



OFFICE OF JUSTICE PROGRAMS ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2011

U.S. Department of Justice
Office of the Inspector General
Audit Division

Audit Report 12-18
February 2012

OFFICE OF JUSTICE PROGRAMS ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2011

OFFICE OF THE INSPECTOR GENERAL COMMENTARY AND SUMMARY

This audit report contains the Annual Financial Statements of the Office of Justice Programs (OJP) for the fiscal years (FY) ended September 30, 2011, and September 30, 2010. Under the direction of the Office of the Inspector General (OIG), KPMG LLP performed OJP's audit in accordance with U.S. generally accepted government auditing standards. The audit resulted in an unqualified opinion on the FY 2011 financial statements. An unqualified opinion means that the financial statements present fairly, in all material respects, the financial position and the results of the entity's operations in conformity with U.S. generally accepted accounting principles. For FY 2010, OJP also received an unqualified opinion on its financial statements (OIG Report No. 11-17).

KPMG LLP also issued reports on internal control over financial reporting and on compliance and other matters. The auditors did not identify any significant deficiencies in the FY 2011 *Independent Auditors' Report on Internal Control over Financial Reporting*. Additionally, no instances of non-compliance with applicable laws and regulations, and the *Federal Financial Management Improvement Act of 1996* were identified during the audit in the FY 2011 *Independent Auditors' Report on Compliance and Other Matters*.

The OIG reviewed KPMG LLP's reports and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on OJP's financial statements, conclusions about the effectiveness of internal control, conclusions on whether OJP's financial management systems substantially complied with the *Federal Financial Management Improvement Act of 1996*, or conclusions on compliance with laws and regulations. KPMG LLP is responsible for the attached auditors' reports dated November 3, 2011, and the conclusions expressed in the reports. However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

**OFFICE OF JUSTICE PROGRAMS
ANNUAL FINANCIAL STATEMENTS
FISCAL YEAR 2011**

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Management's Discussion and Analysis

Unaudited

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**U.S. DEPARTMENT OF JUSTICE
OFFICE OF JUSTICE PROGRAMS
MANAGEMENT'S DISCUSSION & ANALYSIS
(UNAUDITED)**

BACKGROUND

The Department of Justice (DOJ, or Department), Office of Justice Programs (OJP), established by the Justice Assistance Act of 1984 and reauthorized in 2005, provides federal leadership in developing the nation's capacity to prevent and control crime, administer justice, and assist crime victims. OJP strives to make the nation's criminal and juvenile justice systems more responsive to the needs of state, local, and tribal governments and their citizens. OJP partners with federal, state, and local agencies, and national and faith/community-based organizations to develop, operate, and evaluate a wide range of criminal and juvenile justice programs. These partnerships also provide resources to more effectively fight crime and improve the quality of life and sense of safety in communities across the nation.

OJP administers formula and discretionary grant programs, and provides training and technical assistance on evidence-based practices through programs developed and funded by its bureaus and program offices. Although OJP staff conduct some research and provide technical assistance, the bulk of OJP's resources for achieving its goals are dedicated to federal financial assistance for practitioners, state and local governments and agencies, scholars, and experts. OJP awards formula grants to state agencies that administer drug control, criminal justice system improvement, juvenile justice, and victim compensation and assistance programs. State agencies also utilize OJP funds to award subgrants to units of state and local governments to accomplish program goals. OJP awards discretionary grants to a variety of state, local, private, and non-profit organizations through competitive solicitations and invited solicitations.

MISSION

OJP's mission is to increase public safety and improve the fair administration of justice across America through innovative leadership and programs. The alignment of OJP's strategic goals and objectives under the DOJ Strategic Plan is presented on the next page.



Management's Discussion and Analysis

Alignment of 2007-2012 OJP Strategic Goals and Objectives to DOJ Strategic Plan and Goals			
DOJ Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People	DOJ Goal 3: Ensure the Fair and Efficient Administration of Justice		
OJP Goal 1: Increase the Nation's capacity to prevent and control crime	OJP Goal 2: Improve the fair administration of justice	OJP Goal 3: Reduce the impact of crime on victims and hold offenders accountable	OJP Goal 4: Increase the understanding of justice issues and develop successful interventions
OJP Objectives:	OJP Objectives:	OJP Objectives:	OJP Objectives:
1.1 Improve policing and prosecution effectiveness	2.1 Improve the adjudication of state, local, and tribal laws	3.1 Provide compensation and services for victims and their survivors	4.1 Provide justice statistics and information to support justice policy and decision-making
1.2 Enhance the capabilities of jurisdictions to share information	2.2 Improve corrections and reduce recidivism	3.2 Increase participation of victims in the justice process	4.2 Conduct research that supports and advances justice policy, decision making, and program evaluation
1.3 Increase the availability and use of technological resources for combating crime			
1.4 Improve the effectiveness of juvenile justice systems			

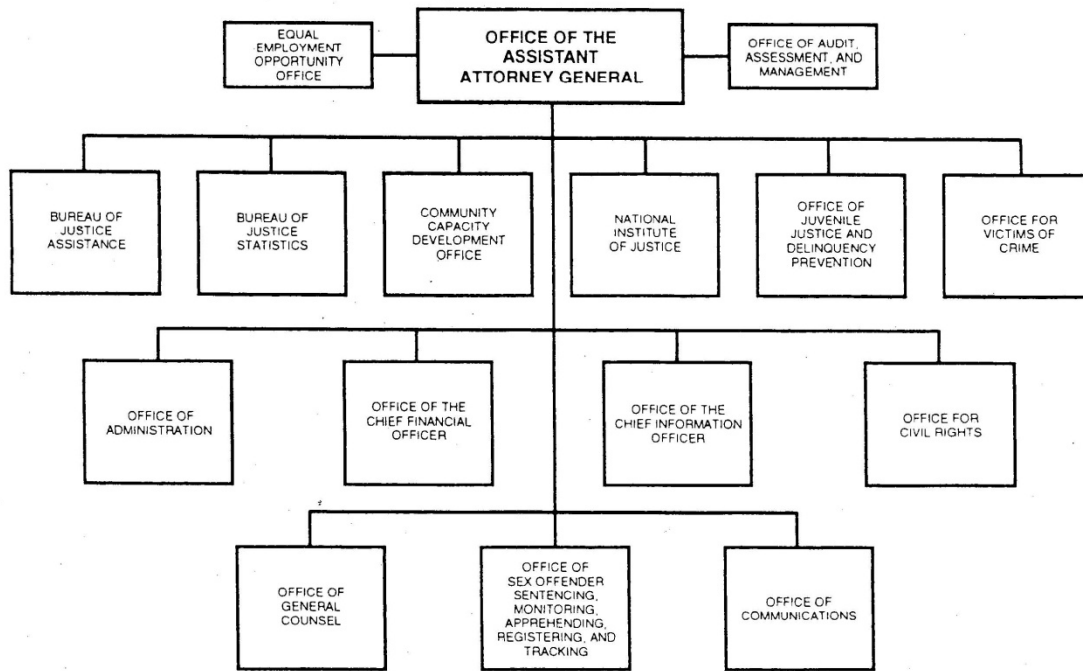
ORGANIZATION STRUCTURE

OJP's organizational structure reflects a centralized, transparent, and client-based approach to accomplishing its mission. The Office of the Assistant Attorney General (OAAG) is responsible for overall management and oversight of OJP—setting policy, and ensuring that OJP's policies and programs reflect the priorities of the President, the Attorney General, and the Congress. OJP's organization chart, shown on the next page, has not changed since it was approved by Congress in April 2007.



Management's Discussion and Analysis

OFFICE OF JUSTICE PROGRAMS



Approved by: *Alberico Gonzales* Date: 12-21-06
ALBERICO GONZALES
Attorney General



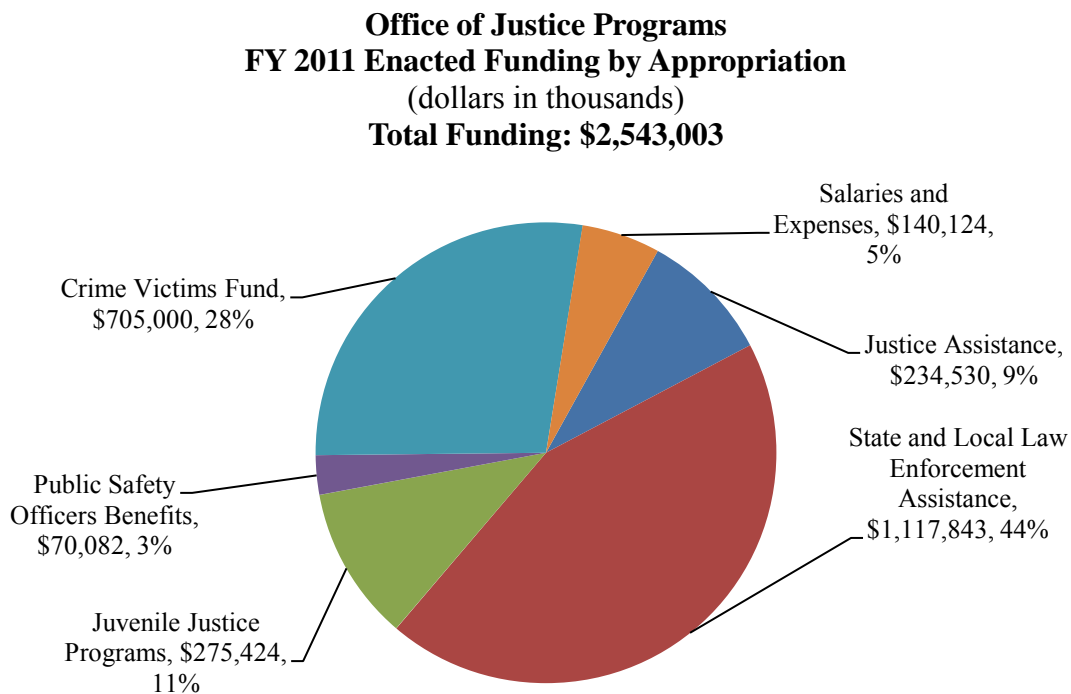
FINANCIAL STRUCTURE

In fiscal year (FY) 2011, OJP's financial structure was comprised of the following appropriated accounts:

- **Salaries and Expenses:** One-year salaries and expenses.
- **Justice Assistance:** No-year discretionary assistance.
- **State and Local Law Enforcement Assistance:** No-year discretionary assistance.
- **Juvenile Justice Programs:** No-year discretionary assistance.
- **Public Safety Officers' Benefits Program:** No-year mandatory and discretionary assistance.

In addition, Congress provides an obligation limitation cap of \$705 million for the **Crime Victims Fund (CVF)** through Title V, Section 512 of the General Provisions in the FY 2011 Appropriations Act.

Below is a pie chart depicting OJP's FY 2011 funding by appropriation.





Management's Discussion and Analysis

Financial Responsibility

OJP is responsible for the fair presentation of its financial position as of September 30, 2011, and its net cost, changes in net position, budgetary resources, Management's Discussion and Analysis (MD&A), Notes to the Financial Statements, Required Supplementary Information (RSI), and Required Supplementary Stewardship Information (RSSI) for the year then ended, in conformity with accounting principles generally accepted in the United States of America. OJP is responsible for establishing and maintaining internal controls and for implementing and maintaining financial management systems that substantially comply with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

OJP has several programs reported under the RSSI, of which the most materially significant programs are the Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) grant program and the Correctional Systems and Correctional Alternatives for Tribal Lands (CSCATL) grant program, which has been expanded in scope to include multi-purpose justice centers as the result of the recently enacted Tribal Law and Order Act of 2010 (Public Law [P.L.] 111-211). Both programs provide grants for the purposes of building and expanding correctional facilities and jails to increase secure confinement space for violent offenders and implementing correctional alternatives to reduce reliance on incarceration. VOI/TIS funds are available to any of the 50 United States, the District of Columbia, Puerto Rico, U.S. Virgin Islands, American Samoa, Guam, the Northern Mariana Islands, and recognized Tribal governments; while CSCATL funds are available to tribes within the 50 states. The facilities built or expanded with these funds constitute non-federal physical property.

OJP is also responsible for the fair presentation of performance data consistent with the Government Performance and Results Act Modernization Act of 2010 and the Government Performance and Results Act of 1993 and reporting in the DOJ Performance and Accountability Report (PAR). OJP maintains that the financial and performance data presented herein are valid and acceptably reliable.

OJP is highly committed to continuous improvement through its federal financial assistance monitoring, internal audits, and related policy updates and training. OJP also actively participates in government-wide grant simplification efforts and will participate in the DOJ Unified Financial Management System (UFMS), upon its implementation. In compliance with the Federal Financial Assistance Management Improvement Act of 1999, OJP continues efforts to streamline and standardize grant management policies, procedures, and technologies across the agency to reduce costs, improve customer service, and increase efficiency. The mission of the UFMS project is to implement a department-wide secure, integrated, and unified financial management system, supported by standard processes, to comply with applicable statutes and regulations.



ANALYSIS OF FINANCIAL STATEMENTS

The OJP Office of the Chief Financial Officer is responsible for developing, analyzing, and ensuring the accuracy of financial statements for OJP.

Financial Results, Position and Condition

These financial statements have been prepared to report the financial position and results of operations for OJP, pursuant to the requirements under Title IV of the Government Management Reform Act (GMRA) of 1994 (P.L. 103-356). These statements have been prepared from OJP books and records, in conformity with the formats prescribed by the Office of Management and Budget (OMB). The FY 2011 statement of changes in net position includes a cumulative result of operations of approximately \$7.2 billion and unexpended appropriations of approximately \$4.6 billion. OJP has approximately \$11.3 billion in fund balances with Treasury. Since OJP has approximately \$580 million in liabilities, OJP has sufficient resources to meet its requirements in the foreseeable future. From FY 2010 to FY 2011, the significant decrease of \$965 million in budgetary financing sources is due primarily to the reduction in appropriations received of \$609 million. There are no known trends or demands, commitments, events or uncertainties that will impact or that are reasonably likely to increase or decrease the liquidity of OJP in any material way.

