

1775 - 2025

FISCAL YEAR 2025 UNITED STATES ARMY CORPS OF ENGINEERS AGENCY FINANCIAL REPORT



HONORING  
**250 YEARS**  
of STRENGTH  
and EXCELLENCE

CIVIL WORKS



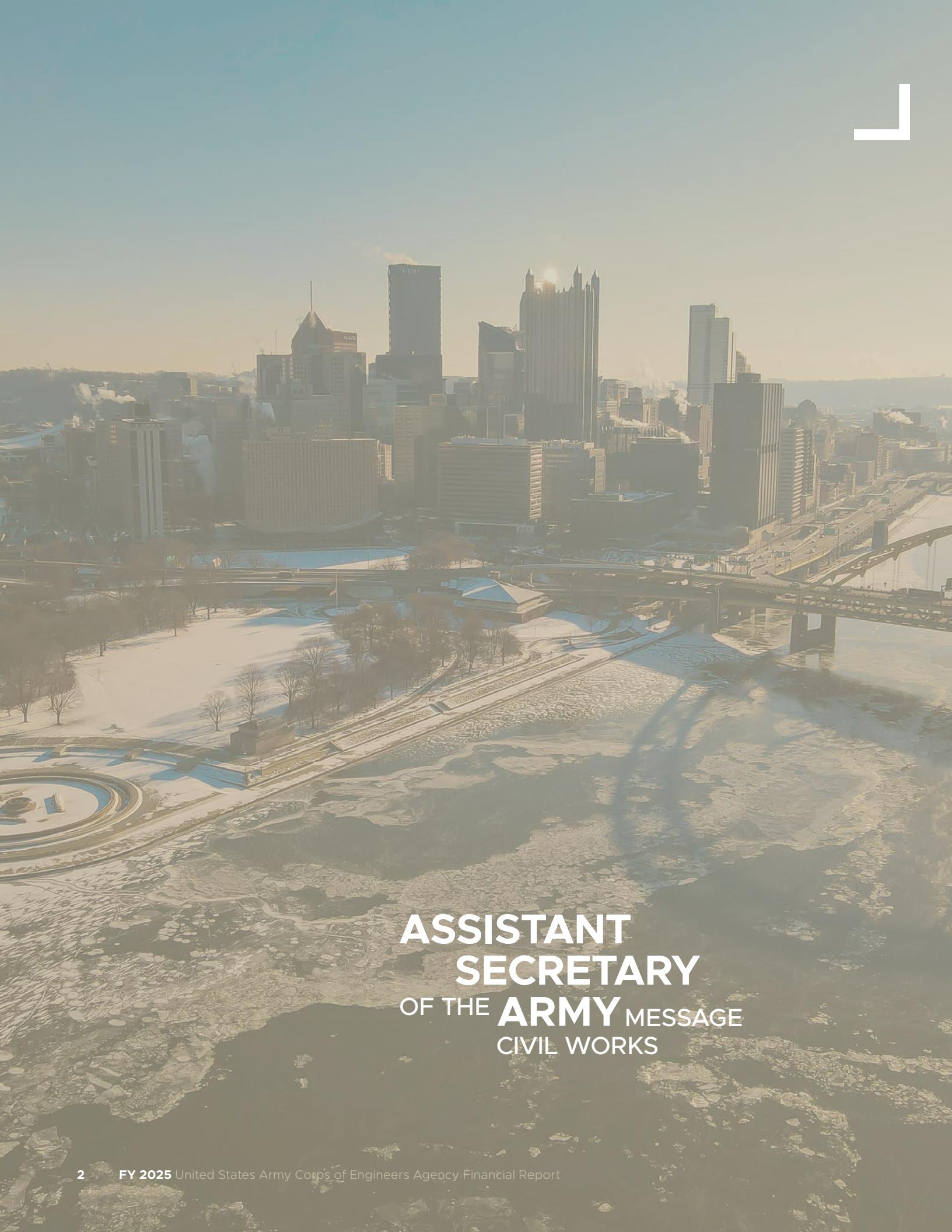


# HONORING **250 YEARS** of STRENGTH and EXCELLENCE

## FY 2025 USACE AFR

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**ASSISTANT  
SECRETARY  
OF THE **ARMY** MESSAGE  
CIVIL WORKS**



The U.S. Army Corps of Engineers (USACE) Civil Works program focuses on the evaluation, construction, operation, and maintenance of projects to help reduce flood risk to communities; facilitate commercial navigation; and restore degraded aquatic ecosystems across the country.

The USACE receives funds through Energy and Water Development Act appropriations, supplemental appropriations, non-Federal cost-sharing partners and other receipts. USACE uses these funds to accomplish three main missions, which are flood and storm damage reduction, commercial navigation, and aquatic ecosystem restoration, and related efforts such as hydropower, stewardship, and recreation. USACE is focused on delivering and maximizing the benefits of those investments effectively and efficiently.

