



OFFICE OF JUSTICE PROGRAMS ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2010

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

Audit Report 11-17
February 2011

OFFICE OF JUSTICE PROGRAMS ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2010

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, 2010, and September 30, 2009. 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 2010 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 2009, OJP also received an unqualified opinion on its financial statements (OIG Report No. 10-17).

KPMG LLP also issued reports on internal control and on compliance and other matters. For FY 2010, the *Independent Auditors' Report on Internal Control over Financial Reporting* identified no deficiencies in internal control. In the FY 2010 *Independent Auditors Report on Compliance and Other Matters*, the auditors identified no instances of non-compliance with laws and regulations and the *Federal Financial Management Improvement Act of 1996*.

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 1, 2010, and the conclusions expressed in the reports. However, our review disclosed no instances where KPMG LLP did not comply, in all material respects, with U.S. generally accepted government auditing standards.

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**OFFICE OF JUSTICE PROGRAMS
ANNUAL FINANCIAL STATEMENT
FISCAL YEAR 2010**

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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), 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 (B/PO). 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

The mission of OJP is to improve public safety and 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 2007-2010 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			

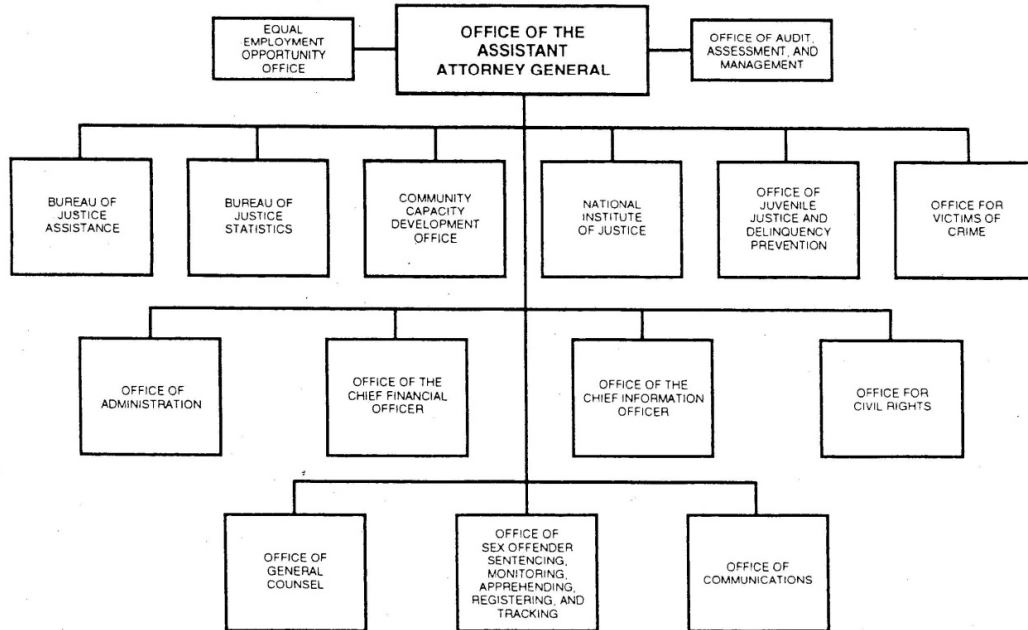
ORGANIZATION STRUCTURE

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 below, was approved by Congress in April 2007.



Management's Discussion and Analysis

OFFICE OF JUSTICE PROGRAMS



Approved by: *Alberto J. Gonzales* Date: 12-21-06
ALBERTO J. GONZALES
Attorney General



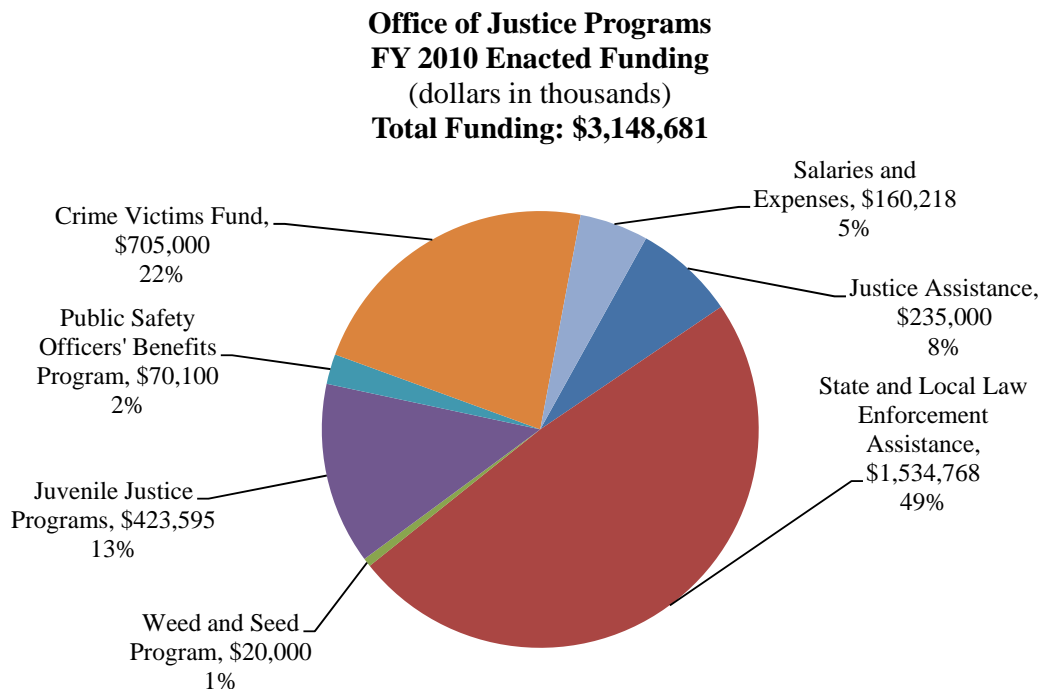
FINANCIAL STRUCTURE

In fiscal year (FY) 2010, 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.
- **Weed and Seed Program:** 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 2010 Appropriations Act.

Below is a pie chart depicting OJP's FY 2010 funding by appropriation.