Resources and Results

OJP's FY 2011 and FY 2010 sources of budgetary resources and how resources were spent are displayed in Tables 1 and 2, respectively.

**Table 1. Source of Office of Justice Programs Resources
(Dollars in Thousands)**

Source	FY 2011	FY 2010	Change %
Earned Revenue	\$ 42,762	\$ 76,103	-43.8%
Budgetary Financing Sources			
Appropriation Received	\$ 1,893,160	\$ 2,501,851	-24.3%
Appropriation Transferred-In/Out	\$ 200,344	\$ 200,453	-0.1%
Nonexchange Revenues	\$ 1,998,729	\$ 2,363,270	-15.4%
Other Adjustments and Budgetary Financing Sources	\$ (45,365)	\$ (54,000)	-16.0%
Other Financing Sources			
Transfers In/Out Without Reimbursement	\$ 10,600	\$ 24,608	-56.9%
Imputed Financing from Cost Absorbed by Others	\$ 5,265	\$ 4,712	11.7%
Total	\$ 4,105,495	\$ 5,116,997	-19.8%



**Table 2. How Office of Justice Programs Resources were Spent
(Dollars in Thousands)**

Strategic Goal (SG)	FY 2011	FY 2010	Change %
SG 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People			
Gross Cost	\$ 2,680,635	\$ 2,757,971	
Less: Earned Revenue	\$ 32,322	\$ 49,851	
<i>Net Cost</i>	\$ 2,648,313	\$ 2,708,120	-2.2%
SG 3: Ensure the Fair and Efficient Administration of Justice			
Gross Cost	\$ 1,054,276	\$ 988,230	
Less: Earned Revenue	\$ 10,440	\$ 26,252	
<i>Net Cost</i>	\$ 1,043,836	\$ 961,978	8.5%
Total Gross Cost	\$ 3,734,911	\$ 3,746,201	
Less: Total Earned Revenue	\$ 42,762	\$ 76,103	
<i>Total Net Cost of Operations</i>	\$ 3,692,149	\$ 3,670,098	0.6%

2011 Financial Highlights

OJP's FY 2011 budgetary resources totaled \$3.1 billion. Of this amount, OJP obligated approximately \$2.9 billion, resulting in an unobligated balance of \$187 million. The net cost of operations totaled approximately \$3.7 billion for FY 2011.

In FY 2011, Other Liabilities decreased by \$30.6 million, due to a decrease of \$26 million in the Office of Community Oriented Policing Services (COPS) advances.

OJP aligns its strategic plan, including its strategic goals, strategic objectives, programs, and activities to DOJ Strategic Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People; and DOJ Strategic Goal 3: Ensure the Fair and Efficient Administration of Justice. DOJ Strategic Goal 2 activities accounted for a net cost decrease of 2.2 percent and DOJ Strategic Goal 3 activities had an increase of 8.5 percent effect to net costs in FY 2011, compared to FY 2010 net costs.

The following section describes OJP's spending and its relationship to the DOJ Strategic Plan. The programs that fall under Strategic Goal 2 include, but are not limited to, the Weed and Seed Program, the DNA Backlog Reduction Program, and the America's Missing: Broadcast Emergency Response (AMBER) Program. The programs that fall under Strategic Goal 3 include, but are not limited to, the Residential Substance Abuse Treatment Program and the Drug Court Program.

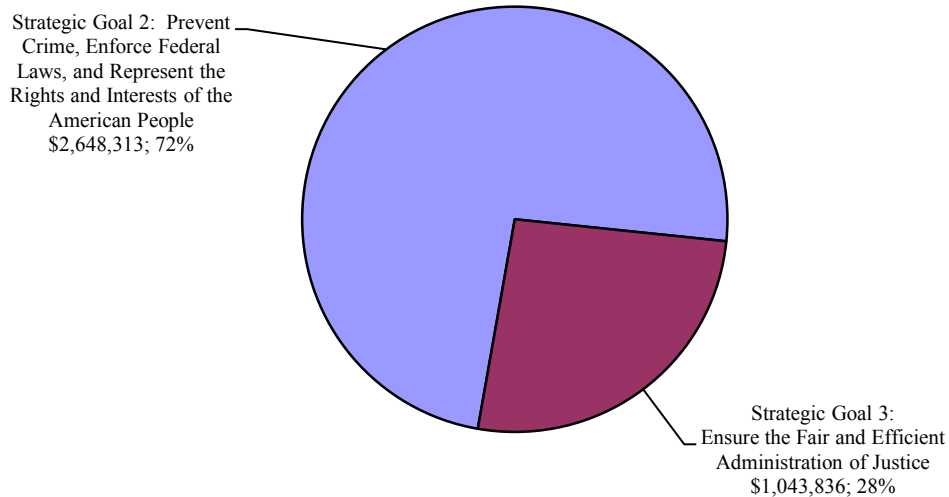


Management's Discussion and Analysis

How the Office of Justice Programs Resources were Spent by DOJ Strategic Goal FY 2011

(Dollars in Thousands)

Total Net Cost of Operations: \$3,692,149



PERFORMANCE INFORMATION

Data Reliability and Validity

OJP views data reliability and validity as critically important in the planning and assessment of our performance. As such, this document includes a data verification and validation discussion, and identifies data limitations for each performance measure. Performance data are considered reliable if transactions and other data that support reported performance measures are properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management. Performance measure data need not be perfect to be reliable--particularly if the cost or effort of collecting data exceeds its value.



FY 2011 REPORT ON SELECTED RESULTS

DOJ STRATEGIC GOAL 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People

(72% of OJP's net costs support this Goal.)

- OJP STRATEGIC GOAL 1: Increase the Nation's capacity to prevent and control crime

PROGRAM: Weed and Seed

Background/Program Objectives: Prior to its elimination in 2011, the Weed and Seed program provided an innovative, comprehensive multiagency approach to law enforcement, crime prevention, and community revitalization. Weed and Seed assists communities with linking federal, state, and local law enforcement and criminal justice efforts with private sector and community efforts. Weed and Seed assists communities in "weeding out" violent crime, gang activity, drug use, and drug trafficking in targeted neighborhoods and "seeding" with programs that lead to social and economic rehabilitation and revitalization. In addition, Weed and Seed sites engage in community policing activities that foster proactive police and community engagement and problem solving.

Performance Measure: Homicides per site (funded under the Weed and Seed program)

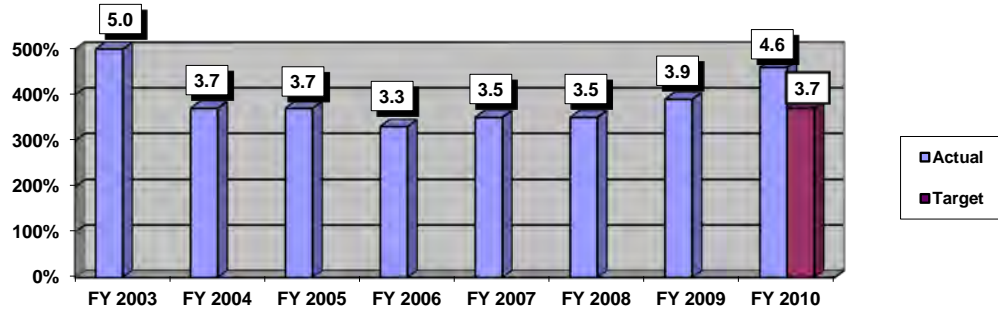
Discussion of Calendar Year (CY) 2011 Results: This measure was discontinued as of FY 2011. Because data for this measure were previously reported on a calendar year basis, this document includes the assessment of CY 2010 results.

Discussion of CY 2010 Results: The target for CY 2010 is to reduce the average number of homicides per site to 3.7; however the actual average number of homicides per Weed and Seed site for CY 2010 was 4.6. The Weed and Seed program was not funded after FY 2010 and, as a result, the 2010 data include data for one calendar quarter that was not funded. As a result of discontinuation of the program, data for this performance measure will not be reported in the future.

Revision of CY 2009 Results: Based on additional information, the CY 2009 homicides per site was revised to 3.9 for active sites.



Figure 1. Number of Homicides Per Site



Data Definition: Although sites are affected by a range of criminal activities, such as drugs and vandalism, the Community Capacity Development Office (CCDO) previously selected homicide statistics as the indicator of the severity of sites' crimes. The number of homicides per site is an average calculated by summing the number of homicides reported for all sites and dividing by the number of sites reporting.

Data collection and storage: Weed and Seed grantees report performance measure data on an annual basis via web submissions to the Justice Research and Statistics Association (JRSA) and OJP's Grants Management System (GMS).

Data validation and verification: CCDO validates and verifies performance measure data through site visits and follow-up phone calls conducted by JRSA. Additionally, homicide statistics reported by jurisdictions are verified against the Uniform Crime Report published annually by the Federal Bureau of Investigation (FBI).

Data limitations: Data for this performance measure are reported by calendar year to coincide with submissions to the FBI Uniform Crime Reports. The data are not comparable across years because dissimilar sites are added and graduated (continue to use the Weed and Seed strategy without additional federal funding) each year, which, due to the small number of sites overall, can result in greatly affected performance data.

PROGRAM: DNA Backlog Reduction

Background/Program Objectives: The National Institute of Justice (NIJ) funds and administers the DNA Backlog Reduction Program to increase the capacity of the nation's public DNA laboratories and to reduce the number of backlogged casework DNA samples awaiting analysis and entry into the Combined DNA Index System (CODIS). The overarching goal of the program is to reduce the size of the DNA casework backlog so that more DNA samples profiles are available in CODIS for matching to forensic cases, offenders, and arrestees. CODIS matches



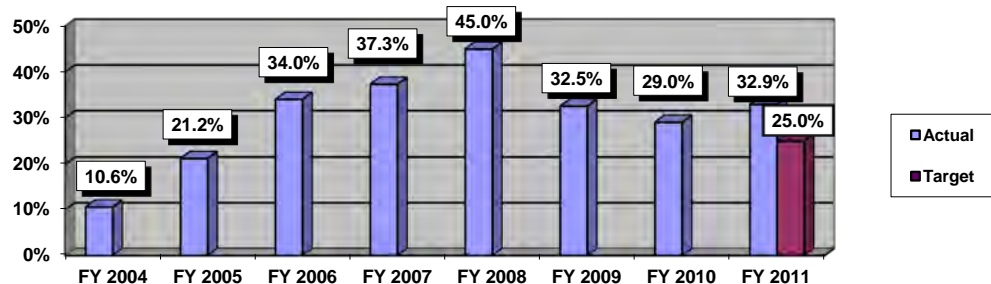
Management's Discussion and Analysis

offer powerful investigative leads that can solve past crimes and prevent new crimes from occurring. The long term goal is to increase these laboratories' capacity by providing funding to hire additional personnel, purchase automated equipment, and validate new chemistries. The short term goal is to directly reduce the DNA casework backlog by providing funding for laboratories to purchase supplies to test cases in-house, to fund overtime for existing personnel to test cases in-house, or to outsource the DNA samples to another qualified laboratory. In the past, funds awarded for analysis of backlogged forensic casework DNA samples were only available for the analysis of violent offense samples (i.e., murder, non-negligent manslaughter and forcible rape); however, from FY 2008 to date, funds can be used for any criminal DNA case. OJP's role in reducing the DNA backlog is to provide funding to qualified labs that apply for federal funding to assist in analyzing cases.

Performance Measure: Percent reduction in DNA backlog (casework only)

Discussion of FY 2011 Results: OJP's FY 2011 target for reducing the DNA casework backlog is 25 percent. The DNA backlog was reduced by 32.9 percent, which exceeds the target by 7.9 percentage points.

Figure 2. Percent Reduction in DNA Backlog (Casework Only)



Data Definition: NIJ computes this measure by calculating the cumulative number of samples requested to be worked with federal overtime, supply, and/or outsourcing assistance as part of the FY 2011 solicitation process. This number is divided by the total number of backlogged DNA cases as of December 31 of the year prior to when solicitations are released (for FY 2011, the number of cases in the backlog as of December 31, 2010). Because the size of the backlog is assessed at the end of each calendar year, the number of samples in the backlog tends to vary at other times as more or fewer samples are submitted for analysis and tested. For example, when more samples are submitted than tested, the number of samples in the backlog necessarily grows. Likewise, when more samples are tested than were submitted for analysis, the number of samples in the backlog shrinks.



Management's Discussion and Analysis

Data collection and storage: Data for this measure are collected by NIJ program managers and maintained in office files.

Data validation and verification: The number of cases funded for analysis in FY 2011 is computed from applications submitted by grantees to the FY 2011 DNA Backlog Reduction Program. During the course of the grant, which can take up to three years to complete, grant managers monitor each grant to ensure that grantees are meeting or achieving the targets they proposed in their applications. To date, on average, grantees have exceeded the targets proposed in their applications.

Data limitations: None known at this time.

