	Prior-Period Adjustments Due to Corrections of	BS - Net Position: CRO - Other Funds; SCNP -			160,363		No	2007	BS - Net Position-Non-Earmarked Funds,	
			2920	Contingent Liabilities	Other Liabilities				(93,978)				BS - Other Liabilities (Non-Federal)
			6800	Future Funded Expenses	BS - Net Position: CRO - Other Funds; SNC - Gross Cost with the Public.				(66,385)				BS - Net Position-Non-Earmarked Funds, SNC-Non-Federal Gross Cost
3	CBP	To record the effect of an overstatement in the Taxes, Duties, and Trade Receivable as of September 30, 2007.	2980	Custodial Liability	Other Liabilities	36,618				No	2007	BS - Other Liabilities	
			1329	Allowance	Taxes, Duties, and Trade Receivables				(16,255)				BS - Accounts and Taxes Receivable
			1325	Tax, Duty Accrued Receivable	Accounts Receivable, Net				(20,363)				BS - Accounts and Taxes Receivable
4	CBP	To record the effect of a misclassification between software in-development and internal use software and the associated accumulative depreciation that was not recorded as of September 30, 2007.	1830	Internal Use Software	General Property, Plant and Equipment	33,806				No	2007	B/S - Property, Plant, and Equipment	
			1832	Internal Use Software In Development	General Property, Plant and Equipment				(33,806)				B/S - Property, Plant, and Equipment
			1839	Internal Use Software Accumulative Depreciation	General Property, Plant and Equipment				(1,302)				B/S - Property, Plant, and Equipment
			6710	Depreciation Expense	SNC - Gross Cost with the Public, BS - Net	1,302							BS - Net Position-Non-Earmarked Funds,
5	USCIS	To decrease deferred revenue and increase revenues for the projected error as a result of testing over completed immigration applications on CLAIMS 3.	2320	Deferred Credits	Deferred Revenue and Advances from Others			29,135		No	2007	BS - Other Liabilities (Non-Federal)	
			5200	Revenue for Service Provided	Revenue				(29,135)				BS - Net Position-Non-Earmarked Funds, SNC - Non-Federal Eamed Revenue
6	USCIS	To decrease deferred revenue and increase the revenue account for the projected error as a result of deferred revenue QA procedures over CLAIMS 3, CLAIMS 4, and RHACS as reperformed by KPMG.	2320	Deferred Credits	Deferred Revenue and Advances from Others			78,805		No	2007	BS - Other Liabilities (Non-Federal)	
			5200	Revenue for Service Provided	Revenue				(78,805)				BS - Net Position-Non-Earmarked Funds, SNC - Non-Federal Eamed Revenue
7	TSA	Understatement of advances and prepayments due to recording equipment in construction in progress before title has passed. Effect equates to an asset reclassification.	1410	Advances to Others	Other Assets	\$ 48,631				No	2007	BS - Other Assets (Non-Federal)	
			1720	Construction-In-Progress	General Property, Plant and Equipment				(48,631)				BS - Property, Plant, and Equipment
			5700	Expended Appropriations	BS - Net Position: CRO - Other Funds; SCNP -	\$ 48,631							BS - Net Position-Non-Earmarked Funds,
			3107	Unexpended Appropriations - Used	BS - Unexpended Appropriations-Other Funds; SCNP - Unexpended Appropriations - BFS: Appropriations Used - Other Funds				(48,631)				BS - Net Position-Non-Earmarked Funds, SCNP - Other Financing Sources
			4902	Delivered Orders - Obligations, Paid	SBR - Obligations Incurred, Gross Outlays	\$ 48,631							N/A
			4802	Undelivered Orders - Obligations, Prepaid/Advanced	SBR - Obligations Incurred, Gross Outlays				(48,631)				N/A
8	TSA	Overstatement of gross property and equipment balances based on results of existence tests. Note: this entry does not reverse in subsequent periods.	1750	Equipment	General Property, Plant and Equipment				\$ (38,066)	No	2007	B/S Property, Plant, and Equipment	
			6100	Operating Expenses/Program Costs	SNC - Gross Cost with the Public, BS - Net Position: CRO				\$ 38,066				BS - Net Position-Non-Earmarked Funds, SNC-Non-Federal Gross Cost
9	TSA	Overstatement of undelivered orders based on September 30th outstanding balance testwork.	4801	Undelivered Orders - Obligations, Unpaid	SBR - Obligations Incurred, Obligated Balance, Net End of Period.			\$ 138,365		No	2007	N/A	
			4610	Allotments - Realized Resources	SBR - Unobligated Balance - Apportioned				\$ (138,365)				N/A
10	TSA	Overstatement of Accounts Receivable due to unidentified receivable balance (This entry will reverse in future periods) (Receivables with the public are not recognized as budgetary resources until collected, therefore, no SBR impact).	1310	Accounts Receivable	BS - Net Position: CRO - Other Funds; SCNP -	\$ 25,530				No	2007	BS - Accounts and Taxes Receivable	
			5900	Other Revenue	CRO - BFS: Revenue				(25,530)				BS - Net Position-Non-Earmarked Funds, SNC - Non-Federal Eamed Revenue, SCNP - Other Taxes and Receipts