In an ongoing effort to return the highest overall value to the Nation from available funds, USACE seeks opportunities to work with its partners to develop planning study solutions in a timely and cost-effective manner, to manage the cost, schedule, and scope of ongoing construction projects, and to use risk analysis to prioritize capital investment and maintenance needs.

As described further in this report, USACE is committed to working with other Federal agencies, states, local governments, tribal governments, the private sector, and the public. Our work is part of the broader effort at all levels of government to manage the Nation's water resources in a responsible manner. The overall goal is to do our part in starting, continuing, and finishing projects that will help better the lives of Americans and improve their safety.

A blue ink signature of Adam R. Telle's name.

ADAM R. TELLE

Assistant Secretary of the Army  
(Civil Works)



CHIEF  
FINANCIAL  
OFFICER MESSAGE



I am pleased to present the United States Army Corps of Engineers (USACE) Civil Works Program Agency Financial Report, highlighting our financial position and results of operations for Fiscal Year (FY) 2025. This report provides a detailed assessment of the financial status and demonstrates how the resources entrusted to us were used to support our Civil Works mission.

First and foremost, I would like to take this opportunity to thank every member of the USACE team for their extraordinary contributions in making FY 2025 a success. Among the several influences shaping our financial management culture, it is evident that stewardship, integrity, and a commitment to excellence serve as the pillars of this culture. I am honored to lead a community of professionals dedicated to meeting the challenge of working to sustain culture and build upon the legacy of excellence established here at USACE. Our mission is, and will continue to be, to help leadership acquire, distribute, and account for financial and manpower resources. It is this devotion to accountability and the execution of sound business processes that enabled USACE to achieve its 18<sup>th</sup>, consecutive, unmodified audit opinion.

Moreover, our “best-in-class” in audit sustainability is achieved through the collective effort of our people, our center, and our system. All three represent the key elements that form our sound financial foundation. The USACE Financial Management (FM) workforce – our people – is a significant part of this foundation. USACE FM professionals are competent and credentialed, with each professional certified through the Department of Defense Financial Management Certification Program, ensuring they possess the requisite training and expertise. The USACE Finance Center (UFC) – our center – compiles, reconciles, and processes a significant amount of financial data and executes complex financial transactions with efficiency, expertise, and in compliance with requisite laws and regulations. The Corps of Engineers Financial Management System II (CEFMS II) – our system – is what translates our business processes into the auditable financial statements disclosed in this report. We are currently near completion of a robust modernization effort that will not only enhance user experience but will allow the system to exist in both a production and cloud-based environment. This will enable better data mining and support dashboard reporting at all three levels of USACE (i.e., District, Division, and Enterprise). Implementing such system enhancements is designed to ensure that our system remains a cornerstone of our success.

Lastly, USACE sustains its audit readiness and accountability through continuous innovation, in direct support of the FY 2025 Secretary of the Army Financial Management Strategy and the CFO Act audit requirements. Our Single Audit Approach—applied in collaboration with military construction stakeholders such as the Defense Logistics Agency, Special Operations Command, Defense Health Agency, and the Air Force—alongside our Group Audit Approach for Army sub-allotted funds, continues to yield measurable success. These methods have enabled reduced audit testing while maintaining the level of assurance necessary to support the Army’s audit of its General Fund Financial Statements. In alignment with the FY 2025 Campaign Plan’s emphasis on improving financial operations and achieving sustainable auditability, USACE remains committed to strengthening internal controls, enhancing data integrity, and supporting the Department’s goal of achieving a clean audit opinion. I look forward to continued progress, enduring stewardship, and unwavering service to our Nation.

**BRADLEY K. DREYER**  
Chief Financial Officer



*A Hydrologist and Water Quality Program lead, collects water samples. (USACE photo by Lee Roberts)*

*A towboat transports coal on the Monongahela River. (USACE photo by Michel Sauret)*

*Community members rally together to lift spirits, provide goods, and support one another during local events in Altadena. (USACE photo Joseph Bruton)*

## MANAGEMENT'S DISCUSSION AND ANALYSIS



## OVERVIEW

The United States Army Corps of Engineers (USACE) consists of two programs: the Civil Works program and the Military program. This Agency Financial Report represents only the Army Corps of Engineers Civil Works program (USACE-CW). The Military program is reported within the Army General Fund Financial Statements.

### **Mission**

USACE-CW has three main mission areas: (1) commercial navigation; (2) flood and storm damage reduction; and (3) aquatic ecosystem restoration.

#### **Commercial Navigation**

Under its commercial navigation mission, USACE-CW facilitates commercial navigation by supporting safe, reliable, cost effective, and environmentally sustainable waterborne transportation systems. The Nation's infrastructure to support transportation of commercial goods by water involves a network of navigable coastal channels, inland waterways, and related navigation features maintained by USACE-CW, as well as publicly and privately owned marine terminals, intermodal connections, shipyards, and repair facilities.