PROGRAM: America's Missing: Broadcast Emergency Response (AMBER)

Background/Program Objectives: Research shows that it is critical to post and resolve AMBER Alerts as soon as possible because abductors who murder children are most likely to do so within four hours following the abduction. The Office of Juvenile Justice and Delinquency Prevention (OJJDP) administers OJP's AMBER Program, which supports best practices training and technical assistance for state and regional AMBER Alert teams. At the end of 2001, there were only four statewide AMBER Alert plans. Today, all 50 states, two U.S. territories (the U.S. Virgin Islands and Puerto Rico), and fifteen Indian tribes have plans in place. The AMBER Alert strategy focuses on:

- (1) Strengthening the existing AMBER Alert system;
- (2) Expanding the scope of AMBER Alert; and
- (3) Enhancing communication and coordination.

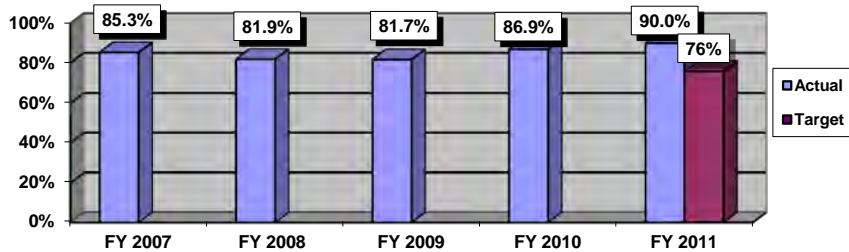
Performance Measure: Percent of children recovered within 72 hours of issuing an AMBER Alert

Discussion of FY 2011 Results: The target for FY 2011 is to recover 76 percent of children within 72 hours of issuing an AMBER Alert. OJP exceeded the target with an actual of 90 percent of victims recovered within 72 hours of an AMBER Alert.

FYs 2002 – 2006: N/A (*Measure developed in FY 2007*)



Figure 3. AMBER Alert - Percent of Children Recovered Within 72 Hours



Data Definition: The Amber Alert recovery rate is determined by taking the total number of children who are recovered within 72 hours of issuance of an Amber Alert, divided by the total number of children for whom AMBER Alerts were issued for the fiscal year. The result is expressed as a percentage. Children from cases classified as hoax or unfounded after intake are excluded from the measure.

Data collection and storage: Data are collected from law enforcement and the National Crime Information Center database, which stores abducted children's names and other critical data elements.

Data validation and verification: Data for this measure are validated and verified through a review of progress reports submitted by grantees, telephone contacts, and monitoring.

Data limitations: None known at this time.



DOJ STRATEGIC GOAL 3: Ensure the Fair and Efficient Administration of Justice

(28% of OJP's net costs support this Goal.)

- OJP STRATEGIC GOAL 2: Improve the fair administration of justice
- OJP STRATEGIC GOAL 3: Reduce the impact of crime on victims and hold offenders accountable
- OJP STRATEGIC GOAL 4: Increase the understanding of justice issues and develop successful interventions

PROGRAM: Residential Substance Abuse Treatment (RSAT)

Background/Program Objectives: RSAT formula grant funds are used to implement four types of programs: 1) residential substance abuse treatment programs that provide individual and group treatment activities for offenders in residential facilities operated by state correctional agencies; 2) jail-based substance abuse programs that provide individual and group treatment activities for offenders in jails and local correctional facilities; 3) post-release treatment components that provide treatment following inmates' release from custody; and 4) aftercare components that require states to give preference to subgrant applicants that provide aftercare services to program participants. For all programs, at least 10 percent of the total state allocation is made available to local correctional and detention facilities for either residential substance abuse treatment programs or jail-based substance abuse treatment programs.

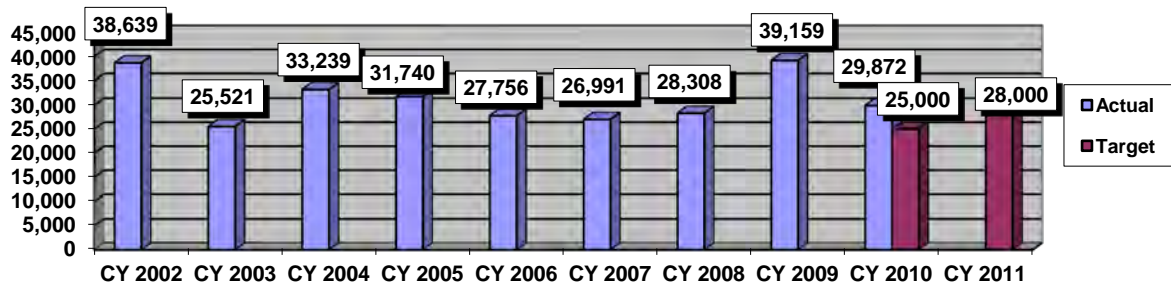
Performance Measure: Number of participants in the Residential Substance Abuse Treatment (RSAT) Program

Discussion of CY 2011 Results: The target for CY 2011 is to have 28,000 participants in RSAT programs. Data for this measure are collected on a quarterly basis and CY 2011 data will be available in June 2012.

Discussion of CY 2010 Results: The target for CY 2010 is to have 25,000 participants in RSAT programs. During CY 2010, OJP RSAT grantees reported that 29,872 individuals participated in RSAT programs, which exceeded the target by 4,872 participants.



Figure 4. Number of Participants in RSAT



Data Definitions: The number of RSAT participants is the count of program participants during the reporting period. The number of participants is collected from grantees.

Data collection and storage: Program managers obtain data from reports submitted by grantees into the Bureau of Justice Assistance (BJA) Performance Measurement Tool (PMT).

Data validation and verification: Data are validated and verified through four steps including program managers' programmatic monitoring and electronic controls over the data. This oversight includes a review of all relevant material to determine grant performance, desk reviews of grantee support documentation, telephone contacts, and on-site grant monitoring.

1. BJA applies front-end business rules and logic to the data grantees enter into the PMT so that erroneous data values are rejected. Grantees get an error message if they try to leave a required field blank or enter a value that is impossible.
2. BJA applies data cleaning techniques to the back-end data when analyzing it after reporting is complete. Follow-up phone calls or outreach may be conducted during this step.
3. BJA grant managers review and validate performance measure data during on-site visits, using specific questions pertaining to data included in the checklist. BJA conducts on-site monitoring for approximately five percent of active grants.
4. Outside of the on-site visit process, BJA grant managers review and approve the progress reports. As a result of this review, the BJA grant manager may contact the grantee to ask them to explain or resolve any perceived inconsistent or missing performance measure data.

Data limitations: Because of previous data collection limitations regarding the variations in reporting period for the grantees, BJA migrated the collection of RSAT performance measures to the PMT, an online data collection tool. The grantees began reporting the RSAT data in the PMT for the reporting period January 1- June 30, 2009 and have reported on a quarterly basis since then. The number of RSAT participants for 2010 reflects the 2010 calendar year, but in the future, because grantees are reporting on a quarterly basis, BJA will be able to report these numbers on a fiscal or calendar year basis. The issue of variations in grantee reporting periods has been resolved.



Management's Discussion and Analysis

PROGRAM: Drug Court

Background/Program Objectives: OJP's Drug Court program is administered by BJA and OJJDP. The Drug Court program was established in 1995 to provide financial and technical assistance to states, state courts, local courts, units of local government, and tribal governments in order to establish drug treatment courts. Drug courts employ an integrated mix of treatment, drug testing, incentives, and sanctions to break the cycle of substance abuse and crime. Since 1989, more than 2,500 jurisdictions have established or are planning to establish a drug court. Currently, every state and two U.S. territories have one or more drug courts in operation.

The need for drug treatment services is tremendous and OJP has a long history of providing resources to break the cycle of drugs and violence by reducing the demand, use, and trafficking of illegal drugs. Twenty-eight percent of the 4.3 million people, who reported to the 2009 National Crime Victimization Survey that they had been a victim of violence, believed that the perpetrator was using drugs, or drugs in combination with alcohol. Further, 54 percent of jail inmates were abusing or dependent on drugs, according to Bureau of Justice Statistics (BJS) 2002 Survey of Inmates in Local Jails. Correspondingly, 53 percent of state inmates, and 45 percent of federal inmates abused or were dependent on drugs in the year before their admission to prison, according to the BJS 2004 Surveys of Inmates in State and Federal Correctional Facilities.

Performance Measure: Graduation rate of program participants in the Drug Court Program (adult drug court participants only)

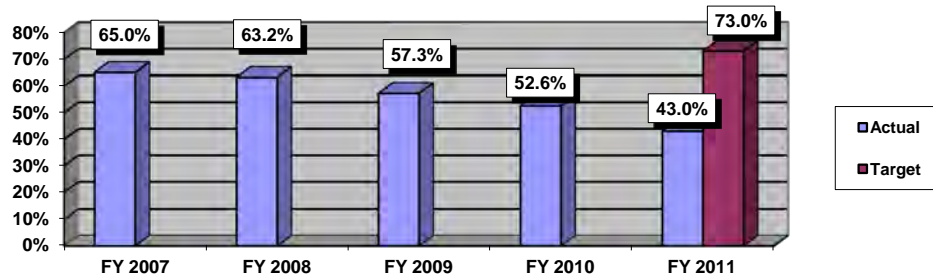
Discussion of FY 2010 Results: The target for FY 2010 is a graduation rate of 71 percent. Drug Court grantees achieved a graduation rate of 52.6 percent in FY 2010. As a result of not meeting this target, BJA researched this performance measure and the data reported for it. As described below, BJA revised the FY 2011 and future targets to be more appropriate targets for the Drug Court program and participants.

Discussion of FY 2011 Results: The 2011 target for the Drug Court graduation rate was originally set at 73 percent, but based on both historical grantee reporting and extensive research into a national average drug court graduation rates, the target was revised in FY 2011 to 48 percent. The national average for drug court graduation rates is 50 percent for established (mature) drug courts. BJA has been reporting graduation rates for implementation (immature) grantees, which are just launching start-up activities. The average historical rates for immature drug courts are near 46 percent. Since, in the future, BJA will report on graduation rates for implementation (immature) and enhancement (mature) grantees' graduation rates separately, BJA established a static target of 48 percent. OJP Drug Court grantees reported that 43 percent of program participants graduated during FY 2011.



FY 2002 – FY 2006: N/A (Measure developed in FY 2005, using a different methodology. As a result, data from FY 2005 and FY 2006 are not included)

Figure 5. Graduation Rate of Drug Court Participants



Data Definitions: The graduation rate is calculated by dividing the number of graduates (successful completions) during the reporting period (numerator) by the sum of the successful and unsuccessful completions (denominator). Unsuccessful completions stem from failure to complete program requirements, as a result of actions such as re-arrest or relapse in substance abuse.

Data collection and storage: Grantees submit data to BJA's PMT, which is where the data are maintained.

Data validation and verification: Data are validated and verified through four steps including program managers' programmatic monitoring and electronic controls over the data. This oversight includes a review of all relevant material to determine grant performance, desk reviews of grantee support documentation, telephone contacts, and on-site grant monitoring.

1. BJA applies front-end business rules and logic to the data grantees enter into the PMT so that erroneous data values are rejected. Grantees get an error message if they try to leave a required field blank or enter a value that is impossible.
2. BJA applies data cleaning techniques to the back-end data when analyzing it after reporting is complete. Follow-up phone calls or outreach may be conducted during this step.
3. BJA grant managers review and validate performance measure data during on-site visits, using specific questions pertaining to data included in the checklist. BJA conducts on-site monitoring for approximately five percent of active grants.
4. Outside of the on-site visit process, BJA grant managers review and approve the progress reports. As a result of this review, the BJA grant manager may contact the grantee to ask them to explain or resolve any perceived inconsistent or missing performance measure data.



Management's Discussion and Analysis

Data limitations: Graduation rates are not reported for years prior to FY 2007 because the formula for calculating the rate was changed that year to make it more accurate. Prior to FY 2007, the formula divided the number of graduates by the total number of drug court participants, regardless of eligibility for graduation and continued program participation and compliance, which resulted in lower graduation rates. The reporting cycle for these data is July 1- June 30.

Discontinued OJP Performance Measures From FY 2010 to FY 2011

Homicides per site (funded under the Weed and Seed Program) is discontinued in FY 2011. The measure is included in this document to report CY 2010 data.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (Integrity Act or FMFIA) provides the statutory basis for management's responsibility for and assessment of internal accounting and administrative controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The Integrity Act requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable law; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for, in order to maintain accountability over the assets. The Integrity Act also requires agencies to annually assess and report on the internal controls that protect the integrity of federal programs (FMFIA §2) and whether financial management systems conform to related requirements (FMFIA §4).

Guidance for implementing the Integrity Act is provided through OMB Circular A-123. In addition to requiring agencies to provide an assurance statement on the effectiveness of programmatic internal controls and conformance with financial systems requirements, the Circular requires agencies to provide an assurance statement on the effectiveness of internal controls over financial reporting. The Department requires components to provide both of the assurance statements in order to have the information necessary to prepare the agency assurance statements.

FMFIA Assurance Statement

OJP assessed its internal controls over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, as required by Section 2 of the FMFIA. Based on the results of this assessment, OJP can provide reasonable assurance that its internal controls over the effectiveness and efficiency of operations, financial reporting, and compliance with applicable laws and regulations for the period ending September 30, 2011, were operating effectively.



Management's Discussion and Analysis

OJP also assessed whether its financial management systems conform to government-wide requirements, as required by Section 4 of the FMFIA. Based on the results of this assessment, OJP can provide reasonable assurance that its systems substantially conform to government-wide requirements, except for non-conformances related to information system general controls noted for account management, annual certification, configuration management, identification and authentication, and vulnerability management. OJP has submitted a corrective action plan that includes automatic disablement of accounts, timely annual recertification, implementing a new secure configuration checklist, enhancing password complexity settings, and timely addressing detected vulnerabilities to remediate the reported non-conformances.