Financial Responsibility

OJP is responsible for the fair presentation of its financial position as of September 30, 2010, 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 Grants for Tribal Lands grant program. Both programs are administered by OJP's Bureau of Justice Assistance (BJA) and provide grants 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, for the purposes of building or expanding correctional facilities and jails to increase secure confinement space for violent offenders. 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 (GPRA) of 1993 and reporting in the 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 the DOJ Unified Financial Management System (UFMS) project. 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 Office of the Chief Financial Officer is responsible for developing, analyzing, and ensuring the material 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 (Public Law [P.L.] 103-356). These statements have been prepared from the books and records of OJP, in conformity with the formats prescribed by the Office of Management and Budget (OMB). Accordingly, the FY 2010 statement of changes in net position includes a cumulative result of operations of approximately \$5.9 billion. This FY 2010 statement of changes in net position also includes unexpended appropriations of approximately \$5.6 billion. OJP has a positive net position of \$11.5 billion and approximately \$10.5 billion in fund balances with Treasury. Since OJP has approximately \$598 million in liabilities, OJP has sufficient resources to meet its requirements in the foreseeable future. From FY 2009 to FY 2010, the significant decrease in resources is due primarily to the funding provided under the American Recovery and Reinvestment Act of 2009 (Recovery Act) (P.L. 111-5). 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 2010 and FY 2009 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 2010	FY 2009	Change %
Earned Revenue	\$ 76,103	\$ 175,148	-56.5%
Budgetary Financing Sources			
Appropriation Received	\$ 2,501,851	\$ 5,036,600	-50.3%
Appropriation Transferred-In/Out	\$ 200,453	\$ 283,817	-29.4%
Nonexchange Revenues	\$ 2,363,270	\$ 1,746,849	35.3%
Other Adjustments and Budgetary Financing Sources	\$ (54,000)	\$ (121,642)	-55.6%
Other Financing Sources			
Transfers In/Out Without Reimbursement	\$ 24,608	\$ 49,215	-50.0%
Imputed Financing from Cost Absorbed by Others	\$ 4,712	\$ 4,054	16.2%
Total	\$ 5,116,997	\$ 7,174,041	-28.7%



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

Strategic Goal (SG)	FY 2010	FY 2009	Change %
SG 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People			
Gross Cost	\$ 2,757,971	\$ 1,919,976	
Less: Earned Revenue	\$ 49,851	\$ 116,353	
Net Cost	\$ 2,708,120	\$ 1,803,623	50.1%
SG 3: Ensure the Fair and Efficient Administration of Justice			
Gross Cost	\$ 988,230	\$ 1,024,312	
Less: Earned Revenue	\$ 26,252	\$ 58,795	
Net Cost	\$ 961,978	\$ 965,517	-0.4%
Total Gross Cost	\$ 3,746,201	\$ 2,944,288	
Less: Total Earned Revenue	\$ 76,103	\$ 175,148	
Total Net Cost of Operations	\$ 3,670,098	\$ 2,769,140	32.5%

2010 Financial Highlights

OJP's FY 2010 budgetary resources totaled \$3.7 billion. Of this amount, OJP obligated approximately \$3.5 billion, resulting in an unobligated balance of \$233 million. The net cost of operations totaled approximately \$3.7 billion for FY 2010.

In FY 2010, OJP had significant changes to certain accounts due to increased funding provided by the Recovery Act in FY 2009, including the Unpaid Obligations; Unexpended Appropriations; Budgetary Authority, Appropriations Received; and Obligations Incurred, Direct. In total, OJP received \$2.76 billion in Recovery Act funding in FY 2009. In addition, Other Liabilities decreased by \$82.9 million, mainly due to a decrease of \$72 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. Approximately \$838 million of additional budgetary resources were expended for Goal 2 during FY 2010. DOJ Strategic Goal 2 activities accounted for a net cost increase of 50.1% and DOJ Strategic Goal 3 activities had a decrease of 0.4% effect to net costs in FY 2010, compared to FY 2009 net costs.



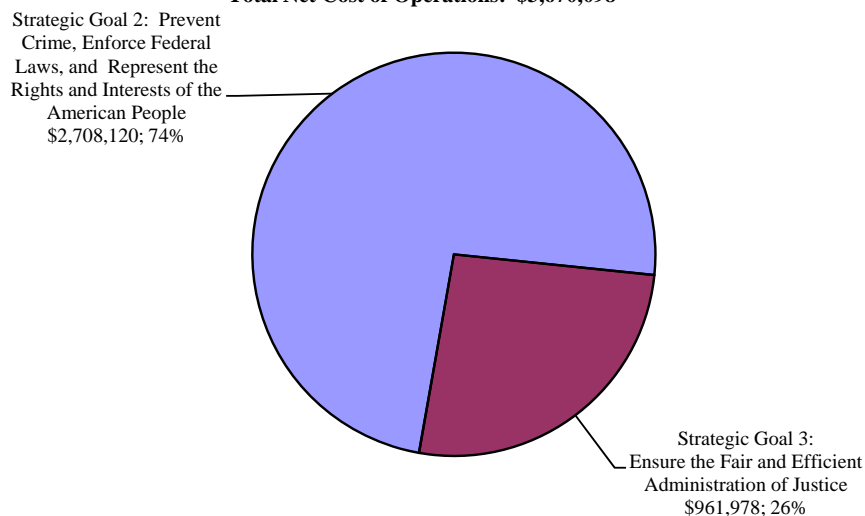
Management's Discussion and Analysis

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.

How the Office of Justice Programs Resources were Spent by DOJ Strategic Goal FY 2010

(Dollars in Thousands)

Total Net Cost of Operations: \$3,670,098



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 2010 REPORT ON SELECTED RESULTS

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

(74% 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: OJP's Community Capacity Development Office (CCDO) administers Weed and Seed, 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)

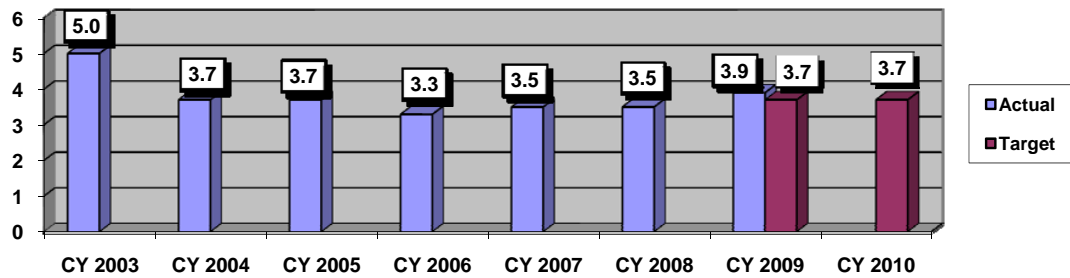
Discussion of Calendar Year (CY) 2010 Results: Data for this measure are collected on a calendar year basis and will be available in September 2011.

Discussion of CY 2009 Results: The target for CY 2009 was to reduce the average number of homicides per site to 3.7. In CY 2009 there was an average of 3.9 homicides per site. While this result slightly missed the target, almost the entire difference can be attributed to a single site, which reported 45 homicides or almost 10 percent of the 459 homicides reported by 117 active Weed and Seed sites nationwide. Excluding this one site, the average number of homicides was 3.6, which is well below the target.