#### **Flood and Storm Damage Reduction**

Under its flood and storm damage reduction mission, USACE-CW works with communities to reduce the risk to public safety and the risk of property damage from riverine flooding and the water-related effects of coastal storms. This includes the emergency management activities that USACE-CW performs under the direction of the Federal Management Agency (FEMA), as part of the overall Federal effort to help affected communities prior to, during, and after a major flood or coastal storm.

#### **Aquatic Ecosystem Restoration**

Under its aquatic ecosystem restoration mission, USACE-CW helps to restore aquatic habitat to a more natural condition in ecosystems in which structure, function, and/or process have become degraded.

## The Civil Works Program

The USACE-CW program includes work funded directly to the USACE-CW through Energy and Water Development (E&WD) appropriations through 10 accounts – Investigations (I), Construction (C), Operation and Maintenance (O&M), Mississippi River & Tributaries (MR&T), Flood Control and Coastal Emergencies (FCCE), Regulatory, Expenses, Formerly Utilized Sites Remedial Action Program (FUSRAP), Water Infrastructure Finance and Innovation Program (WIFIA) and the Office of the Assistant Secretary of the Army for Civil Works (OASA-CW). The USACE-CW program also includes work funded by others, using their funds, under reimbursable authorities such as the *Economy Act*.

For Fiscal Year (FY) 2025, the USACE-CW received \$8,703 million in regular appropriations and a rescission of \$22 million in prior year non-supplemental funds, for a total of \$8,681 million. In addition, \$1,515 million in supplemental appropriations were received for a total of \$10,196 million in new direct program funding. It also received \$7,796 million in new reimbursable program funding for a total of \$17,992 million in new direct and reimbursable program funding. This new funding combined with unexpended carryover and recovered obligations from prior year appropriations totaled \$88,415 million available for expenditure in FY 2025. Of this amount, the USACE-CW expended \$32,212 million or 36.43%. The projects listed within this report reflect the funding and work as published in multiple supplemental spend plans and the FY 2025 work plans unless otherwise noted.

**Figure 1. FY 2025 USACE-CW Funding by Source (in Millions)**

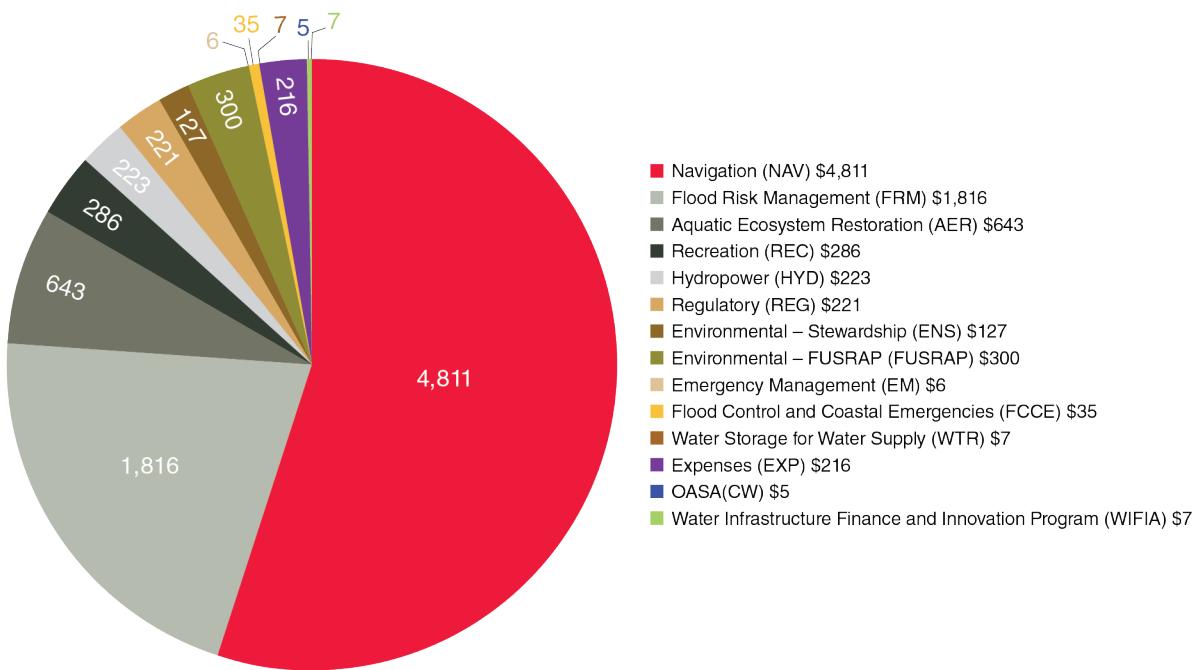
	<b>Unobligated, Unexpended Carry-In</b>	<b>Obligated, Unexpended Carry-In</b>	<b>New FY 2025 Budget Authority</b>	<b>Recovery of prior obligations</b>	<b>Available for expenditure</b>
Regular & Supplemental Appropriations	\$38,877	\$17,152	\$10,196	\$417	\$66,642
Reimbursable Funding	\$7,833	\$5,821	\$7,796	\$323	\$21,773
<b>Total</b>	<b>\$46,710</b>	<b>\$22,973</b>	<b>\$17,992</b>	<b>\$740</b>	<b>\$88,415</b>

The USACE-CW classifies its work by “business lines,” which are program areas within the Army Civil Works program. The USACE-CW uses these business lines as a framework for managing these program areas and developing its annual budgets; however, funds for the Army Civil Works program are appropriated by account. Associated Civil Works activities may fall under one or more business lines.