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) was designed to improve federal financial and program managers' accountability, provide better information for decision-making, and improve the efficiency and effectiveness of federal programs. FFMIA requires agencies to have financial management systems that substantially comply with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Standard General Ledger (USSGL) at the transaction level. The FFMIA also requires independent auditors to report on agency compliance with the three requirements in the financial statement audit report. The Federal Information Security Management Act (FISMA) states that to be substantially compliant with FFMIA, there are to be no significant deficiencies in information security policies, procedures, or practices.

FFMIA Compliance Determination

In accordance with OMB Circular A-127, *Policies and Standards for Financial Management Systems*, OJP's management has determined that OJP has financial management systems that substantially comply with federal financial management systems requirements, applicable federal accounting standards, and the USSGL at the transaction level. As required by the Act, the independent auditors' report on agency compliance with the three requirements is provided in the financial statement audit report. Additionally, in accordance with FISMA, OJP has no significant deficiencies in information security policies, procedures, or practices.

POSSIBLE FUTURE EFFECTS OF EXISTING EVENTS AND CONDITIONS

State, local, and tribal public safety agencies across the country face significant budget-related challenges that threaten their ability to deliver core services and maintain public safety. After years of increasingly sophisticated and innovative policing that contributed significantly to record crime reductions, there is concern that many police agencies will be forced to retreat to a reactive model of policing that allocates the bulk of police resources and personnel to answer



Management's Discussion and Analysis

calls for service. It is in this context that OJP's role becomes even more essential. OJP works closely with communities to help them adopt evidence-based approaches that maximize resources and improve results. OJP also encourages closer partnerships and collaborations, including those between law enforcement agencies and research entities.

OTHER MANAGEMENT INFORMATION, INITIATIVES, AND ISSUES

OJP received \$2.76 billion in Recovery Act funding in FY 2009 to assist state and local communities with the prevention of crime, improvement of criminal justice systems, and crime victim support, while contributing to job creation and providing much needed resources for states and local communities. These funds are being administered through the Bureau of Justice Assistance (BJA), Bureau of Justice Statistics (BJS), National Institute of Justice (NIJ), Office of Juvenile Justice and Delinquency Prevention (OJJDP), the Office for Victims of Crime, and Community Capacity Development Office (CCDO). These funds are being distributed through formula and discretionary grant programs. The bulk of these funds (\$1.98 billion) are being distributed through the Edward Byrne Memorial Justice Assistance Grant Program, which supports all components of the criminal justice system, including but not limited to, multijurisdictional drug and gang task forces; crime prevention and domestic violence programs; and courts, corrections, treatment, and justice information sharing initiatives. Please visit the OJP Recovery Act website, <http://www.ojp.usdoj.gov/recovery/>, for further details on announcements, implementation, and reporting of Recovery Act funding and data.

IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT IMPLEMENTATION

In accordance with OMB Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, and the Departmental guidance for implementing the Improper Payments Elimination and Recovery Act (IPERA), the Department implemented a top-down approach to assess the risk of significant improper payments across all five of the Department's mission-aligned programs, and to identify and recapture improper payments through a payment recapture audit program. The approach promotes consistency across the Department and enhances internal control related to preventing, detecting, and recovering improper payments. Because of the OMB requirement to assess risk and report payment recapture audit activities by agency programs, the results of the Department's risk assessment and recapture activities are reported at the Department-level only.

In accordance with the Departmental approach for implementing IPERA, OJP assessed its activities for susceptibility to significant improper payments. OJP also conducted its payment recapture audit program in accordance with the Departmental approach. OJP provided the results of both the risk assessment and payment recapture audit activities to the Department for the Department-level reporting in the FY 2011 Performance and Accountability Report.



LIMITATIONS OF THE FINANCIAL STATEMENTS

- The financial statements have been prepared to report the financial position and results of operations of OJP, pursuant to the requirements of 31 U.S.C. 3515(b).
- While the statements have been prepared from the books and records of OJP in accordance with U.S. generally accepted accounting principles for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.
- The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

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Independent Auditors' Reports

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KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report on Financial Statements

Acting Inspector General
U.S. Department of Justice

Assistant Attorney General
Office of Justice Programs
U.S. Department of Justice

We have audited the accompanying consolidated balance sheets of the U.S. Department of Justice Office of Justice Programs (OJP) as of September 30, 2011 and 2010, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as "consolidated financial statements") for the years then ended. These consolidated financial statements are the responsibility of OJP's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OJP's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OJP as of September 30, 2011 and 2010 and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 17 to the consolidated financial statements, in fiscal year 2011 OJP changed its method of accounting for previous years' unobligated Crime Victims Fund collections.

The information in the *Management's Discussion and Analysis, Required Supplementary Information*, and *Required Supplementary Stewardship Information* sections is not a required part of the consolidated financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.



Independent Auditors' Report on Financial Statements
Page 2

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 3, 2011, on our consideration of OJP's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

KPMG LLP

November 3, 2011



KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report on Internal Control over Financial Reporting

Acting Inspector General
U.S. Department of Justice

Assistant Attorney General
Office of Justice Programs
U.S. Department of Justice

We have audited the consolidated balance sheets of the U.S. Department of Justice Office of Justice Programs (OJP) as of September 30, 2011 and 2010, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as "consolidated financial statements") for the years then ended, and have issued our report thereon dated November 3, 2011.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

The management of OJP is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2011 audit, we considered OJP's internal control over financial reporting by obtaining an understanding of OJP's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of OJP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of OJP's internal control over financial reporting. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the third paragraph of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2011 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



We noted certain additional matters that we have reported to management of OJP in a separate letter dated November 3, 2011.

This report is intended solely for the information and use of OJP's management, the U.S. Department of Justice Office of the Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 3, 2011



KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report on Compliance and Other Matters

Acting Inspector General
U.S. Department of Justice

Assistant Attorney General
Office of Justice Programs
U.S. Department of Justice

We have audited the consolidated balance sheets of the U.S. Department of Justice Office of Justice Programs (OJP) as of September 30, 2011 and 2010, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as "consolidated financial statements") for the years then ended, and have issued our report thereon dated November 3, 2011.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

The management of OJP is responsible for complying with laws, regulations, contracts, and grant agreements applicable to OJP. As part of obtaining reasonable assurance about whether OJP's fiscal year 2011 consolidated financial statements are free of material misstatement, we performed tests of OJP's 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 the consolidated financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including the provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to OJP. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance discussed in the preceding paragraph, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our tests of FFMIA disclosed no instances in which OJP's financial management system did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) application of the United States Government Standard General Ledger at the transaction level.



Independent Auditors' Report on Compliance and Other Matters
Page 2

This report is intended solely for the information and use of OJP's management, the U.S. Department of Justice Office of the Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 3, 2011

**Principal Financial Statements
and Related Notes**

See Independent Auditors' Report on Financial Statements



U.S. Department of Justice
Office of Justice Programs
Consolidated Balance Sheets
As of September 30, 2011 and 2010

Dollars in Thousands	2011	2010
ASSETS		
Intragovernmental		
Fund Balance with U.S. Treasury (Note 2)	\$ 11,287,838	\$ 10,519,156
Accounts Receivable, Net (Note 3)	6,970	6,883
Other Assets (Note 5)	78,034	76,831
Total Intragovernmental	<u>11,372,842</u>	<u>10,602,870</u>
Accounts Receivable, Net (Note 3)	6,056	5,774
General Property, Plant and Equipment, Net (Note 4)	12,526	12,032
Advances and Prepayments	1,009,997	1,428,298
Total Assets	<u>\$ 12,401,421</u>	<u>\$ 12,048,974</u>
LIABILITIES (Note 6)		
Intragovernmental		
Accounts Payable	\$ 54,240	\$ 18,928
Accrued Federal Employees' Compensation Act Liabilities	86	129
Other Liabilities (Note 8)	117,275	147,914
Total Intragovernmental	<u>171,601</u>	<u>166,971</u>
Accounts Payable	24,177	33,369
Accrued Grant Liabilities	369,245	383,171
Actuarial Federal Employees' Compensation Act Liabilities	680	657
Accrued Payroll and Benefits	8,182	7,930
Accrued Annual and Compensatory Leave Liabilities	6,148	6,068
Capital Lease Liabilities (Note 7)	14	18
Total Liabilities	<u>\$ 580,047</u>	<u>\$ 598,184</u>
Contingencies and Commitments (Note 9)		
NET POSITION		
Unexpended Appropriations - All Other Funds	\$ 4,605,970	\$ 5,571,977
Cumulative Results of Operations - Earmarked Fund (Note 10)	7,202,248	5,866,596
Cumulative Results of Operations - All Other Funds	13,156	12,217
Total Net Position	<u>\$ 11,821,374</u>	<u>\$ 11,450,790</u>
Total Liabilities and Net Position	<u>\$ 12,401,421</u>	<u>\$ 12,048,974</u>

U.S. Department of Justice

The accompanying notes are an integral part of these financial statements.



**U.S. Department of Justice
Office of Justice Programs
Consolidated Statements of Net Cost
For the Fiscal Years Ended September 30, 2011 and 2010**

Dollars in Thousands

	FY	Gross Costs			Less: Earned Revenues			Net Cost of Operations (Note 11)
		Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	
Goal 2	2011	\$ 158,557	\$ 2,522,078	\$ 2,680,635	\$ 32,277	\$ 45	\$ 32,322	\$ 2,648,313
	2010	\$ 140,429	\$ 2,617,542	\$ 2,757,971	\$ 49,844	\$ 7	\$ 49,851	\$ 2,708,120
Goal 3	2011	65,346	988,930	1,054,276	10,440	-	10,440	1,043,836
	2010	56,647	931,583	988,230	26,252	-	26,252	961,978
Total	2011	<u>\$ 223,903</u>	<u>\$ 3,511,008</u>	<u>\$ 3,734,911</u>	<u>\$ 42,717</u>	<u>\$ 45</u>	<u>\$ 42,762</u>	<u>\$ 3,692,149</u>
	2010	<u>\$ 197,076</u>	<u>\$ 3,549,125</u>	<u>\$ 3,746,201</u>	<u>\$ 76,096</u>	<u>\$ 7</u>	<u>\$ 76,103</u>	<u>\$ 3,670,098</u>

Goal 2 Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People
 Goal 3 Ensure the Fair and Efficient Administration of Justice

U.S. Department of Justice

The accompanying notes are an integral part of these financial statements.



**U.S. Department of Justice
Office of Justice Programs**
Consolidated Statements of Changes in Net Position
For the Fiscal Year Ended September 30, 2011

Dollars in Thousands

	2011		
	Earmarked Funds	All Other Funds	Total
Unexpended Appropriations			
Beginning Balances	\$ -	\$ 5,571,977	\$ 5,571,977
Budgetary Financing Sources			
Appropriations Received	-	1,893,160	1,893,160
Appropriations Transferred-In/Out	-	200,344	200,344
Other Adjustments	-	(45,365)	(45,365)
Appropriations Used	-	(3,014,146)	(3,014,146)
Total Budgetary Financing Sources	-	(966,007)	(966,007)
Unexpended Appropriations	\$ -	\$ 4,605,970	\$ 4,605,970
Cumulative Results of Operations			
Beginning Balances	\$ 5,866,596	\$ 12,217	\$ 5,878,813
Budgetary Financing Sources			
Appropriations Used	-	3,014,146	3,014,146
Nonexchange Revenues	1,998,221	508	1,998,729
Other Financing Sources			
Transfers-In/Out Without Reimbursement	-	10,600	10,600
Imputed Financing from Costs Absorbed by Others (Note 12)	-	5,265	5,265
Total Financing Sources	1,998,221	3,030,519	5,028,740
Net Cost of Operations	(662,569)	(3,029,580)	(3,692,149)
Net Change	1,335,652	939	1,336,591
Cumulative Results of Operations	\$ 7,202,248	\$ 13,156	\$ 7,215,404
Net Position	\$ 7,202,248	\$ 4,619,126	\$ 11,821,374

U.S. Department of Justice

The accompanying notes are an integral part of these financial statements.



**U.S. Department of Justice
Office of Justice Programs**
Consolidated Statements of Changes in Net Position (continued)
For the Fiscal Year Ended September 30, 2010

Dollars in Thousands

	2010		Total
	Earmarked Funds	All Other Funds	
Unexpended Appropriations			
Beginning Balances	\$ -	\$ 5,951,999	\$ 5,951,999
Budgetary Financing Sources			
Appropriations Received	-	2,501,851	2,501,851
Appropriations Transferred-In/Out	-	200,453	200,453
Other Adjustments	-	(54,000)	(54,000)
Appropriations Used	-	(3,028,326)	(3,028,326)
Total Budgetary Financing Sources	-	(380,022)	(380,022)
Unexpended Appropriations	<u>\$ -</u>	<u>\$ 5,571,977</u>	<u>\$ 5,571,977</u>
Cumulative Results of Operations			
Beginning Balances	\$ 4,112,981	\$ 15,014	\$ 4,127,995
Budgetary Financing Sources			
Appropriations Used	-	3,028,326	3,028,326
Nonexchange Revenues	2,362,338	932	2,363,270
Other Financing Sources			
Transfers-In/Out Without Reimbursement	-	24,608	24,608
Imputed Financing from Costs Absorbed by Others (Note 12)	-	4,712	4,712
Total Financing Sources	<u>2,362,338</u>	<u>3,058,578</u>	<u>5,420,916</u>
Net Cost of Operations	<u>(608,723)</u>	<u>(3,061,375)</u>	<u>(3,670,098)</u>
Net Change	<u>1,753,615</u>	<u>(2,797)</u>	<u>1,750,818</u>
Cumulative Results of Operations	<u>\$ 5,866,596</u>	<u>\$ 12,217</u>	<u>\$ 5,878,813</u>
Net Position	<u>\$ 5,866,596</u>	<u>\$ 5,584,194</u>	<u>\$ 11,450,790</u>

U.S. Department of Justice

The accompanying notes are an integral part of these financial statements.