CYs 2001-2002: N/A (Measure developed in FY 2004, based on CY 2003 data)

Figure 1. Number of Homicides Per Site



Data Definition: Although sites are affected by a range of criminal activities, such as drugs and vandalism, CCDO 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 and, due to the small number of sites overall, these changes can greatly affect 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 goals of both of these efforts are to reduce the size of the backlog so that more DNA samples profiles are available in CODIS for matching to forensic cases, offenders, and arrestees. CODIS matches offer powerful investigative



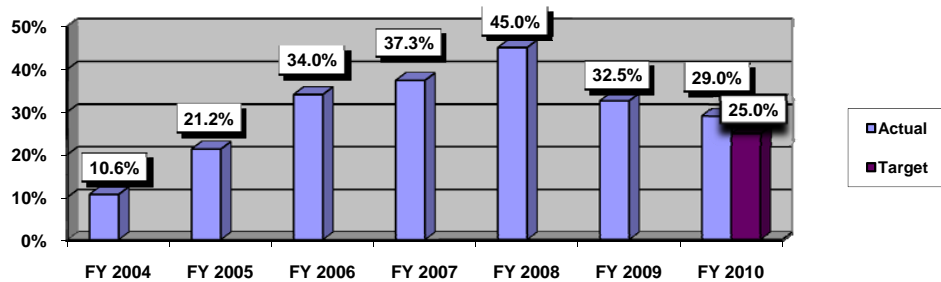
leads that can solve past crimes and prevent new crimes from occurring. In the past, funds awarded for analysis of backlogged forensic casework DNA samples were only available for the analysis of violent offense samples (i.e., murder, non-negligent manslaughter and forcible rape); however, from FY 2008 to date, funds can be used for any criminal DNA case. OJP's role in reducing the DNA backlog is to provide additional 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 2010 Results: OJP's FY 2010 target for reducing the DNA casework backlog was set at 25 percent in 2009. In FY 2010, NIJ-funded crime labs reduced the DNA backlog by 29 percent, which exceeded the target, due to a funding increase of \$2.6 million over the FY 2009 amount. OJP is now collecting updated national backlog data each year, and the trend shows the backlog to be increasing.

FYs 2001 – 2003: N/A (Measure developed in FY 2004)

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



Data Definition: The objective of the DNA Backlog Reduction Program is to accelerate the analysis of backlogged DNA casework samples in order to provide CODIS-compatible data for state and national DNA databases. These data are critical investigative information for law enforcement. NIJ computes this measure by calculating the cumulative number of backlogged DNA cases federally-funded for analysis as part of the FY 2010 solicitation process (32,400). This number is divided by the total number of backlogged DNA cases (111,649) as of December 31 of the year prior to when solicitations are released. Because the size of the backlog is assessed at the end of each calendar year, it tends to vary as more or fewer samples are collected and assessed. For example, if during a given calendar year, significantly more samples were collected than were assessed, the backlog would grow. Likewise, if more samples are assessed than collected, the backlog would shrink.

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



Management's Discussion and Analysis

Data validation and verification: The number of cases funded for analysis in FY 2010 is computed from applications submitted by grantees to the FY 2010 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 insure 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 and twelve 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 2010 Results: The total recovery rate within 72 hours of the issuance of an AMBER alert was 86.9 percent for FY 2010. This result exceeds the target of 75 percent by 11.9 percentage points. This is attributable to better coordination and training; increased public awareness of the AMBER program; technological advances; and greater cooperation among law enforcement, transportation officials, and broadcasters.

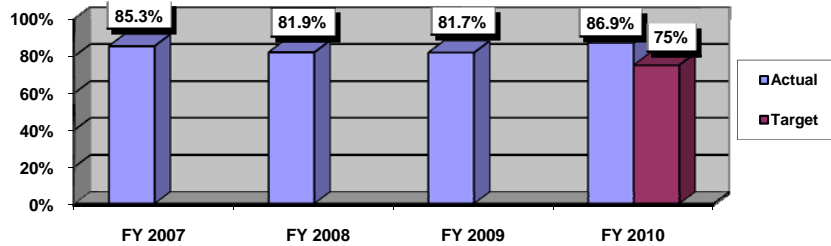
Additionally, in FY 2010, AMBER alert completed a number of activities. Below are actual AMBER alert accomplishments:

- Number of participants provided AMBER alert training: 2,700
- Number of requestors provided technical assistance: 1,343



FYs 2001 – 2006: N/A (Measure developed in FY 2007)

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



Data Definition: Recovery rate is determined by taking the total number of AMBER alerts cancelled within 72 hours of issuance because the subject child/children are recovered, divided by the total number of alerts issued. The result is expressed as a percentage.

Data collection and storage: Data are collected from law enforcement and the National Crime Information Center database. This database 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

(26% 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.

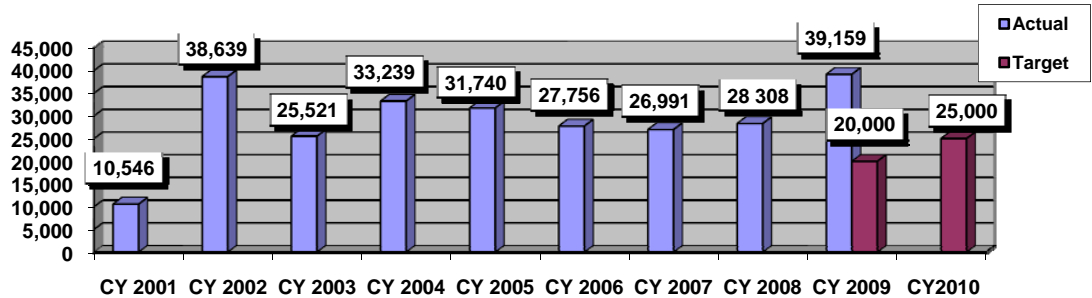
Performance Measure: Number of participants in the Residential Substance Abuse Treatment (RSAT) Program

Discussion of CY 2010 Results: The target for CY 2010 is to have 25,000 participants in RSAT-funded programs. Data for this measure are collected on a calendar year basis and CY 2010 data will be available in October 2011.

Discussion of CY 2009 Results: The target for CY 2009 is to have 20,000 participants in RSAT-funded programs. In CY 2009, there were 39,159 participants in RSAT. In past years, grantees may have undercounted the number of participants, given that they were accustomed to report one entry for all of their open and active awards. In FY 2010, BJA remedied that data collection flaw, and grantees are now reporting on the number of participants for each open and active award. BJA believes these data to be more reliable.



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 BJA's Performance Measurement Tool (PMT).

Data validation and verification: Data are validated and verified through program managers' programmatic monitoring. 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.

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 2009 reflects the 2009 calendar year, but in the future, because grantees are reporting on a quarterly basis, BJA will report these numbers on a fiscal or calendar year basis. The issue of variations in grantee reporting periods has been resolved.

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 2,200 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.



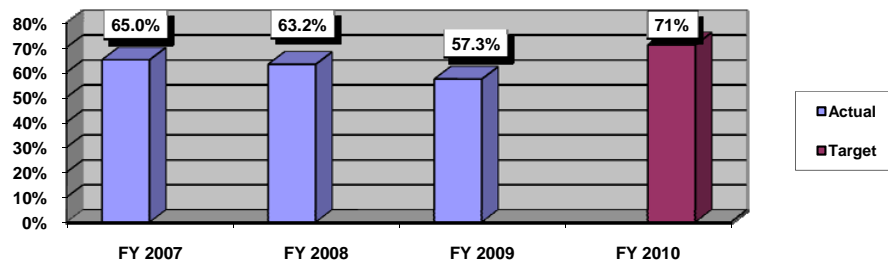
The need for drug treatment services is tremendous and OJP has a long history of providing resources to break the cycle of drugs and violence by reducing the demand, use, and trafficking of illegal drugs. Twenty-seven percent of the 6.1 million people, who reported to the 2008 National Crime Victimization 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 Courts Program (adult drug court participants only)

Discussion of FY 2010 Results: The target for FY 2010 is a graduation rate for graduation-eligible participants of 71 percent. Final actual data for this measure will be available in early November 2010 but was not available to be included in the DOJ Consolidated Performance and Accountability Report Financial Statements.