A description of the business lines of the USACE-CW follows Figure 2. Figure 2 lists the business lines for which the USACE-CW received direct appropriations and the funds that it used for executive direction and management for FY 2025.



Maintenance dredging operations to place sediment in a nearshore area. (Photo courtesy of USACE)

**Figure 2. FY 2025 USACE-CW Regular Direct Appropriations (in Millions) by Business Line<sup>1/2/3</sup>**

1/ Executive Direction and Management (ED&M) includes \$216 million for Expenses and \$5 million for OASA-CW.

2/ Excludes funds received in FY 2025 reimbursable work for others.

3/ Excludes unobligated prior year disaster funding transferred to Investigations.

## ***Navigation***

The Navigation business line supports safe, reliable, cost-effective, and environmentally sustainable waterborne transportation systems for the movement of commercial goods. The program funds a combination of capital improvements and the operation and maintenance of existing infrastructure. Our nation's marine assets include a network of navigable coastal channels, inland waterways, and related navigation features, as well as publicly and privately owned vessels, marine terminals, intermodal connections, shipyards, and repair facilities.

In FY 2025, the Navigation business line received approximately \$4,811 million or 55.3% of the FY 2025 USACE-CW annual appropriations.

## ***Flood Risk Management***

USACE-CW works with communities to reduce the risk to human safety and the risk of property damage from riverine flooding and the water-related effects of coastal storms. Since the *Water Resources Development Act of 1986*, most of the new projects that the Corps has built under the auspices of its Flood Risk Management (FRM) program are owned, operated, and maintained by cities, towns, and special use districts, which participated as the local sponsors of these projects during construction.

Over the years, USACE-CW efforts to address the causes and impacts of flooding have evolved based on an increased understanding of the complexity and dynamics of flood problems—the interaction of natural forces and human development—as well as a recognition of the importance of the state, local, and individual roles in managing the risks caused by flooding in a riverine or coastal setting. Generally, the involvement of the USACE-CW flood risk management program is a part of an overall strategy for reducing risk from flooding in communities.

In FY 2025, the FRM business line received approximately \$1,816 million or 20.9% of the FY 2025 USACE-CW annual appropriations.

## ***Aquatic Ecosystem Restoration***

The USACE-CW also helps restore aquatic habitat to a more natural condition in ecosystems in which structure, function, and dynamic processes have become degraded. The emphasis is on restoration of nationally or regionally significant habitats where the solution primarily involves modifying the hydrology and/or geomorphology.

In FY 2025, the Aquatic Ecosystem Restoration business line received approximately \$643 million, or 7.3% of the total FY 2025 USACE-CW annual appropriations.

## **Environment**

The USACE-CW has two distinct areas that are focused on the environment in addition to aquatic ecosystem restoration: (1) stewardship of USACE-CW lands; and (2) the Formerly Utilized Sites Remedial Action Program (FUSRAP).

**Environmental Stewardship:** Environmental stewardship focuses on managing, conserving, and preserving natural resources on 12 million acres of land and water at multipurpose USACE-CW projects.

This business line includes compliance measures to ensure USACE-CW projects meet federal, state, and local environmental requirements. This business line also helps to sustain environmental quality and conserve natural and cultural resources at multi-purpose Corps projects.

In FY 2025, the Environmental Stewardship business line received approximately \$127 million, or 1.46%, of the FY 2025 USACE-CW annual appropriations.

**FUSRAP:** Under FUSRAP, the USACE-CW remediates certain sites contaminated as a result of the Nation's early efforts to develop atomic weapons under the Manhattan Project and Atomic Energy Commission.

In FY 2025, the FUSRAP business line received \$300 million, or 3.45%, of the FY 2025 USACE-CW annual appropriations.

## **Regulation of Aquatic Resources**

In accordance with Sections 9 and 10 of the *Rivers and Harbors Appropriation Act of 1899*, the USACE-CW regulates work or structures in/over/under navigable waters. Pursuant to Section 404 of the *Clean Water Act of 1972*, as amended, the USACE-CW regulates the discharge of dredged and fill materials into waters of the U.S., including wetlands. The USACE-CW also regulates the transport and disposal of dredged material in ocean waters pursuant to Section 103 of the *Marine Protection, Research, Sanctuaries Act of 1972*. The USACE-CW implements many of its oversight responsibilities in this area by means of a permit process. Throughout the permit evaluation process, the USACE-CW complies with the National Environmental Policy Act and other applicable environmental and historic preservation laws. As part of the process of carrying out its responsibilities pursuant to federal statutes, the USACE-CW also considers the views of other federal, tribal, state, and local governments, as well as other agencies, interest groups, and the general public when rendering its final permit decisions. Regulatory responsibilities include

evaluating minor activities, such as driveways for small landowners, as well as larger activities, such as water supply and energy project proposals.