U.S. Department of Justice
Office of Justice Programs
Combined Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2011 and 2010

Dollars in Thousands	2011	2010
Budgetary Resources		
Unobligated Balance, Brought Forward, October 1	\$ 232,500	\$ 224,290
Recoveries of Prior Year Unpaid Obligations	54,156	66,225
Budget Authority		
Appropriations Received	8,692,854	4,864,189
Spending Authority from Offsetting Collections Earned		
Collected	62,049	129,382
Change in Receivables from Federal Sources	87	(3,489)
Change in Unfilled Customer Orders		
Advance Received	(28,370)	(83,090)
Without Advance from Federal Sources	(517)	4,745
Subtotal Budget Authority	<u>8,726,103</u>	<u>4,911,737</u>
Nonexpenditure Transfers, Net, Actual	200,344	200,453
Temporarily not Available Pursuant to Public Law	(6,099,743)	(1,654,425)
Permanently not Available	<u>(45,654)</u>	<u>(54,000)</u>
Total Budgetary Resources (Note 13)	<u>\$ 3,067,706</u>	<u>\$ 3,694,280</u>

U.S. Department of Justice

The accompanying notes are an integral part of these financial statements.



U.S. Department of Justice
Office of Justice Programs
Combined Statements of Budgetary Resources (continued)
For the Fiscal Years Ended September 30, 2011 and 2010

Dollars in Thousands	2011	2010
Status of Budgetary Resources		
Obligations Incurred		
Direct	\$ 2,848,111	\$ 3,434,149
Reimbursable	32,133	27,631
Total Obligations Incurred (Note 13)	<u>2,880,244</u>	<u>3,461,780</u>
Unobligated Balance - Available		
Apportioned	169,067	208,972
Unobligated Balance not Available	<u>18,395</u>	<u>23,528</u>
Total Status of Budgetary Resources	<u>\$ 3,067,706</u>	<u>\$ 3,694,280</u>
Change in Obligated Balance		
Obligated Balance, Net - Brought Forward, October 1		
Unpaid Obligations	\$ 5,510,847	\$ 5,959,947
Less: Uncollected Customer Payments from Federal Sources	<u>25,666</u>	<u>24,410</u>
Total Unpaid Obligated Balance, Net - Brought Forward, October 1	5,485,181	5,935,537
Obligations Incurred, Net	2,880,244	3,461,780
Less: Gross Outlays	3,311,068	3,844,655
Less: Recoveries of Prior Year Unpaid Obligations, Actual	54,156	66,225
Change in Uncollected Customer Payments from Federal Sources	430	(1,256)
Obligated Balance, Net - End of Period		
Unpaid Obligations	5,025,867	5,510,847
Less: Uncollected Customer Payments from Federal Sources	<u>25,236</u>	<u>25,666</u>
Total Unpaid Obligated Balance, Net - End of Period	<u>\$ 5,000,631</u>	<u>\$ 5,485,181</u>
Net Outlays		
Gross Outlays	\$ 3,311,068	\$ 3,844,655
Less: Offsetting Collections	33,683	46,292
Less: Distributed Offsetting Receipts (Note 13)	<u>206</u>	<u>242</u>
Total Net Outlays (Note 13)	<u>\$ 3,277,179</u>	<u>\$ 3,798,121</u>

U.S. Department of Justice

The accompanying notes are an integral part of these financial statements.



Notes to the Financial Statements

**U.S. Department of Justice
Office of Justice Programs
Notes to the Financial Statements
As of and For the Fiscal Years Ended September 30, 2011 and 2010
(Dollars in Thousands, Except as Noted)**

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Office of Justice Programs (OJP) is a reporting entity within the U.S. Department of Justice (DOJ). The Justice Act of 1984 created OJP to work within established partnership arrangements with federal, state and local agencies and community-based organizations to develop, operate, and evaluate a wide range of criminal and juvenile justice programs. OJP is authorized by Congress to award grants, contracts, cooperative agreements, and other assistance authorized by *Title I of the Omnibus Crime Control and Safe Street Act of 1968*. OJP is primarily funded by several no-year, multi-year, and annual appropriations.

The American Recovery and Reinvestment Act of 2009 (Recovery Act) (P.L. 111-5) was signed into law by President Barack Obama on February 17, 2009. As one of its many elements, the Recovery Act provides the DOJ with funding for grants to assist state, local, and tribal law enforcement (including support for hiring), to combat violence against women, to fight internet crimes against children, to improve the functioning of the criminal justice system, to assist victims of crime, and to support youth mentoring.

OJP is comprised of the following bureaus and program offices:

Bureau of Justice Assistance (BJA) provides leadership and assistance in support of local criminal justice strategies to achieve safe communities. BJA's goals are to reduce and prevent crime, violence, and drug abuse and to improve the functioning of the criminal justice system. BJA administers programs that bolster law enforcement operations, expand drug courts, and provide benefits to public safety officers.

Bureau of Justice Statistics (BJS) is the primary statistical agency of the DOJ. BJS collects, analyzes, publishes, and disseminates information on crime, criminal offenders, crime victims, and criminal justice operations, and provides financial and technical support to state, local, and tribal governments to improve their statistical capabilities and the quality and utility of their criminal history records.



Notes to the Financial Statements

A. Reporting Entity (continued)

National Institute of Justice (NIJ) is the research arm of the DOJ and is dedicated to researching crime control and justice issues. NIJ advances the application of science and technology to matters of criminal justice by providing objective, independent, evidence-based knowledge and tools to meet the challenges posed by crime.

Office of Juvenile Justice and Delinquency Prevention (OJJDP) supports state and community efforts to prevent and respond to juvenile delinquency and victimization. Through programs that offer mentoring, provide treatment and rehabilitation, and hold juvenile offenders accountable, OJJDP strives to improve the juvenile justice system so that the public is better protected, and youth and their families are better served.

Office for Victims of Crime (OVC) works to enhance America's capacity to assist crime victims by helping to change attitudes, policies, and practices. OVC supports a wide range of activities using the Crime Victims' Fund (CVF), which is composed of federal criminal fines and penalties, special assessments, and bond forfeitures. These activities include victim compensation and assistance services, training and technical assistance for service providers and criminal justice professionals, and program evaluation.

Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking (SMART Office) was authorized by the Adam Walsh Child Protection and Safety Act of 2006. The primary assignment of the SMART Office is to ensure that convicted sex offenders are prohibited from preying on citizens through an organization of restrictions, regulations, and internment. The SMART Office is responsible for establishing and maintaining the standards for the Sex Offender Registration and Notification Program, as described by the Adam Walsh Act. The SMART Office also oversees grant programs regarding sex offender registration and notification.

OJP Principal Accounts

In fiscal years (FYs) 2011 and 2010, OJP's financial structure was comprised of these principal accounts: Justice Assistance (JA), State and Local Law Enforcement Assistance (SLLEA), Juvenile Justice Programs (JJ), Public Safety Officers' Benefits (PSOB) Program, Salaries and Expenses, and the CVF.



Notes to the Financial Statements

A. Reporting Entity (continued)

OJP Goals

In compliance with the statutory framework of the Government Performance and Results Act (GPRA) of 1993 (P.L. 103-62), OJP aligns its programs and activities with Goals 2 and 3 of the Attorney General's strategic goals, which are:

Goal 2 – Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People

1. Increase the Nation's capacity to prevent and control crime

Goal 3 – Ensure the Fair and Efficient Administration of Justice

2. Improve the fair administration of justice
3. Reduce the impact of crime on victims and hold offenders accountable
4. Increase the understanding of justice issues and develop successful interventions

B. Basis of Presentation

These financial statements were prepared from the books and records of OJP, in accordance with the United States generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) and presentation guidelines of the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These financial statements are different from the financial reports prepared pursuant to OMB directives which are used to monitor and control the use of OJP's budgetary resources. To ensure that the OJP financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Other Assets and Other Liabilities, as defined by OMB Circular A-136 have been disaggregated on the balance sheet. These include Advances and Prepayments, Accrued Federal Employees' Compensation Act (FECA) Liabilities, Accrued Payroll and Benefits, Accrued Annual and Compensatory Leave Liabilities, Accrued Grant Liabilities with the Public, and Capital Lease Liabilities.

C. Basis of Consolidation

The consolidated/combined financial statements include the accounts of OJP. All significant proprietary intra-entity transactions and balances have been eliminated in consolidation. The Statements of Budgetary Resources are combined statements for FYs 2011 and 2010, and as such, intra-entity transactions have not been eliminated.



Notes to the Financial Statements

D. Basis of Accounting

Transactions are recorded on the accrual and budgetary bases of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the budgetary basis, however, funds availability is recorded based upon legal considerations and constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements.

E. Non-Entity Assets

Non-entity assets are assets held by an entity but are not available for use by the entity. OJP does not have any non-entity assets.

F. Fund Balance with U.S. Treasury and Cash

The Fund Balance with U.S. Treasury includes appropriated funds that are available to pay current liabilities and to fund authorized purchase commitments. The U.S. Department of Treasury (Treasury) processes the cash receipts and cash disbursements of OJP. OJP's records are reconciled with those of Treasury.

Available unobligated balances represent amounts that are apportioned for obligation in the current fiscal year. Unavailable unobligated balances represent amounts that are not apportioned for obligation during the current fiscal year and expired appropriations no longer available to incur new obligations. Obligated balances not yet disbursed include undelivered orders and unpaid delivered orders.

G. Accounts Receivable

Intragovernmental Accounts Receivable result from reimbursable agreements entered into by OJP with other federal agencies for various goods and services. Since OJP's accounts receivable balance consists of amounts due by other federal agencies, an allowance for doubtful accounts has not been established.

Accounts Receivable with the Public is an estimate of amounts due from grantees for expired grants. OJP evaluates the necessity of establishing the allowance for doubtful accounts based on historical trends of collectability of closed grants.

Pursuant to 28 CFR Part II, OJP has authorized Treasury's Financial Management Service to collect debts on our behalf. When OJP determines that our internal efforts are unsuccessful, the debtor is referred to Treasury for collection. The types of debts that are normally referred to Treasury are grants and payment programs with the public.



H. General Property, Plant and Equipment

The U.S. General Services Administration (GSA) provides the buildings in which OJP operates and charges rent equivalent to the commercial rental rates for similar properties. Acquisitions of equipment and assets under capital lease costing twenty-five thousand dollars or more are capitalized. Depreciation is calculated using the straight-line basis using historical cost and a five-year useful life. Equipment with an acquisition cost of less than twenty-five thousand dollars is expensed when purchased. Equipment consists primarily of computer network components.

Internal Use Software meeting the cost threshold and useful life criteria is also capitalized. Internal Use Software is either purchased off the shelf and modified, internally developed, or contractor developed solely to meet the agency's internal needs. OJP capitalizes the cost of internal use software when the development phase costs exceed five hundred thousand dollars and the software is expected to have a service life of two or more years. Amortization is calculated using the straight-line basis using historical cost and a five-year useful life.

I. Advances and Prepayments

Advances and Prepayments, classified as assets on OJP's Balance Sheet, represent funds disbursed to individuals and other organizations for which goods or services have not yet been provided. OJP awards grants to various grantees and provides advance payments to grantees to meet their cash needs to carry out their programs. Advance payments are recorded as "Advances to Grantees" and are adjusted upon grantees' reporting expenditures and/or based on the estimated accrual for unreported expenses. These balances primarily consist of funds disbursed to grantees in the Justice Assistance Grant Program, as well as advances for discretionary/non-block grants.

Advances and Prepayments involving other federal agencies are classified as Other Assets on the Balance Sheet.

J. Liabilities

Liabilities represent actual and estimated amounts likely to be paid as a result of transactions or events that have already occurred. However, no liabilities can be paid by OJP without an appropriation or other collection of revenue for services provided. Liabilities not covered by budgetary resources include liabilities for which an appropriation has not been enacted and there is no certainty that it will be enacted.

Accounts Payable primarily consists of amounts due for goods and services received, progress in contract performance, interest due on accounts payable, and other miscellaneous payables.



K. Accrued Grant Liabilities

Disbursements of grant funds are recognized as expenses at the time of disbursement. However, some grant recipients incur expenditures prior to initiating a request for disbursement based on the nature of the expenditures. OJP accrues an estimated liability for expenditures incurred by grantees prior to their receiving grant funds for the expenditures. These estimates are based on the most current information available to OJP at the time the financial statements are prepared. OJP's management has established a process to review these estimates in the context of subsequent changes in activity and assumptions, and to reflect the impact of these changes as appropriate.

Estimates for the grant accrual contain assumptions that have an impact on the financial statements. The key assumptions used in the grant accrual are: grantees have consistent spending patterns throughout the life of the grant, grantees will drawdown throughout the life of the grant, and the grant has a determined end date. The primary elements of these assumptions include, but are not limited to, type of grant that has been awarded, grant period, accounting basis used by the grantees, and grant expenditure rate.

L. Contingencies and Commitments

OJP is party to various administrative proceedings, legal actions, and claims. The balance sheet includes an estimated liability for those legal actions where management and the Chief Counsel consider adverse decisions "probable" and amounts are reasonably estimable. However, there are cases where amounts have not been accrued because the amounts of the potential loss cannot be estimated or the likelihood of an unfavorable outcome is "remote".