FY 2001 – 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 during the reporting period (numerator) by the total number of drug court participants that exit the program during the reporting period due to graduating (completing program requirements) or failing to graduate as a result of noncompliance with program requirements (denominator).

Data collection and storage: Program managers obtain data from reports submitted by grantees into BJA's PMT.



Data validation and verification: Data are validated and verified through program managers' programmatic monitoring. 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.

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. Graduation rates from 2007 forward are calculated by dividing the number of drug court participants that graduate during the reporting period by the total number of drug court participants that exit the program during the reporting period due to graduating or failing to graduate as a result of noncompliance with program requirements. 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.

Discontinued OJP Performance Measures From FY 2009 to FY 2010

There are no measures that have been discontinued from FY 2009 to FY 2010.

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 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 control 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 control 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, 2010, were operating effectively.

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 access controls, maintenance, configuration management, and identification and authentication controls. OJP has submitted a corrective action plan that includes adding an additional role conflict matrix in its Account Management Automation tool, developing guidance for routine system maintenance, implementing a new secure configuration checklist, and verifying and changing passwords for OJP's Enterprise Network System to address 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. Furthermore, FFMIA 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 independent auditors have 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

There are several factors and future trends that affect OJP's goal achievement. Since 1994, violent crime, as measured by victim surveys reported to BJS, has fallen by 66 percent and property crime by 59 percent. Near record low rates of homicide, assault, sexual assault, and armed robbery rates have been achieved. The proportion of serious violent crime committed by juveniles has generally declined. Despite these positive trends, significant challenges continue to confront the justice system. Multiple strategies are needed to deal with these problems, and it is critical to understand what works and what does not in various contexts to inform sound policy-making. By identifying these challenges, OJP can provide a national resource to develop the best approaches for a wide variety of places and environments.

The Administration's priorities for OJP are as follows:

1. Children Exposed to Violence
2. Justice Reinvestment
3. Reentry-Second Chance Act
4. Recovery Act
5. Indigent Defense
6. Violence Against Women

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, Bureau of Justice Statistics, National Institute of Justice, Office of Juvenile Justice and Delinquency Prevention, Office for Victims of Crime, and the Community Capacity Development Office. 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.



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.

Independent Auditors' Reports

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

Independent Auditors' Report on Financial Statements

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, 2010 and 2009, 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, 2010 and 2009 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.

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.

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Independent Auditors' Report on Financial Statements

Page 2

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 1, 2010, 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 1, 2010



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

Independent Auditors' Report on Internal Control over Financial Reporting

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, 2010 and 2009, 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 1, 2010.

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 2010 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 2010 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Independent Auditors' Report on Internal Control over Financial Reporting
Page 2

The Exhibit presents the status of the prior year finding and recommendation.

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 1, 2010

STATUS OF PRIOR YEAR’S FINDING AND RECOMMENDATION

As required by *Government Auditing Standards* issued by the Comptroller General of the United States, and by OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, we have reviewed the status of the prior year’s finding and recommendation. The following table provides our assessment of the progress OJP has made in correcting the previously identified significant deficiency. We also provide the Office of the Inspector General report number where the deficiency was reported, our recommendation for improvement, and the status of the deficiency as of the end of fiscal year 2010.

Report	Significant Deficiency	Recommendation	Status
Annual Financial Statement Fiscal Year 2009 Report No. 10-17	Improvements are needed in the system and controls over budgetary upward and downward adjustments	Recommendation No. 1: Enhance the review of upward and downward adjustment transactions in the Microsoft Access database and related journal entries to ensure only valid recoveries and de-obligations are recorded, as defined by OMB.	Completed

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

Independent Auditors' Report on Compliance and Other Matters

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, 2010 and 2009, 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 1, 2010.

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 2010 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 other 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.

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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 1, 2010

**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, 2010 and 2009

Dollars in Thousands	2010	2009
ASSETS		
Intragovernmental		
Fund Balance with U.S. Treasury (Note 2)	\$ 10,519,156	\$ 9,306,877
Accounts Receivable, Net (Note 3)	6,883	10,372
Other Assets (Note 5)	76,831	49,746
Total Intragovernmental	<u>10,602,870</u>	<u>9,366,995</u>
Accounts Receivable, Net (Note 3)	5,774	7,208
General Property, Plant and Equipment, Net (Note 4)	12,032	13,781
Advances and Prepayments	1,428,298	1,337,788
Total Assets	<u>\$ 12,048,974</u>	<u>\$ 10,725,772</u>
LIABILITIES (Note 6)		
Intragovernmental		
Accounts Payable	\$ 18,928	\$ 50,095
Accrued Federal Employees' Compensation Act Liabilities	129	136
Other Liabilities (Note 8)	147,914	230,852
Total Intragovernmental	<u>166,971</u>	<u>281,083</u>
Accounts Payable	33,369	29,365
Accrued Grant Liabilities	383,171	321,721
Actuarial Federal Employees' Compensation Act Liabilities	657	494
Accrued Payroll and Benefits	7,930	7,470
Accrued Annual and Compensatory Leave Liabilities	6,068	5,625
Capital Lease Liabilities (Note 7)	18	20
Total Liabilities	<u>\$ 598,184</u>	<u>\$ 645,778</u>
Contingencies and Commitments (Note 9)		
NET POSITION		
Unexpended Appropriations - All Other Funds	\$ 5,571,977	\$ 5,951,999
Cumulative Results of Operations - Earmarked Fund (Note 10)	5,866,596	4,112,981
Cumulative Results of Operations - All Other Funds	12,217	15,014
Total Net Position	<u>\$ 11,450,790</u>	<u>\$ 10,079,994</u>
Total Liabilities and Net Position	<u>\$ 12,048,974</u>	<u>\$ 10,725,772</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, 2010 and 2009**

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	2010	\$ 140,429	\$ 2,617,542	\$ 2,757,971	\$ 49,844	\$ 7	\$ 49,851	\$ 2,708,120
	2009	\$ 119,310	\$ 1,800,666	\$ 1,919,976	\$ 116,353	\$ -	\$ 116,353	\$ 1,803,623
Goal 3	2010	56,647	931,583	988,230	26,252	-	26,252	961,978
	2009	105,707	918,605	1,024,312	58,795	-	58,795	965,517
Total	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>
	2009	<u>\$ 225,017</u>	<u>\$ 2,719,271</u>	<u>\$ 2,944,288</u>	<u>\$ 175,148</u>	<u>\$ -</u>	<u>\$ 175,148</u>	<u>\$ 2,769,140</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, 2010**