In FY 2025, at \$221 million, the Regulatory appropriation accounted for 2.54% of the FY 2025 USACE-CW annual appropriations.

## **Emergency Management**

The USACE-CW Emergency Management program helped communities respond to 39 floods and coastal storms in FY 2025. Under the authority of *Robert T. Stafford Disaster Relief and Emergency Assistance Act* (Public Law [Pub. L.] 93-288, as amended), the Corps participates in Federal emergency relief and recovery operations under the direction of FEMA. In this capacity, the Corps assists FEMA as outlined in the National Response Framework, with the focus on providing emergency support in public works and engineering. In addition, Pub. L. 84-99, as amended (33 U.S.C. § 701n) provides a separate source of authority for the Corps to help communities prepare for and respond to floods, hurricanes, and other natural disasters, and to support their emergency operations in response to such natural disasters. Pub. L. 84-99, as amended, also authorizes USACE-CW to supplement local efforts in the repair, rehabilitation, and restoration of eligible flood or coastal storm risk management projects damaged by a significant flood or coastal storm event.

In FY 2025, the Emergency Management business line received \$41 million, or 0.40%, of FY 2025 USACE-CW annual appropriations.

## **Hydropower**

USACE-CW operates and maintains 539 multipurpose dams. In most cases, the main purpose of the project was to reduce the risk of flood damage or to support commercial navigation. Some of these dams produce hydroelectric power as an ancillary benefit. The USACE-CW operates 356 generating units at 75 multipurpose dams, mostly in the Pacific Northwest. These units account for about 24% of America's hydroelectric power and approximately 3% of the country's total electric-generating capacity. USACE-CW hydroelectric plants at these dams produce nearly 70 million megawatt-hours (MWh) each year, sufficient to serve nearly 7 million households, or the residential consumption of 10 cities the size of Seattle, Washington.

In FY 2025, the Hydropower business line received approximately \$223 million, or 2.56%, of the FY 2025 USACE-CW annual appropriations. The USACE-CW

Hydropower program also receives an average of approximately \$198 million each year derived from Department of Energy revenues related to power sales and contributed funds from preferred customers from USACE-CW projects.

### **Recreation**

The USACE-CW is the largest provider of water based outdoor recreation in the United States, averaging over 263 million visits annually. The USACE-CW supports roughly 4,800 recreation sites at more than 400 projects on 12 million acres of land and water. The USACE-CW recreation program provides outdoor public recreation experiences in accordance with its three-part mission to (1) provide access to recreation resources which serve the needs of present and future generations; (2) contribute to the quality of American life; and (3) manage and conserve natural resources consistent with ecosystem management principles.

In FY 2025, the Recreation business line received approximately \$286 million, or 3.29%, of the FY 2025 USACE-CW annual appropriations.