M. Annual, Sick, and Other Leave

Annual and compensatory leave is expensed with an offsetting liability as it is earned and the liability is reduced as leave is taken. At the end of each quarter, the balance in the accrued annual leave liability reflects current pay rates and leave balances. Because current or prior year appropriations are not available to fund annual and compensatory leave earned but not taken, funding will be obtained from future financing sources.

Sick leave and other types of non-vested leave are expensed as taken.



N. Interest on Late Payments

Pursuant to the Prompt Payment Act, 31 U.S.C. 3901-3907, federal agencies must pay interest on payments for goods or services made to business concerns after the due date. The due date is generally 30 days after the latest of the following dates: (1) date on the invoice, (2) date the invoice is received, (3) date when the goods or services are received, or (4) the date when the goods or services are accepted.

O. Retirement Plans

With few exceptions, employees hired before January 1, 1984, are covered by the Civil Service Retirement System (CSRS) and employees hired on or after that date are covered by the Federal Employees Retirement System (FERS).

For employees covered by the CSRS, OJP contributes 7.0 percent of the employee's gross pay for normal retirement. For employees covered by the FERS, OJP contributes approximately 11.7 percent of gross pay. All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For those employees covered by the FERS, a TSP account is established and OJP contributes 1.0 percent of gross pay to this plan. In addition, for FERS employees, TSP contributions are matched 100.0 percent for the first 3.0 percent and 50.0 percent for the 4th and 5th percentage of gross pay. No matching contributions are made to the TSP accounts for those employees covered by CSRS. The accompanying financial statements do not report CSRS or the FERS assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to OJP employees. Such reporting is the responsibility of the Office of Personnel Management (OPM).

Contributions for CSRS, FERS and other retirement benefits are insufficient to fully fund the programs, which are subsidized by the OPM. The Department imputes its share of the OPM subsidy, using cost factors OPM provides, and reports the full cost of the programs related to its employees.

P. Federal Employee Compensation Benefits

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have contracted a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for OJP employees under FECA are administered by the U.S. Department of Labor (DOL) and are ultimately paid by OJP. The FECA liability consists of two components. The first component is based on actual claims paid by the DOL but not yet reimbursed by OJP. OJP reimburses the DOL 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 the DOL and reimbursement by OJP. As a result, a liability is recognized for the actual claims paid by



P. Federal Employee Compensation Benefits (continued)

the DOL and to be reimbursed by OJP.

The second component is the estimated liability for future benefit payments as a result of past events. The DOL calculates the liability of the federal government for future compensation benefits, which includes the expected liability for death, disability, medical, and other approved costs. This method utilizes historical benefit payment patterns related to a specified incurred period to predict the ultimate payments related to that period. The projected annual benefit payments were discounted to present value. The resulting federal government liability was then distributed by the DOL to the agencies. DOJ calculates and distributes each bureau's respective portion of the total DOJ actuarial liability that is recorded for reporting purpose only. OJP's portion of this liability includes the estimated future cost of death benefits, workers' compensation, medical, and miscellaneous cost for approved compensation cases for OJP employees.

Q. Intragovernmental Activity

Intragovernmental costs and exchange revenue represent transactions made between two reporting entities within the federal government. Costs and earned revenues with the public represent exchange transactions made between the reporting entity and a non-federal entity. The classification of revenue or costs as "intragovernmental" or "with the public" is defined on a transaction-by-transaction basis. The purpose of this classification is to enable the federal government to prepare consolidated financial statements, not to match public and intragovernmental revenue with the costs incurred to produce public and intragovernmental revenue.

R. Revenues and Other Financing Sources

OJP receives funding needed to support its activities through no-year, multi-year and annual appropriations that may be used, within statutory limits, for operating and capital expenditures. Additionally, OJP earns exchange revenue through inter-agency agreements with other federal entities for which OJP provides grant administration services. The majority of the partnering is with other DOJ components. Revenues are recognized at the time related program or administrative expenses are incurred. For agreements, OJP records its intra-agency agreements as either exchange revenue or transfers-in, depending on the corresponding treatment by other DOJ components, to facilitate the DOJ-wide elimination process. The revenue generated from these reimbursable activities is based on the full cost pricing policy. Under full cost pricing, indirect costs and overheads are fully absorbed into the costs of activities.

OJP receives nonexchange revenue for the CVF from collections of fines, penalty assessments, and bond forfeitures from defendants convicted of federal crimes. The CVF



R. Revenues and Other Financing Sources (continued)

was established by the Victims of Crime Act of 1984 (P.L. 98-473), as amended by the Children's Justice and Assistance Act of 1986 (P.L. 99-401), and reauthorized by the Anti-Drug Abuse Act of 1988 (P.L. 100-690). Funds collected are available for obligation subject to Congressional limitation.

S. Earmarked Funds

As defined in Statements of Federal Financial Accounting Standards (SFFAS) No. 27, *Identifying and Reporting 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 Government's general revenues. The CVF is the only OJP fund meeting the criteria listed below.

The three required criteria for an earmarked fund are:

1. A statute committing the federal government to use specifically identified revenues and other financing sources only for designated activities, benefits, or purposes;
2. Explicit authority for the earmarked fund to retain revenues and other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and
3. A requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the earmarked fund from the Government's general revenues.

T. Allocation Transfer of Appropriations

OJP is a party to allocation transfers with another federal agency as a transferring (parent) 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.



Notes to the Financial Statements

U. Tax Exempt Status

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

V. Use of Estimates

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

The assumptions are continuously reviewed and refined in order to reflect the variance between the estimate and actual data. OJP recognizes the sensitivity of the changes in assumptions and the impact that the projections can have on estimates.

W. Reclassifications

The FY 2010 statements were revised to conform to the FY 2011 Departmental financial statement presentation requirements. The reclassifications had no material effect on total assets, liabilities, net position, change in net position or budgetary resources as previously reported.

X. Subsequent Events

Subsequent events and transactions occurring after September 30, 2011 through the date of the auditors' opinion have been evaluated for potential recognition or disclosure in the financial statements. The date of the auditors' opinion also represents the date that the financial statements were available to be issued.



Notes to the Financial Statements

2. Fund Balance with U.S. Treasury

The Fund Balance with U.S. Treasury, as reported in the financial statements, represents the unexpended cash balances in OJP's accounting records for all OJP Treasury Symbols, as of September 30, 2011 and 2010. The CVF Fund Balance with Treasury is presented as Special Funds type.

The unobligated balance for annual, multi-year, and no-year budget authority may be used to incur new obligations for the purpose specified by the appropriation act. Annual and multi-year budget authority expires at the end of its period of availability. During the first through the fifth expired years, the unobligated balance becomes unavailable and may be used to adjust obligations and disbursements that were recorded before the budgetary authority expired or to meet a legitimate or bona fide need arising in the fiscal year for which the appropriation was made. The unobligated balance for no-year budget authority may be used to incur obligations indefinitely for the purpose specified by the appropriation act.

Under the Status of Fund Balances, the CVF funds unavailable for spending are included in Other Funds without Budgetary Resources.

An analysis of the balances as of September 30, 2011 and 2010 is provided below:

As of September 30, 2011 and 2010	2011	2010
Fund Balances		
Special Funds	\$ 7,260,185	\$ 5,938,699
General Funds	4,027,653	4,580,457
Total Fund Balances with U.S. Treasury	<u>\$ 11,287,838</u>	<u>\$ 10,519,156</u>
Status of Fund Balances		
Unobligated Balance - Available	\$ 169,067	\$ 208,972
Unobligated Balance - Unavailable	18,395	23,528
Obligated Balance not yet Disbursed	5,000,631	5,485,181
Other Funds (With)/Without Budgetary Resources	<u>6,099,745</u>	<u>4,801,475</u>
Total Status of Fund Balances	<u>\$ 11,287,838</u>	<u>\$ 10,519,156</u>



Notes to the Financial Statements

3. Accounts Receivable, Net

Accounts Receivable represent the amounts due to OJP, as of September 30, 2011 and 2010, as shown in the following table. Accounts Receivable with the Public is an estimate of amounts due from grantees for expired grants and grants that have been referred to Treasury for debt collection.

As of September 30, 2011 and 2010		
	<u>2011</u>	<u>2010</u>
Intragovernmental		
Accounts Receivable	\$ 6,970	\$ 6,883
With the Public		
Accounts Receivable	<u>6,056</u>	<u>5,774</u>
Total Accounts Receivable, Net	<u>\$ 13,026</u>	<u>\$ 12,657</u>

4. General Property, Plant and Equipment, Net

Property, Plant and Equipment, as reported in the financial statements, is recorded at the acquisition cost, net of accumulated depreciation, as of September 30, 2011 and 2010. In FYs 2011 and 2010, OJP purchased \$4,768 and \$4,141 respectively, in property, plant, and equipment. All equipment has been purchased through non-federal sources. See Note 1.H. for method of depreciation, capitalization thresholds, and useful lives.

As of September 30, 2011				
	<u>Acquisition Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Useful Life</u>
Equipment	\$ 8,918	\$ (5,571)	\$ 3,347	5 years
Assets Under Capital Lease	27	(21)	6	5 years
Internal Use Software	33,045	(23,879)	9,166	5 years
Internal Use Software in Development	7	-	7	N/A
Total	<u>\$ 41,997</u>	<u>\$ (29,471)</u>	<u>\$ 12,526</u>	



Notes to the Financial Statements

4. General Property, Plant and Equipment, Net (continued)

As of September 30, 2010	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Equipment	\$ 7,546	\$ (4,405)	\$ 3,141	5 years
Assets Under Capital Lease	27	(16)	11	5 years
Internal Use Software	27,527	(21,062)	6,465	5 years
Internal Use Software in Development	2,415	-	2,415	N/A
Total	<u>\$ 37,515</u>	<u>\$ (25,483)</u>	<u>\$ 12,032</u>	

5. Other Assets

Other Assets represent monies advanced to the United States Marshals Service (USMS), the Offices, Boards, and Divisions (OBDs), the Bureau of Prisons (BOP), and other Federal agencies for inter-agency agreements. The agreement with the USMS is to help build, expand or renovate correctional facilities and jails for the confinement of violent offenders. The agreements with the OBDs are for the administering of Community Oriented Policing Services grants. The agreements with the BOP are for training and clearinghouse activities designed to reduce or eliminate incidents of prison rape.

As of September 30, 2011 and 2010	2011	2010
Intragovernmental Advances and Prepayments	\$ 78,034	\$ 76,831



Notes to the Financial Statements

6. Liabilities not Covered by Budgetary Resources

Liabilities not Covered by Budgetary Resources are liabilities for which Congressional action is needed before budgetary resources can be provided. These liabilities, as of September 30, 2011 and 2010, are presented in the table below.

As of September 30, 2011 and 2010	2011	2010
Intragovernmental		
Accrued FECA Liabilities	\$ 86	\$ 129
Other Unfunded Employment Related Liabilities	33	27
Total Intragovernmental	<u>119</u>	<u>156</u>
With the Public		
Actuarial FECA Liabilities	680	657
Accrued Annual and Compensatory Leave Liabilities	6,148	6,068
Total With the Public	<u>6,828</u>	<u>6,725</u>
Total Liabilities not Covered by Budgetary Resources	6,947	6,881
Total Liabilities Covered by Budgetary Resources	<u>573,100</u>	<u>591,303</u>
Total Liabilities	<u>\$ 580,047</u>	<u>\$ 598,184</u>



Notes to the Financial Statements

7. Leases

Capital leases consist of leased equipment with various expiration dates. The capital lease term dates do not exceed 2013. The leased equipment is being depreciated in accordance with the length of the lease. Following is a summary of assets under capital lease and a schedule of minimum lease payments.

As of September 30, 2011 and 2010		
Capital Leases	2011	2010
Summary of Assets Under Capital Lease		
Machinery and Equipment	\$ 27	\$ 27
Accumulated Amortization	(21)	(16)
Total Assets Under Capital Lease (Note 4)	<u>\$ 6</u>	<u>\$ 11</u>

Future Capital Lease Payments Due	
<u>Fiscal Year</u>	<u>Machinery and Equipment</u>
2012	15
2013	1
Total Future Capital Lease Payments	16
Less: Imputed Interest	1
Less: Executory Costs	1
FY 2011 Net Capital Lease Liabilities	<u>\$ 14</u>
FY 2010 Net Capital Lease Liabilities	<u>\$ 18</u>

	2011	2010
Net Capital Lease Liabilities Covered by Budgetary Resources	\$ 14	\$ 18



Notes to the Financial Statements

7. Leases (continued)

Noncancelable operating leases consist of leased equipment with various expiration dates, which do not exceed 2015. Following is a schedule of minimum noncancelable operating lease payments that reflects commitments for lease agreements with terms in excess of one year.

Future Noncancelable Operating Lease Payments Due	
<u>Fiscal Year</u>	<u>Machinery and Equipment</u>
2012	\$ 70
2013	69
2014	67
2015	56
Total Future Noncancelable Operating Lease Payments	<u>\$ 262</u>

8. Other Liabilities

Typically, OJP enters into reimbursable agreements to award funds to various grant recipients on behalf of other federal agencies. Once expenses are incurred by the grantees, the Advances from Others account balance is reduced. In addition, Other Liabilities include both funded and unfunded payroll costs. As of September 30, 2011 and 2010, all other liabilities are current and are presented in the following table:

As of September 30, 2011 and 2010		
	<u>2011</u>	<u>2010</u>
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	\$ 967	\$ 869
Other Post-Employment Benefits Due and Payable	79	41
Other Unfunded Employment Related Liabilities	33	28
Advances from Others	<u>116,196</u>	<u>146,976</u>
Total Intragovernmental	<u>117,275</u>	<u>147,914</u>
Total Other Liabilities	<u>\$ 117,275</u>	<u>\$ 147,914</u>



Notes to the Financial Statements

9. Contingencies and Commitments

OJP is a party in various administrative proceedings, legal actions, and claims brought by or against it. In the opinion of OJP's management and legal counsel, the ultimate resolution of these proceedings, actions, and claims, is remote and potential loss is immaterial.