Dollars in Thousands

	2010		
	Earmarked Funds	All Other Funds	Total
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	<u>-</u>	<u>(380,022)</u>	<u>(380,022)</u>
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
Consolidated Statements of Changes in Net Position (continued)
For the Fiscal Year Ended September 30, 2009

Dollars in Thousands

	2009		
	Earmarked Funds	All Other Funds	Total
Unexpended Appropriations			
Beginning Balances	\$ -	\$ 2,881,349	\$ 2,881,349
Budgetary Financing Sources			
Appropriations Received	-	5,036,600	5,036,600
Appropriations Transferred-In/Out	-	283,817	283,817
Other Adjustments	-	(121,642)	(121,642)
Appropriations Used	-	(2,128,125)	(2,128,125)
Total Budgetary Financing Sources	-	3,070,650	3,070,650
Unexpended Appropriations	\$ -	\$ 5,951,999	\$ 5,951,999
Cumulative Results of Operations			
Beginning Balances	\$ 2,955,373	\$ 13,519	\$ 2,968,892
Budgetary Financing Sources			
Appropriations Used	-	2,128,125	2,128,125
Nonexchange Revenues	1,745,678	1,171	1,746,849
Other Financing Sources			
Transfers-In/Out Without Reimbursement	-	49,215	49,215
Imputed Financing from Costs Absorbed by Others (Note 12)	-	4,054	4,054
Total Financing Sources	1,745,678	2,182,565	3,928,243
Net Cost of Operations	(588,070)	(2,181,070)	(2,769,140)
Net Change	1,157,608	1,495	1,159,103
Cumulative Results of Operations	\$ 4,112,981	\$ 15,014	\$ 4,127,995
Net Position	\$ 4,112,981	\$ 5,967,013	\$ 10,079,994

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, 2010 and 2009**

Dollars in Thousands	2010	2009
Budgetary Resources		
Unobligated Balance, Brought Forward, October 1	\$ 224,290	\$ 460,054
Recoveries of Prior Year Unpaid Obligations	66,225	106,867
Budget Authority		
Appropriations Received	4,864,189	6,782,278
Spending Authority from Offsetting Collections Earned		
Collected	129,382	240,818
Change in Receivables from Federal Sources	(3,489)	599
Change in Unfilled Customer Orders		
Advance Received	(83,090)	(216,745)
Without Advance from Federal Sources	4,745	(12,506)
Subtotal Budget Authority	<u>4,911,737</u>	<u>6,794,444</u>
Nonexpenditure Transfers, Net, Anticipated and Actual	200,453	283,817
Temporarily not Available Pursuant to Public Law	(1,654,425)	(1,295,083)
Permanently not Available	<u>(54,000)</u>	<u>(121,642)</u>
Total Budgetary Resources (Note 13)	<u>\$ 3,694,280</u>	<u>\$ 6,228,457</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, 2010 and 2009

Dollars in Thousands	2010	2009
Status of Budgetary Resources		
Obligations Incurred		
Direct	\$ 3,434,149	\$ 5,945,243
Reimbursable	27,631	58,924
Total Obligations Incurred (Note 13)	3,461,780	6,004,167
Unobligated Balance - Available		
Apportioned	208,972	225,179
Unobligated Balance not Available	23,528	(889)
Total Status of Budgetary Resources	\$ 3,694,280	\$ 6,228,457
Change in Obligated Balance		
Obligated Balance, Net - Brought Forward, October 1		
Unpaid Obligations	\$ 5,959,947	\$ 3,927,350
Less: Uncollected Customer Payments from Federal Sources	24,410	36,317
Total Unpaid Obligated Balance, Net - Brought Forward, October 1	5,935,537	3,891,033
Obligations Incurred, Net	3,461,780	6,004,167
Less: Gross Outlays	3,844,655	3,864,703
Less: Recoveries of Prior Year Unpaid Obligations, Actual	66,225	106,867
Change in Uncollected Customer Payments from Federal Sources	(1,256)	11,907
Obligated Balance, Net - End of Period		
Unpaid Obligations	5,510,847	5,959,947
Less: Uncollected Customer Payments from Federal Sources	25,666	24,410
Total Unpaid Obligated Balance, Net - End of Period	\$ 5,485,181	\$ 5,935,537
Net Outlays		
Gross Outlays	\$ 3,844,655	\$ 3,864,703
Less: Offsetting Collections	46,292	24,071
Less: Distributed Offsetting Receipts (Note 13)	242	1,362
Total Net Outlays (Note 13)	\$ 3,798,121	\$ 3,839,270

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
Notes to the Financial Statements
For the Fiscal Years Ended September 30, 2010 and 2009
(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) (Public Law 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.



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.

Community Capacity Development Office (CCDO) is responsible for the direction and management of the national Weed and Seed Program, as well as community capacity development efforts. CCDO develops, evaluates, and implements policies that serve as a catalyst and model for other national community capacity development efforts; and provides counseling for federal, state, and local government agencies and private sector clients on a variety of justice-related community issues. In this capacity, CCDO provides direction, oversight, and guidance to prevent, control, and reduce violent crime, drug abuse, and gang activity in designated high-crime neighborhoods across the country.

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



A. Reporting Entity (Continued)

OJP Principal Accounts

In fiscal years (FY) 2010 and 2009, OJP's financial structure was comprised of these principal accounts: Justice Assistance (JA), State and Local Law Enforcement Assistance (SLLEA), Juvenile Justice Programs (JJ), Weed and Seed Program (WS), Public Safety Officers' Benefits Program (PSOB), Salaries and Expenses, and the CVF. In FY 2009, the Recovery Act and a Salaries and Expenses account were added.

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. Strengthen partnerships for safer communities and enhance the Nation's capacity to prevent, solve, and control crime
2. Prevent, suppress, and intervene in crimes against children

Goal 3 – Ensure the Fair and Efficient Administration of Justice

1. Promote and strengthen innovative strategies in the administration of state and local justice systems
2. Uphold the rights and improve services to America's crime victims

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 FY 2010 and 2009, and as such, intra-entity transactions have not been eliminated.

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

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.



G. Accounts Receivable (Continued)

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 Services to collect debts on our behalf. When OJP determines that our internal efforts are unsuccessful, the debtor is referred to Treasury and a receivable is set-up in our records. 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 11.2 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 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 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 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.

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 2009 statements were reclassified to conform to the FY 2010 Departmental financial statement presentation requirements. The reclassifications had no 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, 2010, 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.