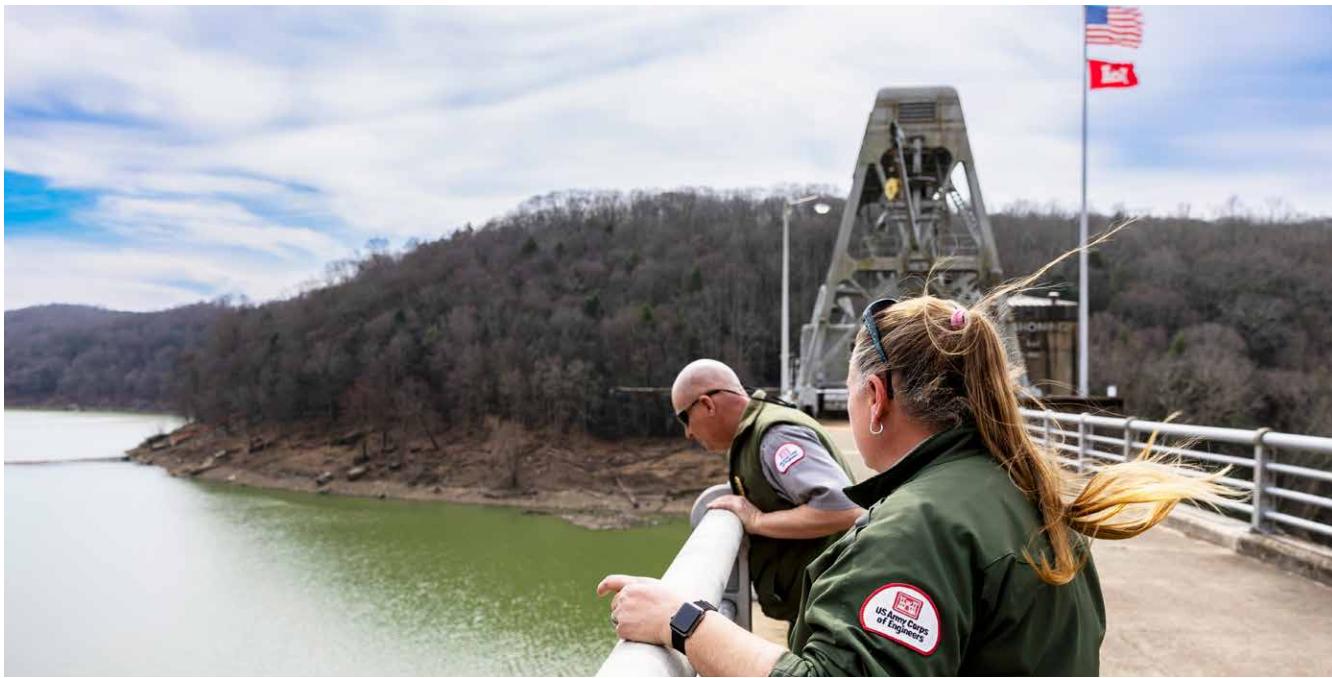
### **Water Storage for Water Supply**

Conscientious management of the nation's water supply helps in limiting water shortages and lessening the impact of droughts. The USACE-CW assists where its projects are able, as an ancillary purpose, to also serve as a source of water to homes, businesses, and industrial customers. USACE-CW retains authority for water supply in connection with construction, operation and modification of Federal navigation, flood and storm damage reduction, and multipurpose projects.

In FY 2025, the Water Supply (WTR) business line received approximately \$6.5 million, or 0.075%, of the FY 2025 USACE-CW annual appropriations.



A spillway located on the Columbia River. (USACE photo by Tom Conning)



*Standing atop a dam to look upstream at some of the debris accumulating along riverbank. (USACE photo by Michel Sauret)*

## Organizational Structure

### **The Workforce**

USACE is an executive branch agency within the Department of Defense and a major command within the U.S. Department of the Army. The USACE consists of two programs—Civil Works and Military Construction. In full-time equivalent terms, approximately 26,000 civilian employees work to support the USACE-CW. Since the appointment of the first Chief Engineer in 1775, the USACE has a long history and is today one of the world's largest public engineering, design, and construction management agencies.

The USACE organization consists of a headquarters located in Washington, D.C., eight Major Subordinate Commands (MSCs), six specialized centers, and 46 districts. All eight MSCs, and 39 of the 47 districts, have Civil Works responsibilities. Most of the MSC and district geographic boundaries are aligned with watershed boundaries. The US Army Engineer Research and Development Center is comprised of seven research and development laboratories contributing to the USACE mission. Through its Pacific Ocean and South Atlantic Divisions, the USACE also has Civil Works responsibilities in the Territory of American Samoa, the Territory of Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands.

The USACE-CW leadership is provided by a presidentially appointed civilian Assistant Secretary of the Army for Civil Works (ASA (CW)), who sets the strategic direction and provides overall supervision of functions relating to the Army Civil Works program, and the Chief of Engineers. The Chief of Engineers is an Army officer who oversees execution of both the Civil Works and Military programs and ensures that the Civil Works policies established by the ASA (CW) are applied to all aspects of the USACE-CW. The Chief of Engineers delegates some of his responsibilities to the Deputy Commanding General for Civil and Emergency Operations and to the Director of Civil Works. USACE-CW divisions are regional offices responsible for the supervision and management of subordinate districts, including oversight and quality assurance. The district offices of the USACE-CW are responsible for the day-to-day execution of the USACE-CW program. Measured by full-time equivalent employees, roughly 95% of the employees of the USACE-CW work at the district level, in USACE labs, or in USACE field operating agencies. The USACE-CW contracts out all of its construction, and most of its design work, to civilian companies.

## Civil Works Program Performance

The FY 2014 – FY 2018 Civil Works Strategic Plan provides a framework for enhancing the sustainability of America's water resources and includes strategic goals, objectives, and performance measures, which helped guide the USACE-CW in FY 2025. The strategic goals are:

### CIVIL WORKS STRATEGIC GOALS

Assessing pre-storm conditions. (USACE photo by Alycia Rigano)



**STRATEGIC GOAL 1:** Transform the Civil Works Program to deliver sustainable water resources solutions through Integrated Water Resources Management.

**STRATEGIC GOAL 2:** Improve the safety and resilience of communities and water resources infrastructure.

**STRATEGIC GOAL 3:** Facilitate the transportation of commercial goods on the Nation's coastal channels and inland waterways.

**STRATEGIC GOAL 4:** Restore, protect, and manage aquatic ecosystems to benefit the Nation.

**STRATEGIC GOAL 5:** Manage the lifecycle of water resources infrastructure systems to consistently deliver sustainable services.