10. Earmarked Fund

In 1984, Congress enacted the Victims of Crime Act (VOCA), which authorized the establishment of the CVF and its direct services programs and national-scope training and technical assistance efforts on behalf of crime victims. In support of VOCA, OJP provides federal leadership for the rights and needs of crime victims through policy development, funding promising practices, public awareness, educational activities intended to promote justice for crime victims, and monitoring compliance with federal victims' rights statutes. Nonexchange revenue results from assessed criminal fines collected by the U.S. Courts, the U.S. Army, and the DOJ Office of Debt Collection Management.

CVF receipts are available for obligation subject to Congressional limitation.



Notes to the Financial Statements

10. Earmarked Fund (continued)

7 KHIRORZ IQJ WEOHVKRZ VMH(DUP DUNHG) XQG DVRI DQG IRUWKHILVFDQ HDUVHQGHG 6HSWP EHU
DQG

\$ VRI 6HSWP EHU	DQG	<u>&UP H9 IENV V) XQG</u>	<u>&UP H9 IENV V) XQG</u>
%DDQFH6 KHW			
\$ VHW			
) XQG%DDQFHZ IWK 6 7 UHDMU			
2 WHL\$ VHW			
7 RWD\$ VHW			
/ IDEIDMVA			
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2 WHL/ IDEIDMVA			
7 RWD IDEIDMVA			
1 HWB RVNRQ			
&XP XDMH5 HXWRI 2 SHDIRQV			
7 RWDI HWB RVNRQ			
7 RWD IDEIDMVA DQG 1 HWB RVNRQ			
) RUMH) IVDQ HDU(QGHG 6HSWP EHU	DQG		
6 WMP HQWRI 1 HW&RW			
* URW&RWRI 2 SHDIRQV			
/ HW ([FRDQ H5 HMFQHV			
1 HW&RWRI 2 SHDIRQV			
6 WMP HQWRI &KDQ HVIQ1 HWB RVNRQ			
1 HWB RVNRQ%HIQQQ RI 3 HIRG			
%XG HMU) IQDQIQ 6 RUFHV			
1 HW&RWRI 2 SHDIRQV			
1 HW&KDQH			
1 HWB RVNRQ(QGRI 3 HIRG			



Notes to the Financial Statements

11. Net Cost of Operations by Suborganization

The following tables show the Net Cost of Operations for each of the DOJ's goals by suborganization, for the fiscal years ended September 30, 2011 and 2010, respectively. The suborganizations are Justice Assistance (JA), State and Local Law Enforcement Assistance (SLLEA), Juvenile Justice (JJ) and the Crime Victims Fund (CVF).

For the Fiscal Year Ended September 30, 2011						
	Suborganizations					Consolidated
	JA	SLLEA	JJ	CVF	OTHER	
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People						
Gross Cost	\$ 82,327	\$ 1,907,769	\$ 351,770	\$ -	\$ 338,769	\$ 2,680,635
Less: Earned Revenue	2,774	19,345	954	-	9,249	32,322
Net Cost of Operations	79,553	1,888,424	350,816	-	329,520	2,648,313
Goal 3: Ensure the Fair and Efficient Administration of Justice						
Gross Cost	126,026	265,596	85	662,569	-	1,054,276
Less: Earned Revenue	3,246	7,225	(31)	-	-	10,440
Net Cost of Operations	122,780	258,371	116	662,569	-	1,043,836
Net Cost of Operations	<u>\$ 202,333</u>	<u>\$ 2,146,795</u>	<u>\$ 350,932</u>	<u>\$ 662,569</u>	<u>\$ 329,520</u>	<u>\$ 3,692,149</u>

For the Fiscal Year Ended September 30, 2010						
	Suborganizations					Consolidated
	JA	SLLEA	JJ	CVF	OTHER	
Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People						
Gross Cost	\$ 75,453	\$ 2,068,834	\$ 280,922	\$ -	\$ 332,762	\$ 2,757,971
Less: Earned Revenue	8,143	35,372	512	-	5,824	49,851
Net Cost of Operations	67,310	2,033,462	280,410	-	326,938	2,708,120
Goal 3: Ensure the Fair and Efficient Administration of Justice						
Gross Cost	114,956	263,863	688	608,723	-	988,230
Less: Earned Revenue	7,680	18,576	(4)	-	-	26,252
Net Cost of Operations	107,276	245,287	692	608,723	-	961,978
Net Cost of Operations	<u>\$ 174,586</u>	<u>\$ 2,278,749</u>	<u>\$ 281,102</u>	<u>\$ 608,723</u>	<u>\$ 326,938</u>	<u>\$ 3,670,098</u>



12. Imputed Financing from Costs Absorbed by Others

Imputed Inter-Departmental Financing Sources are the unreimbursed (i.e., non-reimbursed and under-reimbursed) portion of the full costs of goods and services received by OJP from a providing entity that is not part of the U.S. Department of Justice. In accordance with SFFAS No. 30, *Inter-Entity Cost Implementation Amending SFFAS No. 4, Managerial Cost Accounting Standards and Concepts*, the material Imputed Inter-Departmental financing sources recognized by OJP are the cost of benefits for the Federal Employees Health Benefits Program (FEHB), the Federal Employees' Group Life Insurance Program (FEGLI), and the Federal Pension plans that are paid by other federal entities.

SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, requires that employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires OPM to provide cost factors necessary to calculate cost. OPM actuaries calculate the value of pension benefits expected to be paid in the future, and then determine the total funds to be contributed by and for covered employees, such that the amount calculated would be sufficient to fund the projected pension benefits. For employees covered by CSRS, the cost factors are 30.1 percent of basic pay for regular, and 23.5 percent for regular offset. For employees covered by FERS, the cost factors are 13.8 percent of basic pay for regular.

The cost to be paid by other agencies is the total calculated future costs, less employee and employer contributions. In addition, other retirement benefits, which include health and life insurance that are paid by other federal entities, must also be recorded.

There are no material imputed intra-departmental financing sources.

For the Fiscal Years Ended September 30, 2011 and 2010		
	2011	2010
Imputed Inter-Departmental Financing		
Health Insurance	\$ 3,300	\$ 3,210
Life Insurance	14	14
Pension	1,951	1,488
Total Imputed Inter-Departmental	<u>\$ 5,265</u>	<u>\$ 4,712</u>



13. Information Related to the Statement of Budgetary Resources

Apportionment Categories of Obligations Incurred:

The apportionment categories are determined in accordance with the guidance provided in Part 4 of OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*. Category A represents resources apportioned for calendar quarters. Category B represents resources apportioned for the other time periods; for activities, projects, and objectives or for a combination thereof.

	<u>Direct Obligations</u>	<u>Reimbursable Obligations</u>	<u>Total Obligations Incurred</u>
For the Fiscal Year Ended September 30, 2011			
Obligations Apportioned Under			
Category A	\$ 2,656,815	\$ 23,840	\$ 2,680,655
Category B	191,296	8,293	199,589
Total	<u>\$ 2,848,111</u>	<u>\$ 32,133</u>	<u>\$ 2,880,244</u>
For the Fiscal Year Ended September 30, 2010			
Obligations Apportioned Under			
Category A	\$ 3,267,467	\$ 27,320	\$ 3,294,787
Category B	166,682	311	166,993
Total	<u>\$ 3,434,149</u>	<u>\$ 27,631</u>	<u>\$ 3,461,780</u>

Status of Undelivered Orders:

Undelivered Orders (UDO) represent the amount of goods and/or services ordered, which have not been actually or constructively received. This amount includes any orders which may have been prepaid or advanced but for which delivery or performance has not yet occurred.

As of September 30, 2011 and 2010	<u>2011</u>	<u>2010</u>
UDO Obligations Unpaid	\$ 4,569,152	\$ 5,066,722
UDO Obligations Prepaid/Advanced	1,087,842	1,504,938
Total UDO	<u>\$ 5,656,994</u>	<u>\$ 6,571,660</u>



13. Information Related to the Statement of Budgetary Resources (continued)

Permanent Indefinite Appropriations:

The Public Safety Officers' Benefits Act of 1976 is generally codified at 42 U.S.C. Chapter 46, SUBCHAPTER XII.

The PSOB appropriation supports one mandatory and two discretionary programs that provide benefits to public safety officers who are severely injured in the line of duty and to the families and survivors of public safety officers killed or mortally injured in the line of duty.

The PSOB Program offers three types of benefits:

1. Death Benefits, a one-time financial benefit to survivors of public safety officers whose deaths resulted from injuries sustained in the line of duty. Under the Hometown Heroes Survivors Benefit Act of 2003, survivors of public safety officers who die of a heart attack or stroke within 24 hours of stressful, non-routine public safety activities may also qualify for death benefits.
2. Disability Benefits, a one-time financial benefit to public safety officers permanently disabled by catastrophic injuries sustained in the line of duty.
3. Education Benefits, which provide financial support for higher education expenses (such as tuition and fees, books, supplies, and room and board) to the eligible spouses and children of public safety officers killed or permanently disabled in the line of duty.

Legal Arrangements Affecting Use of Unobligated Balances:

Unobligated balances represent the cumulative amount of budget authority that is not obligated and that remains available for obligation under law, unless otherwise restricted. The use of unobligated balances is restricted based on annual legislation requirements and other enabling authorities. Funds are appropriated on an annual, multi-year, and no-year basis. Appropriated funds, except no-year, shall expire on the last day of availability and are no longer available for new obligations. Unobligated balances in unexpired fund symbols are available in the next fiscal year. Amounts in expired fund symbols are not available for new obligations, but may be used to adjust previously established obligations.

In FYs 2010 and 2011, the budget authority for the CVF has been limited to \$705 million in new authority, and \$50 million in carry forward authority from prior fiscal years.



Notes to the Financial Statements

13. Information Related to the Statement of Budgetary Resources (continued)

Statement of Budgetary Resources vs. the Budget of the United States Government:

The reconciliation as of September 30, 2011, is not presented, because the submission of the Budget of the United States Government (Budget) for FY 2013, which presents the execution of the FY 2011 Budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website (<http://whitehouse.gov/omb/budget>) and will be available in early February 2012.

The reconciliation of the Statement of Budgetary Resources versus the Budget of the United States Government, as of September 30, 2010, is presented below:

For the Fiscal Year Ended September 30, 2010 (Dollars in Millions)	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources (SBR)	\$ 3,694	\$ 3,462	\$ -	\$ 3,798
Funds not Reported in the Budget:				
Expired Funds	(14)	-	-	-
Rounding	1	(2)	-	-
Budget of the United States Government	<u>\$ 3,681</u>	<u>\$ 3,460</u>	<u>\$ -</u>	<u>\$ 3,798</u>



Notes to the Financial Statements

14. Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)

For the Fiscal Years Ended September 30, 2011 and 2010		
	2011	2010
Resources Used To Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	\$ 2,880,244	\$ 3,461,780
Less: Spending Authority from Offsetting Collections and Recoveries	87,405	113,773
Obligations Net of Offsetting Collections and Recoveries	2,792,839	3,348,007
Less: Offsetting Receipts	206	242
Net Obligations	2,792,633	3,347,765
Other Resources		
Transfers In/Out Without Reimbursement	10,600	24,608
Imputed Financing from Costs Absorbed by Others (Note 12)	5,265	4,712
Net Other Resources Used to Finance Activities	15,865	29,320
Total Resources Used to Finance Activities	2,808,498	3,377,085
Resources Used to Finance Items not Part of the Net Cost of Operations		
Net Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but not Yet Provided	883,368	309,903
Resources That Fund Expenses Recognized in Prior Periods (Note 15)	(43)	(7)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	507	932
Resources That Finance the Acquisition of Assets	(4,768)	(4,141)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	3,871	(20,852)
Total Resources Used to Finance Items not Part of the Net Cost of Operations	882,935	285,835
Total Resources Used to Finance the Net Cost of Operations	\$ 3,691,433	\$ 3,662,920



Notes to the Financial Statements

14. Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing) (continued)

	<u>2011</u>	<u>2010</u>
For the Fiscal Years Ended September 30, 2011 and 2010		
Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period		
Components That Will Require or Generate Resources in Future Periods (Note 15)	\$ 109	\$ 622
Depreciation and Amortization	4,318	5,400
Revaluation of Assets or Liabilities	(45)	13
Other	<u>(3,666)</u>	<u>1,143</u>
Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period	<u>716</u>	<u>7,178</u>
Net Cost of Operations	<u>\$ 3,692,149</u>	<u>\$ 3,670,098</u>



15. Explanation of Differences Between Liabilities not Covered by Budgetary Resources and Components of Net Cost of Operations Requiring or Generating Resources in Future Periods

Liabilities that are not covered by realized budgetary resources and for which there is no certainty that budgetary authority will be realized, such as the enactment of an appropriation, are considered liabilities not covered by budgetary resources. These liabilities totaling \$6,947 on September 30, 2011 and \$6,881 on September 30, 2010, are discussed in Note 6, Liabilities not Covered by Budgetary Resources. Decreases in these liabilities result from current year budgetary resources that were used to fund expenses recognized in prior periods. Increases in these liabilities represent unfunded expenses that were recognized in the current period. These increases along with the change in the portion of exchange revenue receivables from the public, which are not considered budgetary resources until collected, represent components of current period net cost of operations that will require or generate budgetary resources in future periods. The changes in liabilities not covered by budgetary resources and receivables generating resources in future periods are comprised of the following:

For the Fiscal Years Ended September 30, 2011 and 2010		
	<u>2011</u>	<u>2010</u>
Resources that Fund Expenses Recognized in Prior Periods		
Other		
Decrease in Accrued FECA Liabilities	\$ (43)	\$ (7)
Total Other	<u>(43)</u>	<u>(7)</u>
Total Resources that Fund Expenses Recognized in Prior Periods	<u>\$ (43)</u>	<u>\$ (7)</u>
Components of Net Cost of Operations will Require or Generate Resources in Future Periods		
Increase in Accrued Annual and Compensatory Leave Liabilities	\$ 80	\$ 443
Other		
Increase in Actuarial FECA Liabilities	23	163
Increase in Other Unfunded Employment Related Liabilities	<u>6</u>	<u>16</u>
Total Other	<u>29</u>	<u>179</u>
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	<u>\$ 109</u>	<u>6</u>



Notes to the Financial Statements

16. Allocation Transfers of Appropriations

OJP, as the parent, is required to transfer seventeen million dollars from the CVF to the U.S. Department of Health and Human Services (HHS) in FY 2011. This transfer is required by 42 U.S.C §10603a {Sec. 14-4A} for ***Child abuse prevention and treatment grants***. Amounts made available by section §10601(d)(2) of this title, for the purposes of this section, are to be obligated and expended by the Secretary of HHS for grants under section §5106c of this title. The allocation transfer is reported in OJP's financial statements.