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, 2010 and 2009. 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, 2010 and 2009, is provided below:

As of September 30, 2010 and 2009	2010	2009
Fund Balances		
Special Funds	\$ 5,938,699	\$ 4,203,542
General Funds	4,580,457	5,103,335
Total Fund Balances with U.S. Treasury	<u>\$ 10,519,156</u>	<u>\$ 9,306,877</u>
Status of Fund Balances		
Unobligated Balance - Available	\$ 208,972	\$ 225,179
Unobligated Balance - Unavailable	23,528	(889)
Obligated Balance not yet Disbursed	5,485,181	5,935,537
Other Funds (With)/Without Budgetary Resources	4,801,475	3,147,050
Total Status of Fund Balances	<u>\$ 10,519,156</u>	<u>\$ 9,306,877</u>



Notes to the Financial Statements

3. Accounts Receivable, Net

Accounts Receivable represent the amounts due to OJP, as of September 30, 2010 and 2009, as shown in the following table. Accounts Receivable with the Public is an estimate of amounts due from grantees for expired grants.

As of September 30, 2010 and 2009		
	2010	2009
Intragovernmental		
Accounts Receivable	\$ 6,883	\$ 10,372
With the Public		
Accounts Receivable	5,774	7,208
Total Accounts Receivable, Net	<u>\$ 12,657</u>	<u>\$ 17,580</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, 2010 and 2009. In FY 2010 and 2009, OJP purchased \$4,141 and \$4,545 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, 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>	

U.S. Department of Justice

These notes are an integral part of these financial statements.



Notes to the Financial Statements

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

As of September 30, 2009	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Equipment	\$ 6,836	\$ (4,675)	\$ 2,161	5 years
Assets Under Capital Lease	27	(10)	17	5 years
Internal Use Software	27,203	(16,047)	11,156	5 years
Internal Use Software in Development	447	-	447	N/A
Total	<u>\$ 34,513</u>	<u>\$ (20,732)</u>	<u>\$ 13,781</u>	

5. Other Assets

Other Assets represent monies advanced to other Federal entities, primarily the United States Marshals Service (USMS), the Offices, Boards, and Divisions (OBDs), and the Bureau of Prisons (BOP) 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 grants. The agreements with the BOP are for training and clearinghouse activities designed to reduce or eliminate incidents of prison sexual abuse.

As of September 30, 2010 and 2009	2010	2009
Intragovernmental Advances and Prepayments	<u>\$ 76,831</u>	<u>\$ 49,746</u>

U.S. Department of Justice

These notes are an integral part of these financial statements.



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, 2010 and 2009, are presented in the table below.

As of September 30, 2010 and 2009	2010	2009
Intragovernmental		
Accrued FECA Liabilities	\$ 129	\$ 136
Other Unfunded Employment Related Liabilities	27	11
Total Intragovernmental	<u>156</u>	<u>147</u>
With the Public		
Actuarial FECA Liabilities	657	494
Accrued Annual and Compensatory Leave Liabilities	<u>6,068</u>	<u>5,625</u>
Total With the Public	<u>6,725</u>	<u>6,119</u>
Total Liabilities not Covered by Budgetary Resources	6,881	6,266
Total Liabilities Covered by Budgetary Resources	<u>591,303</u>	<u>639,512</u>
Total Liabilities	<u>\$ 598,184</u>	<u>\$ 645,778</u>

U.S. Department of Justice

These notes are an integral part of these financial statements.



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, 2010 and 2009		
Capital Leases	<u>2010</u>	<u>2009</u>
Summary of Assets Under Capital Lease		
Machinery and Equipment	\$ 27	\$ 27
Accumulated Amortization	(16)	(10)
Total Assets Under Capital Lease (Note 4)	<u>\$ 11</u>	<u>\$ 17</u>

Future Capital Lease Payments Due	
<u>Fiscal Year</u>	<u>Machinery and Equipment</u>
2011	\$ 12
2012	7
2013	1
Total Future Capital Lease Payments	<u>20</u>
Less: Imputed Interest	(2)
FY 2010 Net Capital Lease Liabilities	<u>\$ 18</u>
FY 2009 Net Capital Lease Liabilities	<u>\$ 20</u>

	<u>2010</u>	<u>2009</u>
Net Capital Lease Liabilities Covered by Budgetary Resources	\$ 18	\$ 20

U.S. Department of Justice

These notes are an integral part of these financial statements.



Notes to the Financial Statements

7. Leases (Continued)

Operating leases consist of leased equipment with various expiration dates, which do not exceed 2015. Operating leases also include leased payments made to the GSA for the building occupied by OJP. Following is a schedule of minimum non-cancelable operating lease payments that reflects commitments for lease agreements with terms in excess of one year.

Operating Lease Expenses		
<u>Lease Type</u>	<u>2010</u>	<u>2009</u>
Noncancelable Operating Leases	\$ 93	\$ 97
Cancelable Operating Leases	13,269	12,459
Total Operating Lease Expenses	<u>\$ 13,362</u>	<u>\$ 12,556</u>

Future Noncancelable Operating Lease Payments Due	
<u>Fiscal Year</u>	<u>Machinery and Equipment</u>
2011	\$ 74
2012	70
2013	69
2014	69
2015	56
Total Future Noncancelable Operating Lease Payments	<u>\$ 338</u>

U.S. Department of Justice

These notes are an integral part of these financial statements.



Notes to the Financial Statements

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, 2010 and 2009, all other liabilities are current and are presented in the following table:

As of September 30, 2010 and 2009		
	2010	2009
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	\$ 869	\$ 765
Other Post-Employment Benefits Due and Payable	41	10
Other Unfunded Employment Related Liabilities	28	11
Advances from Others	146,976	230,066
Total Intragovernmental	<u>147,914</u>	<u>230,852</u>
Total Other Liabilities	<u>\$ 147,914</u>	<u>\$ 230,852</u>

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 not available for obligation during the year of collection; rather, the receipts accumulate and are available for obligation in the following year, pursuant to Congressional approval.

U.S. Department of Justice

These notes are an integral part of these financial statements.



Notes to the Financial Statements

10. Earmarked Fund (continued)

The following table shows the Earmarked Fund, as of and for the fiscal years ended September 30, 2010 and 2009.

As of September 30, 2010 and 2009	2010	2009
	<u>Crime Victims Fund</u>	<u>Crime Victims Fund</u>
Balance Sheet		
Assets		
Fund Balance with U.S. Treasury	\$ 5,938,699	\$ 4,203,542
Other Assets	3,380	3,807
Total Assets	<u>\$ 5,942,079</u>	<u>\$ 4,207,349</u>
Liabilities		
Accounts Payable	\$ 15,560	\$ 36,329
Other Liabilities	59,923	58,039
Total Liabilities	<u>\$ 75,483</u>	<u>\$ 94,368</u>
Net Position		
Cumulative Results of Operations	<u>\$ 5,866,596</u>	<u>\$ 4,112,981</u>
Total Net Position	<u>\$ 5,866,596</u>	<u>\$ 4,112,981</u>
Total Liabilities and Net Position	<u>\$ 5,942,079</u>	<u>\$ 4,207,349</u>
For the Fiscal Years Ended September 30, 2010 and 2009		
Statement of Net Cost		
Gross Cost of Operations	<u>\$ 608,723</u>	<u>\$ 588,070</u>
Less: Exchange Revenues	-	-
Net Cost of Operations	<u>\$ 608,723</u>	<u>\$ 588,070</u>
Statement of Changes in Net Position		
Net Position Beginning of Period	\$ 4,112,981	\$ 2,955,373
Budgetary Financing Sources	2,362,338	1,745,678
Net Cost of Operations	<u>(608,723)</u>	<u>(588,070)</u>
Net Change	<u>1,753,615</u>	<u>1,157,608</u>
Net Position End of Period	<u>\$ 5,866,596</u>	<u>\$ 4,112,981</u>

U.S. Department of Justice

These notes are an integral part of these financial statements.