### Strategic Objective and Measures

#### **STRATEGIC GOAL 1: TRANSFORM THE CIVIL WORKS PROGRAM TO DELIVER SUSTAINABLE WATER RESOURCES SOLUTIONS THROUGH INTEGRATED WATER RESOURCES MANAGEMENT.**

##### **Objective 1.1: Modernize the Civil Works project planning program.**

**Performance Indicators:** Table 1 displays measures that are performance indicators in determining progress in meeting this objective.

- Measure 1.1.a: Percent of planners trained in Planning Core Curriculum Courses. This measure tracks the effort to have planners complete the planner core curriculum. It is essential for successful completion of feasibility studies that result in sound, quality, and credible recommendations to solve complex water resources problems in a timely manner.
- Measure 1.1.b: Percent of planners achieving certification under the National Planner Certification Program. This measure tracks the effort to get planners certified as pertains to completing the planner core curriculum and developing the necessary skills and experiences to complete the planning process successfully. This certification will enable successful completion of feasibility studies that result in sound, quality, and credible recommendations to solve complex water resources problems in a timely manner.

**Performance Results:** The USACE-CW did not meet either performance metric for planning modernization in FY 2025.

At the end of FY 2025, of the 1,051 USACE-CW planners,

- 57% have been trained in all three-core planning courses,
- 71% have completed Civil Works Project Development Process,
- 68% have completed Planning Essentials, and
- 61% have completed Plan Formulation and Evaluation Capstone.

Between FY 2024 and FY 2025 the number of planners certified as USACE Water Resources Certified Planners decreased from 114 planners to 108 planners. The objectives of this planner certification program are to advance the technical capability of individual planners and provide a framework for developing and sustaining a results-oriented, high performing planner workforce. Currently, a total of 278 planners are certified to conduct internal technical review, termed Agency Technical Review (ATR) – 66 economists, 35 cultural resource specialists, 111 plan formulators, and 115 environmental specialists. Some planners are certified to conduct ATR for multiple areas of expertise (e.g., ATR-certified for plan formulation and environmental). These 278 planners hold a total of 501 separate and distinct ATR certifications.

**Table 1.** Planning Modernization

	FY 2022	FY 2023	FY 2024	Target	FY 2025 Actual
Planners trained in Core Curriculum Courses	45%	55%	54%	65%	57%
Percent of planners achieving certification under the USACE Water Resources Certified Planner Program	9%	10%	9%	12%	10%

#### **Objective 1.2: Deliver quality solutions and services.**

**Performance Indicators:** Table 2 displays measures that are performance indicators in determining progress in meeting this objective.

- Measure 1.2.a: Percent of projects on schedule. This measure compares project progress to the schedules established and reported in the USACE project management system.
- Measure 1.2.b: Percent of customers indicating USACE delivered quality products and services. This measure utilizes the annual USACE Civil Works Program Customer Satisfaction Survey to gauge quality of products and services as reported by customers and stakeholders. A rating of “High” is considered a positive indication of quality.

**Performance Results:** Percent of projects on schedule measures the percentage of projects whose schedules have been updated in the USACE project management system to reflect actual progress on the project and does not measure the performance of projects based on any static construction schedule. Projects include specifically authorized Civil Works construction projects that have been fully funded for completion but had not been physically completed by the start of the applicable fiscal year, and projects that can be physically completed within available funding. The target for accuracy of current project schedules reported in the USACE project management system is 85%. This metric was used for the first time in FY 2014. The score is 99% for FY 2025.

In the Civil Works Program Customer Satisfaction Survey, customers are asked to rate the USACE-CW district performance in general service areas such as quality of products and services, timeliness, cost, etc. Survey results for a particular fiscal year do not become available until the third quarter of the following fiscal year. The survey uses a Likert scale of one to five, five being the highest rating. Categories ‘4’ (“Satisfied”) and ‘5’ (“Very Satisfied”) are collapsed and designated the “High” category.

Civil Works customers include primarily city and county governments and various governmental departments charged with the management of infrastructure relating to water resources. Navigation customers include local port authorities and waterway user groups. Customers also include state agencies charged with the management of natural resources and emergency response.

**Table 2.** Quality Solutions and Services

	FY 2022	FY 2023	FY 2024	FY 2025	
				Target	Actual
Percent of Projects with Current Schedule in USACE project management system	99%	99%	99%	85%	99%

**Objective 1.3: Develop a ready and resilient workforce through innovative talent management and leader development strategies and programs.**

**Performance Indicators:**

- **Measure 1.3.a:** Percent completion and deployment of Command Training Plans (CTPs) for all USACE mission critical occupations (MCOs). This measure tracks the effort to have USACE staff complete essential training in mission critical occupations that are essential for successful completion of engineering designs and construction. Mission critical occupations are the 10 job series identified by USACE as technical disciplines essential for accomplishing the USACE functions and responsibilities. The series include: General Natural Resources Management and Biological Sciences (0401), Engineering Technician (0802), Construction Control Technician (0809), Civil Engineer (0810), Mechanical Engineer (0830), Electrical Engineer (0850), Contracting Specialist (1102), Realty Specialist (1170), Geologist (1350), and Lock and Dam Operator (5426).
- **Measure 1.3.b:** Percent increase of technical competencies for USACE Mission Critical Occupations that meet or exceed Army Competency Management System (CMS) targets. CMS is the tool utilized by the Army to identify competencies and assess proficiencies. Targets are based on Army CMS deployment in FY 2015.