11	FEMA	To record an adjustment for an overstatement of undelivered orders related to the former G&T grant portfolio based on our testwork results.	4801	Undelivered Orders - Unpaid	SBR - Obligations Incurred, Obligated Balance,		\$ 43,834		No	2007	N/A
			4610	Allotments, Realized	SBR - Unobligated Balance - Apportioned		\$ (43,834)	N/A			
12	FEMA	To record an adjustment for an overstatement of undelivered orders related to the FEMA disaster grant portfolio based on our testwork results.	4801	Undelivered Orders - Unpaid	SBR - Obligations Incurred, Obligated Balance,		\$ 63,755		No	2007	N/A
			4610	Allotments, Realized	SBR - Unobligated Balance - Apportioned		\$ (63,755)	N/A			
13	FEMA	To record an adjustment for an overstatement of undelivered orders related to disaster non-grant, non-MA undelivered orders based on our testwork results.	4801	Undelivered Orders - Unpaid	SBR - Obligations Incurred, Obligated Balance,		\$ 89,242		No	2007	N/A
			4610	Allotments, Realized	SBR - Unobligated Balance - Apportioned		\$ (89,242)	N/A			
14	FEMA	To record an adjustment for an overstatement of undelivered orders related to non-Fund 6 undelivered orders based on our testwork results.	4801	Undelivered Orders - Unpaid	SBR - Obligations Incurred, Obligated Balance,		\$ 54,396		No	2007	N/A
			4610	Allotments, Realized	SBR - Unobligated Balance - Apportioned		\$ (54,396)	N/A			
15	FEMA	To reclassify cash-related Flood Insurance activities and remove abnormal balance in account 2400	2190	Other Liabilities with Related Budgetary	Other Liabilities		\$ 449,551		No	2007	BS - Federal Employee and Veterans
			2400	Liability for Deposit Funds, Clearing Account	Other Liabilities		\$ (435,581)				
			1010	Fund Balance with Treasury	Fund Balance with Treasury		\$ (13,970)				
16	FEMA	To record the difference between the estimated NFIP Operating Expenses compared to the actual NFIP Statements for September 2007	2110	Accounts Payable- Non Governmental	Accounts Payable - With the Public		\$ 26,225		No	2007	BS - Accounts Payable (Non-Federal)
			6100	Operating Expenses/Program Costs			\$ (26,225)				
			4901	Delivered Orders, Obligations Unpaid	SBR - Obligations Incurred, Obligated Balance,		\$ 26,225				
			4801	Undelivered Orders-Obligations Unpaid	SBR - Obligations Incurred, Obligated Balance, Net End of Period.		\$ (26,225)				
17	SS	To record transfer of gold coins to U.S. Mint.	2990	Other Liabilities	Other Liabilities		\$ 30,000		No	2007	BS - Other Liabilities (Non-Federal)
			1531	Seized Monetary Instruments	Other Assets		\$ (30,000)				
18	TSA	To correct depreciation for amounts related to the prior year.	7400	Prior-Period Adjustments Due to Corrections of Errors	BS - Net Position: CRO - Other Funds; SCNP - CRO: Beginning Balance - Adjustments: Correction of an Error - Other Funds		\$ 57,682		No	2007	BS - Net Position-Non-Earmarked Funds, SCNP-Beginning Net Position
			6710	Depreciation Expense	BS - Net Position: CRO - Other Funds; SNC - Gross Cost with the Public,		\$ (57,682)				
19	TSA	Overstatement of accounts payable as a result of undelivered orders used in the payable estimation process being misstated.	2110	Accounts Payable	Accounts Payable - With the Public		\$ 58,550		No	2007	BS - Accounts Payable (Non-Federal)
			6100	Operating Expenses/Program Costs	BS - Net Position: CRO - Other Funds; SNC - Gross Cost with the Public,		\$ (58,550)				
			5700	Expended Appropriations	BS - Net Position: CRO - Other Funds; SCNP - CRO - BFS: Appropriations Used - Other Funds		\$ 58,550				
			4801	Undelivered Orders-Obligations Unpaid	SBR - Obligations Incurred, Obligated Balance, Net End of Period.		\$ 58,550				
			4901	Delivered Orders, Obligations Unpaid	SBR - Obligations Incurred, Obligated Balance, Net End of Period.		\$ (58,550)				
20	CG	To record change in Actuarial Liabilities due to change in methodology for the period ending FY06.	7401	Prior-Period Adjustments Due to Changes in Accounting Principles	SCNP - CRO, Beginning Balance		\$ 275,700		No	2007	BS - Net Position-Non-Earmarked Funds, SCNP-Non-Federal Prior Period
			7600	Changes in Actuarial Liability	SNC - Gross Costs; SCNP - CRO		\$ (275,700)				