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, 2010 and 2009, respectively.

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 (Revenue) 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 (Revenue) of Operations	107,276	245,287	692	608,723	-	961,978
Net Cost (Revenue) of Operations	\$ 174,586	\$ 2,278,749	\$ 281,102	\$ 608,723	\$ 326,938	\$ 3,670,098

For the Fiscal Year Ended September 30, 2009						
	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	\$ 98,976	\$ 1,154,553	\$ 326,972	\$ 48	\$ 339,427	\$ 1,919,976
Less: Earned Revenue	37,891	69,682	1,132	-	7,648	116,353
Net Cost (Revenue) of Operations	61,085	1,084,871	325,840	48	331,779	1,803,623
Goal 3: Ensure the Fair and Efficient Administration of Justice						
Gross Cost	140,080	294,994	1,216	588,022	-	1,024,312
Less: Earned Revenue	8,869	49,511	415	-	-	58,795
Net Cost (Revenue) of Operations	131,211	245,483	801	588,022	-	965,517
Net Cost (Revenue) of Operations	\$ 192,296	\$ 1,330,354	\$ 326,641	\$ 588,070	\$ 331,779	\$ 2,769,140

U.S. Department of Justice

These notes are an integral part of these financial statements.



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 4, Managerial Cost Accounting Standards and Concepts*”, the material Imputed Inter-Departmental financing sources recognized by OJP are the actual cost of future 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, 2010 and 2009		
	2010	2009
Imputed Inter-Departmental Financing		
Health Insurance	\$ 3,210	\$ 3,055
Life Insurance	14	13
Pension	1,488	986
Total Imputed Inter-Departmental	<u>\$ 4,712</u>	<u>\$ 4,054</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.

	Direct Obligations	Reimbursable Obligations	Total Obligations Incurred
For the Fiscal Years 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>
For the Fiscal Years Ended September 30, 2009			
Obligations Apportioned Under			
Category A	\$ 5,720,844	\$ 47,027	\$ 5,767,871
Category B	224,399	11,897	236,296
Total	<u>\$ 5,945,243</u>	<u>\$ 58,924</u>	<u>\$ 6,004,167</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, 2010 and 2009	2010	2009
UDO Obligations Unpaid	\$ 5,066,722	\$ 5,550,706
UDO Obligations Prepaid/Advanced	1,504,938	1,387,344
Total UDO	<u>\$ 6,571,660</u>	<u>\$ 6,938,050</u>



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

Permanent Indefinite Appropriations:

The Public Safety Officers' Benefits Act of 1976 (the "PSOB Act") 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. OJP has one non-appropriated fund, which receives its monies from Crime Victims revenues. The available balance for obligations in the CVF is established by Congress each year.



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, 2010 is not presented, because the submission of the Budget of the United States Government (Budget) for FY 2012, which represents the execution of the FY 2010 Budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on OMB website (<http://www.whitehouse.gov/omb/budget>) and will be available in early February 2011.

The reconciliation of the Statement of Budgetary Resources versus the Budget of the United States Government, as of September 30, 2009, is presented below.

For the Fiscal Year Ended September 30, 2009 (Dollars in Millions)	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources (SBR)	\$ 6,228	\$ 6,004	\$ 1	\$ 3,839
Funds not Reported in the Budget:				
Expired Funds	(23)	(1)	-	-
Distributed Offsetting Receipts (Budget Clearing Account, Interest)	-	-	(1)	1
Rounding	1	-	-	-
Budget of the United States Government	<u>\$ 6,206</u>	<u>\$ 6,003</u>	<u>\$ -</u>	<u>\$ 3,840</u>

U.S. Department of Justice

These notes are an integral part of these financial statements.



Notes to the Financial Statements

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

In accordance with OMB Circular A-136, the Statement of Financing is no longer considered a basic financial statement. In previous years, this reconciliation was accomplished by presenting the Statement of Financing as a basic financial statement.

For the Fiscal Years Ending September 30, 2010 and 2009		
	2010	2009
Resources Used To Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	\$ 3,461,780	\$ 6,004,167
Less: Spending Authority from Offsetting Collections and Recoveries	113,773	119,033
Obligations Net of Offsetting Collections and Recoveries	3,348,007	5,885,134
Less: Offsetting Receipts	242	1,362
Net Obligations	3,347,765	5,883,772
Other Resources		
Transfers In/Out Without Reimbursement	24,608	49,215
Imputed Financing from Costs Absorbed by Others (Note 12)	4,712	4,054
Net Other Resources Used to Finance Activities	29,320	53,269
Total Resources Used to Finance Activities	3,377,085	5,937,041
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	309,903	(3,170,234)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	932	1,170
Resources That Finance the Acquisition of Assets	(4,141)	(4,545)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	(20,852)	1,358
Total Resources Used to Finance Items not Part of the Net Cost of Operations	285,842	(3,172,251)
Total Resources Used to Finance the Net Cost of Operations	\$ 3,662,927	\$ 2,764,790

U.S. Department of Justice

These notes are an integral part of these financial statements.



Notes to the Financial Statements

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

For the Fiscal Years Ending September 30, 2010 and 2009		
	2010	2009
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)	\$ 615	\$ 1,092
Depreciation and Amortization	5,400	3,759
Revaluation of Assets or Liabilities	13	-
Other	1,143	(501)
Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period	7,171	4,350
Net Cost of Operations	<u>\$ 3,670,098</u>	<u>\$ 2,769,140</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 \$6,882 on September 30, 2010 and \$6,266 on September 30, 2009, 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:

U.S. Department of Justice

These notes are an integral part of these financial statements.



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 (Continued)

For the Fiscal Years Ended September 30, 2010 and 2009		
	2010	2009
Components of Net Cost of Operations Requiring or Generating Resources in Future Periods		
Increase in Accrued Annual and Compensatory Leave Liabilities	\$ 443	\$ 707
Other		
Increase in Actuarial FECA Liabilities	163	305
Increase in Accrued FECA Liabilities	(7)	69
Increase in Other Unfunded Employment Related Liabilities	16	11
Total Other	<u>172</u>	<u>385</u>
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	<u>\$ 615</u>	<u>\$ 1,092</u>

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 2010. The same amount was transferred in FY 2009. 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, shall 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.