17. Change in Accounting Principle

Based upon guidance received from OMB regarding their interpretation of P.L. 112-10, Section 1101, OJP has changed its method of accounting for previous years' unobligated CVF collections, which as of October 1, 2010, totaled \$4,801,473. As a result of this change in accounting principle, which OJP is applying prospectively beginning with FY 2011 (subject to the annual appropriation language for the CVF fund), the cumulative amount of unobligated CVF collections from prior years is included in the 'Appropriations Received' and 'Temporarily Not Available Pursuant to Public Law' line items of the Combined Statements of Budgetary Resources.

Required Supplementary Information

Unaudited



**U.S. Department of Justice
Office of Justice Programs
Required Supplementary Information
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2011**

Dollars in Thousands	2011					
	JA	SLEEA	JJ	CVF	OTHER	TOTAL
Budgetary Resources						
Unobligated Balance, Brought Forward, October 1	\$ 32,924	\$ 115,214	\$ 12,581	\$ 50,441	\$ 21,340	\$ 232,500
Recoveries of Prior Year Unpaid Obligations	8,188	25,617	7,153	8,230	4,968	54,156
Budget Authority						
Appropriations Received	235,000	1,120,085	275,975	6,799,694	262,100	8,692,854
Spending Authority from Offsetting Collections						
Earned						
Collected	10,242	38,396	2,106	1,249	10,056	62,049
Change in Receivables from Federal Sources	(547)	(766)	221	-	1,179	87
Change in Unfilled Customer Orders						
Advance Received	(6,123)	(20,634)	(1,362)	-	(251)	(28,370)
Without Advance from federal Sources	622	(2,662)	3,728	-	(2,205)	(517)
Subtotal Budget Authority	<u>239,194</u>	<u>1,134,419</u>	<u>280,668</u>	<u>6,800,943</u>	<u>270,879</u>	<u>8,726,103</u>
Nonexpenditure Transfers, Net, Anticipated and Actual	(6,860)	139,917	13,945	-	53,342	200,344
Temporary not Available Pursuant to Public Law	-	-	-	(6,099,743)	-	(6,099,743)
Permanently not Available	<u>(7,734)</u>	<u>(28,057)</u>	<u>(6,875)</u>	<u>-</u>	<u>(2,988)</u>	<u>(45,654)</u>
Total Budgetary Resources	<u>\$ 265,712</u>	<u>\$ 1,387,110</u>	<u>\$ 307,472</u>	<u>\$ 759,871</u>	<u>\$ 347,541</u>	<u>\$ 3,067,706</u>



**U.S. Department of Justice
Office of Justice Programs
Required Supplementary Information
Combining Statement of Budgetary Resources (continued)
For the Fiscal Year Ended September 30, 2011**

Dollars in Thousands	2011					
Status of Budgetary Resources	JA	SLLEA	JJ	CVF	OTHER	TOTAL
Obligations incurred						
Direct	\$ 244,494	\$ 1,286,435	\$ 295,369	\$ 709,205	\$ 312,608	\$ 2,848,111
Reimbursable	1,306	14,929	5,234	225	10,439	32,133
Total Obligations Incurred	245,800	1,301,364	300,603	709,430	323,047	2,880,244
Unobligated Balance - Available						
Apportioned	19,912	84,931	6,843	45,570	11,811	169,067
Unobligated Balance not Available	-	816	26	4,871	12,682	18,395
Total Status of Budgetary Resources	\$ 265,712	\$ 1,387,111	\$ 307,472	\$ 759,871	\$ 347,540	\$ 3,067,706
Change in Obligated Balance						
Obligated Balance, Net - Brought Forward, October 1						
Unpaid Obligations	\$ 311,321	\$ 3,283,075	\$ 714,626	\$ 1,086,783	\$ 115,042	\$ 5,510,847
Less: Uncollected Customer Payment from Federal Sources	13,773	7,397	1,417	-	3,079	25,666
Total Unpaid Obligated Balance, Net, Brought Forward, October 1	297,548	3,275,678	713,209	1,086,783	111,963	5,485,181
Obligations Incurred, Net	245,800	1,301,364	300,603	709,430	323,047	2,880,244
Less: Gross Outlays	213,610	1,781,869	333,445	677,983	304,161	3,311,068
Less: Recoveries of Prior Year Unpaid Obligations, Actual	8,188	25,617	7,153	8,230	4,968	54,156
Change in Uncollected Customer Payments from Federal Sources	(75)	3,428	(3,949)	-	1,026	430
Obligated Balance, Net - End of Period						
Unpaid Obligations	335,323	2,776,953	674,631	1,110,000	128,960	5,025,867
Less: Uncollected Customer Payments from Federal Sources	13,848	3,969	5,366	-	2,053	25,236
Total Unpaid Obligated Balance, Net - End of Period	\$ 321,475	\$ 2,772,984	\$ 669,265	\$ 1,110,000	\$ 126,907	\$ 5,000,631
Net Outlays						
Gross Outlays	\$ 213,610	\$ 1,781,869	\$ 333,445	\$ 677,983	\$ 304,161	\$ 3,311,068
Less: Offsetting Collections	4,120	17,765	745	1,249	9,804	33,683
Less: Distributed Offsetting Receipts	-	-	-	-	206	206
Total Net Outlays	\$ 209,490	\$ 1,764,104	\$ 332,700	\$ 676,734	\$ 294,151	\$ 3,277,179



**U.S. Department of Justice
Office of Justice Programs
Required Supplementary Information
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2010**

Dollars in Thousands						2010
	JA	SLLEA	JJ	CVF	OTHER	TOTAL
Budgetary Resources						
Unobligated Balance, Brought Forward, October 1	\$ 23,626	\$ 120,569	\$ 9,706	\$ 50,441	\$ 19,948	\$ 224,290
Recoveries of Prior Year Unpaid Obligations	15,903	32,947	8,865	3,402	5,108	66,225
Budget Authority						
Appropriations Received	235,000	1,534,768	423,595	2,362,338	308,488	4,864,189
Spending Authority from Offsetting Collections						
Earned						
Collected	20,010	97,030	841	155	11,346	129,382
Change in Receivables from Federal Sources	(968)	80	57	-	(2,658)	(3,489)
Change in Unfilled Customer Orders						
Advance Received	(11,533)	(73,432)	1,098	-	777	(83,090)
Without Advance from Federal Sources	(2,575)	5,004	557	-	1,759	4,745
Subtotal Budget Authority	239,934	1,563,450	426,148	2,362,493	319,712	4,911,737
Nonexpenditure Transfers, Net, Anticipated, and Actual	(4,858)	180,695	(5,122)	-	29,738	200,453
Temporary not Available Pursuant to Public Law	-	-	-	(1,654,425)	-	(1,654,425)
Permanently not Available	(3,263)	(42,276)	(8,008)	-	(453)	(54,000)
Total Budgetary Resources	\$ 271,342	\$ 1,855,385	\$ 431,589	\$ 761,911	\$ 374,053	\$ 3,694,280



**U.S. Department of Justice
Office of Justice Programs
Required Supplementary Information
Combining Statement of Budgetary Resources (continued)
For the Fiscal Year Ended September 30, 2010**

Dollars in Thousands						2010
	JA	SLLEA	JJ	CVF	OTHER	TOTAL
Status of Budgetary Resources						
Obligations incurred						
Direct	\$ 232,471	\$ 1,731,422	\$ 416,664	\$ 711,470	\$ 342,122	\$ 3,434,149
Reimbursable	5,947	8,749	2,344	-	10,591	27,631
Total Obligations Incurred	238,418	1,740,171	419,008	711,470	352,713	3,461,780
Unobligated Balance - Available						
Apportioned	29,977	115,214	12,581	43,491	7,709	208,972
Unobligated Balance not Available	2,947	-	-	6,950	13,631	23,528
Total Status of Budgetary Resources	\$ 271,342	\$ 1,855,385	\$ 431,589	\$ 761,911	\$ 374,053	\$ 3,694,280
Change in Obligated Balance						
Obligated Balance, Net - Brought Forward, October 1						
Unpaid Obligations	\$ 308,225	\$ 3,923,066	\$ 617,523	\$ 1,006,052	\$ 105,081	\$ 5,959,947
Less: Uncollected Customer Payment from Federal Sources	17,317	2,314	803	-	3,976	24,410
Total Unpaid Obligated Balance, Net, Brought Forward, October 1	290,908	3,920,752	616,720	1,006,052	101,105	5,935,537
Obligations Incurred, Net	238,418	1,740,171	419,008	711,470	352,713	3,461,780
Less: Gross Outlays	219,418	2,347,216	313,041	627,337	337,643	3,844,655
Less: Recoveries of Prior Year Unpaid Obligations, Actual	15,903	32,947	8,865	3,402	5,108	66,225
Change in Uncollected Customer Payments from Federal Sources	3,543	(5,084)	(614)	-	899	(1,256)
Obligated Balance, Net - End of Period						
Unpaid Obligations	311,322	3,283,074	714,625	1,086,783	115,043	5,510,847
Less: Uncollected Customer Payments from Federal Sources	13,774	7,398	1,417	-	3,077	25,666
Total Unpaid Obligated Balance, Net - End of Period	\$ 297,548	\$ 3,275,676	\$ 713,208	\$ 1,086,783	\$ 111,966	\$ 5,485,181
Net Outlays						
Gross Outlays	\$ 219,418	\$ 2,347,216	\$ 313,041	\$ 627,337	\$ 337,643	\$ 3,844,655
Less: Offsetting Collections	8,477	23,598	1,940	155	12,122	46,292
Less: Distributed Offsetting Receipts	-	-	-	-	242	242
Total Net Outlays	\$ 210,941	\$ 2,323,618	\$ 311,101	\$ 627,182	\$ 325,279	\$ 3,798,121

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Required Supplementary Stewardship Information

Unaudited

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**U.S. Department of Justice
Office of Justice Programs
Required Supplementary Stewardship Information
Non-Federal Physical Property
For the Fiscal Years 2011, 2010, 2009, 2008, and 2007**

The Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) Incentive and Correctional Systems and Correctional Alternatives for Tribal Lands (CSCATL) grant programs, which are administered by the Office of Justice Programs' Bureau of Justice Assistance, provide grants to any of the 50 United States, the District of Columbia, Tribes, Puerto Rico, Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands, for the purposes of building or expanding correctional facilities and jails to increase secure confinement space for violent offenders. The CSCATL grant program has been expanded in scope to include multi-purpose justice centers as the result of the recently enacted Tribal Law and Order Act of 2010 (Public Law 111-211). The facilities built or expanded with these funds constitute non-federal physical property.

VOI/TIS and CSCATL funds are available for the following purposes:

- Build or expand correctional facilities to increase the bed capacity for the confinement of persons convicted of a Part 1 violent crime or adjudicated delinquent for an act that, if committed by an adult, would be a Part 1 violent crime. NOTE: Part 1 violent crime includes murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault as reported to the Federal Bureau of Investigation for purposes of the Uniform Crime Reports.
- Build or expand temporary or permanent correctional facilities, including facilities on military bases, prison barges, and boot camps, for the confinement of convicted nonviolent offenders and criminal aliens, for the purpose of freeing suitable existing prison space for the confinement of persons convicted of a Part 1 violent crime.
- Build or expand jails.
- Additionally, since fiscal year (FY) 1999, up to 10.0 percent of a state's VOI/TIS award may be applied to the costs of offender drug testing or intervention programs during periods of incarceration and post-incarceration criminal justice supervision and/or pay the costs of providing the required reports on prison drug use.

VOI/TIS and CSCATL funds expended from FYs 2007 through September 30, 2011, are as follows:

Dollars in Thousands	2011	2010	2009	2008	2007
Recipients of Non-Federal Physical Property:					
Cooperative Agreement Program					
Administered by US Marshals Service	\$ -	\$ -	\$ -	\$ 1,140	\$ 2,839
Grants to Indian Tribes	52,339	24,768	14,320	5,094	11,334
Grants to States	(1,139)	11,389	41,561	59,011	188,171
Total Non-Federal Physical Property	<u>\$ 51,200</u>	<u>\$ 36,157</u>	<u>\$ 55,881</u>	<u>\$ 65,245</u>	<u>\$ 202,344</u>