Date: November 14, 2007

NOTE:

- (1) Indicate whether the balance is governmental or non-governmental. Ensure governmental and non-governmental balances are presented on separate lines.
- (2) Indicate the SGL account number and name, as well as a description of the adjustment.
- (3) Indicate known misstatements, which GAO defines as "The amount of misstatement found by the auditor."
- (4) Indicate both misstatements, which GAO defines as "The auditor's best estimate of the amount of the misstatement in the tested population (including known misstatement). For example, an addition, this amount is the

(3) Indicate known misstatements, which GAO defines as "The amount of misstatement found by the auditor."

(4) Indicate likely misstatements, which GAO defines as "The auditor's best estimate of the amount of the misstatement in the tested population (including known misstatement). For sampling applications, this amount is the projected misstatement including the amount of actual/known errors or misstatements."

(5) Indicate the line item as it appears on the financial statement for all statements except the SNC. For the SNC, indicate gross cost or earned revenue.

U. S. Department of Homeland Security
 Summary of Unadjusted Misstatements - GAO Format
 Consolidated Financial Statement Audit
 Schedule 2
 September 30, 2007

Departmentwide Financial Statement Line Item	Adjustment Number	Federal (F) or Public (N)	Description of Unadjusted Misstatement	Known Misstatements			Closing Package			Fiscal Year	U.S. Government's CFS Line Item
				Debit	(Credit)	Net	Unadjusted account balance debit (credit)	Adjusted account balance debit (credit)	Likely misstatement percentage of account balance overstatement (understatement)		
ASSETS											
Total Intragovernmental Assets	15	N	See explanation on Schedule 1		(13.9)	(13.9)	62,304	62,290	-0.02%	FY 2007	Total Federal Assets
Cash and other monetary instruments	17	N	See explanation on Schedule 1		(30.0)	(30.0)	321	291	-10.31%	FY 2007	Cash and Other Monetary Assets
Accounts and Taxes Receivable	3, 10	N	See explanation on Schedule 1		(62.1)	(62.1)	2,697	2,635	-2.36%	FY 2007	Accounts and Taxes Receivable
Inventory and Related Property							632	632			Inventory and Related Property
Property Plant and Equipment	4, 7	N	See explanation on Schedule 1		(49.9)	(49.9)	12,275	12,225		FY 2007	Property Plant and Equipment
Other Assets	7	N	See explanation on Schedule 1	48.6		48.6	567	567	8.57%	FY 2007	Other Assets
TOTAL ASSETS				48.6	(155.9)	(107.3)	78,796	78,640	-0.14%		
Total Intragovernmental Liabilities						0	(22,904)	(22,904)			Total Federal Liabilities
Accounts payable						0.0	(3,003)	7,696	0.00%	FY 2007	Accounts Payable
Federal and Veteran Benefits payable						0	(34,953)	36,909			Federal and Veteran Benefits payable
Environmental and Disposal Liabilities							(275)				Environmental and Disposal Liabilities
Insurance Programs							(1,508)				Other Liabilities
Other Liabilities	3, 17, 15,	N	See explanation on Schedule 1	80.5		81	(6,290)	(6,290)	-1.28%		Other Liabilities
TOTAL LIABILITIES						80.5	(68,933)	(4,228,096)			
NET POSITION	4, 10		See explanation on Schedule 1	26.8		26.8	(9,863)	(9,836)			
TOTAL LIABILITIES and NET POSITION				107.3	0.0	107.3	(78,796)	(78,689)	-0.14%		TOTAL LIABILITIES and NET POSITION

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