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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, 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	<u>239,934</u>	<u>1,563,450</u>	<u>426,148</u>	<u>2,362,493</u>	<u>319,712</u>	<u>4,911,737</u>
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	<u>(3,263)</u>	<u>(42,276)</u>	<u>(8,008)</u>	<u>-</u>	<u>(453)</u>	<u>(54,000)</u>
Total Budgetary Resources	<u>\$ 271,342</u>	<u>\$ 1,855,385</u>	<u>\$ 431,589</u>	<u>\$ 761,911</u>	<u>\$ 374,053</u>	<u>\$ 3,694,280</u>



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

Dollars in Thousands	2010					
Status of Budgetary Resources	JA	SLLEA	JJ	CVF	OTHER	TOTAL
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



**U.S. Department of Justice
Office of Justice Programs
Required Supplemental Information
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2009**

Dollars in Thousands	2009					
	JA	SLLEA	JJ	CVF	OTHER	TOTAL
Budgetary Resources						
Unobligated Balance, Brought Forward, October 1	\$ 48,146	\$ 135,531	\$ 16,476	\$ 232,072	\$ 27,829	\$ 460,054
Recoveries of Prior Year Unpaid Obligations	18,773	66,734	9,247	4,595	7,518	106,867
Budget Authority						
Appropriations Received	230,000	4,093,500	374,000	1,745,678	339,100	6,782,278
Anticipated	-	-	-	-	-	-
Spending Authority from Offsetting Collections						
Earned						
Collected	59,962	169,716	2,211	66	8,863	240,818
Change in Receivables from federal Sources	(2,714)	440	13	-	2,860	599
Change in Unfilled Customer Orders						
Advance Received	(53,820)	(162,107)	(1,248)	-	430	(216,745)
Without Advance from Federal Sources	(9,989)	(3,520)	(13)	-	1,016	(12,506)
Subtotal Budget Authority	<u>223,439</u>	<u>4,098,029</u>	<u>374,963</u>	<u>1,745,744</u>	<u>352,269</u>	<u>6,794,444</u>
Nonexpenditure Transfers, Net, Anticipated, and Actual	(13,190)	292,273	(3,485)	-	8,219	283,817
Temporary not Available Pursant to Public Law	-	-	-	(1,295,083)	-	(1,295,083)
Permanently not Available	<u>(8,296)</u>	<u>(73,354)</u>	<u>(17,840)</u>	<u>-</u>	<u>(22,152)</u>	<u>(121,642)</u>
Total Budgetary Resources	<u>\$ 268,872</u>	<u>\$ 4,519,213</u>	<u>\$ 379,361</u>	<u>\$ 687,328</u>	<u>\$ 373,683</u>	<u>\$ 6,228,457</u>

U.S. Department of Justice



**U.S. Department of Justice
Office of Justice Programs
Required Supplemental Information
Combining Statement of Budgetary Resources (Continued)
For the Fiscal Year Ended September 30, 2009**

Dollars in Thousands	2009					
	JA	SLLEA	JJ	CVF	OTHER	TOTAL
Status of Budgetary Resources						
Obligations incurred						
Direct	\$ 233,780	\$ 4,363,604	\$ 369,185	\$ 636,887	\$ 341,787	\$ 5,945,243
Reimbursable	11,466	35,039	470	-	11,949	58,924
Total Obligations Incurred	<u>245,246</u>	<u>4,398,643</u>	<u>369,655</u>	<u>636,887</u>	<u>353,736</u>	<u>6,004,167</u>
Unobligated Balance - Available						
Apportioned	32,675	122,925	16,701	48,581	4,297	225,179
Unobligated Balance not Available	<u>(9,049)</u>	<u>(2,355)</u>	<u>(6,995)</u>	<u>1,860</u>	<u>15,650</u>	<u>(889)</u>
Total Status of Budgetary Resources	<u>\$ 268,872</u>	<u>\$ 4,519,213</u>	<u>\$ 379,361</u>	<u>\$ 687,328</u>	<u>\$ 373,683</u>	<u>\$ 6,228,457</u>
Change in Obligated Balance						
Obligated Balance, Net, Brought Forward, October 1						
Unpaid Obligations	\$ 371,825	\$ 1,936,991	\$ 613,475	\$ 931,221	\$ 73,838	\$ 3,927,350
Less: Uncollected Customer Payment from Federal Sources	<u>30,020</u>	<u>5,394</u>	<u>803</u>	<u>-</u>	<u>100</u>	<u>36,317</u>
Total Unpaid Obligated Balance, Net, Brought Forward, October 1	341,805	1,931,597	612,672	931,221	73,738	3,891,033
Obligations Incurred, Net	245,246	4,398,643	369,655	636,887	353,736	6,004,167
Less: Gross Outlays	290,073	2,345,834	356,360	557,461	314,975	3,864,703
Less: Recoveries of Prior Year Unpaid Obligations, Actual	18,773	66,734	9,247	4,595	7,518	106,867
Change in Uncollected Customer Payments from Federal Sources	12,703	3,080	-	-	(3,876)	11,907
Obligated Balance, Net - End of Period						
Unpaid Obligations	308,225	3,923,066	617,523	1,006,052	105,081	5,959,947
Less: Uncollected Customer Payments from Federal Sources	<u>17,317</u>	<u>2,314</u>	<u>803</u>	<u>-</u>	<u>3,976</u>	<u>24,410</u>
Total Unpaid Obligated Balance, Net - End of Period	<u>\$ 290,908</u>	<u>\$ 3,920,752</u>	<u>\$ 616,720</u>	<u>\$1,006,052</u>	<u>\$ 101,105</u>	<u>\$ 5,935,537</u>
Net Outlays						
Gross Outlays	\$ 290,073	\$ 2,345,834	\$ 356,360	\$ 557,461	\$ 314,975	\$ 3,864,703
Less: Offsetting Collections	6,142	7,609	963	66	9,291	24,071
Less: Distributed Offsetting Receipts	-	-	-	-	1,362	1,362
Total Net Outlays	<u>\$ 283,931</u>	<u>\$ 2,338,225</u>	<u>\$ 355,397</u>	<u>\$ 557,395</u>	<u>\$ 304,322</u>	<u>\$ 3,839,270</u>

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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 Ended 2010, 2009, 2008, 2007, and 2006**

The Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) and the Correctional Grants for Tribal Lands programs, which are administered by OJP's Bureau of Justice Assistance, provide grants to any state 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 facilities built or expanded with these funds constitute non-federal physical property.

VOI/TIS and Correctional Grants for Tribal Lands 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 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 Correctional Grants for Tribal Lands funds expended from FY 2006 through FY 2010, are as follows:

Dollars in Thousands	2010	2009	2008	2007	2006
Receipients of Non-federal Physical Property:					
Cooperative Agreement Program					
Administered by US Marshals Service	\$ -	\$ -	\$ 1,140	\$ 2,839	\$ 2,521
Grants to Indian Tribes	24,768	14,320	5,094	11,334	4,007
Grants to States	11,389	41,561	59,011	188,171	222,650
Total Non-Federal Physical Property	<u>\$ 36,157</u>	<u>\$ 55,881</u>	<u>\$ 65,245</u>	<u>\$ 202,344</u>	<u>\$ 229,178</u>