**Performance Results:** Thirty-three (33) CTPs developed by the respective MCO Communities of Practice (CoP) are available for employees to use. Developing the CTP by CoP rather than by job series affords employees the flexibility to utilize a CTP that is most appropriate for the work they perform.

Engineering and Construction (E&C) developed a web application to capture data on employees' CoP, education, professional licensure, and certifications, and focus areas for use by the supervisory chain to assess the maturity of each employee with respect to training, experiences,

rotations, and leadership. This application also contains tracking features to determine E&C Fellowship eligibility, generate Individual Development Plans, and enhance administration reporting and estimation tools. E&C has incorporated the Corps of Engineers Reviewer Certification and Access Program (CERCAP) functionality into the CTP to streamline identification of staff certified to provide Agency Technical Reviews. This tool was updated, tested, and was fully implemented in FY 2022.

USACE continues to support readiness through its Proponent Sponsored Engineer Corps Training (PROSPECT) program with more than 110 courses taught annually by E&C personnel alone. Further, CoP make webinars and just in time training available to the workforce to continue to support readiness.

USACE-CW continued to make progress on its program across Major Subordinate Commands to track and balance Workload to Workforce (WL/WF) using a web-based portal. The WL/WF Program delivers enterprise-wide situational awareness of the WL/WF trends and issues based, in part, on a functional assessment that examines capacity, competency and balance. The competency criterion measures the number of positions available to execute workload to ensure it is appropriate and affordable. The competency component assesses education and/or certification levels, skills sets, experience, and overall proficiency to accomplish projected workload and missions. Lastly, the balance criterion measures the appropriate number of entry, journey, and senior level positions. The USACE-CW measures the following functional areas as part of this effort – E&C, Planning, Program and Project Management (PPM), Real Estate, Contracting, Operations, Regulatory, and Natural Resources/Recreation. The E&C functional area is measured across the enterprise and is not limited to Civil Works.



Working to reinstall regulatory buoys near Dogcreek Campground. (USACE Katie Chandle)

## **STRATEGIC GOAL 2: IMPROVE THE SAFETY AND RESILIENCE OF COMMUNITIES AND WATER RESOURCES INFRASTRUCTURE.**

### **Flood Risk Management**

#### **Objective 2.1: Reduce the Nation's risk and increase resilience to disasters.**

**Performance Indicators:** There is one performance measure under this objective. Tables 3a and 3b show the extent of progress under this measure.

#### **Construction Measure for Flood Risk Management**

- **Measure 2.1:** Number of Dam Safety Action Classifications Reduced. This measure tracks the number of Dam Safety Action Classification (DSAC) ratings reduced as a result of Periodic Inspections, Issue Evaluation Studies, and construction activities, which resulted in an actual reduction of risk or in a finding of less urgency and lower risk in these cases.

**Performance Results—Investigations:** USACE completed the following flood and storm damage reduction feasibility study in FY 2025:

- Surf City & North Topsail Beach, NC (General Reevaluation Report)

FY 2025 regular annual appropriations were provided to initiate one feasibility study, one preconstruction engineering and design phase (PED) activity, and one disposition study:

- City of Baltimore, MD (PED)
- Middle Rio Grande Flood Protection, Bernalillo, NM (PACR)
- Silica Sand Levee, OH, LRH (Disposition Study)

In addition, FY 2025 regular annual appropriations were used to complete 27 feasibility studies, two watershed studies, and five PED activities:

- Valley Creek, AL (PED)
- Cave Buttes Dam, AZ
- Sacramento River, Yolo Bypass, CA
- San Diego County Shoreline (Oceanside) Mitigation, CA
- Santa Paula Creek, CA
- Hartford and East Hartford, CT
- Charlotte County, FL
- Key Biscayne, FL
- Shingle Creek and Kissimmee River, FL
- Wailupe Stream Watershed, HI
- Waimea Modification, Kauai, HI
- Boise River, Garden City, Ada County, ID
- Kentucky River, KY
- Lake Pontchartrain and Vicinity, LA (Hurricane Protection) (PED)
- West Bank and Vicinity, New Orleans, LA (PED)
- Boston Metropolitan Area, MA (watershed study)
- City of Boston Coastal Storm Risk Management, MA
- Hoosic River Basin, MA
- City Of Baltimore, MD (PED)
- Southeast Michigan, MI
- Tittabawassee River, Chippewa River, Pine River and Tobacco River, MI
- Little Blue River Basin, Jackson County, MO
- Lower Missouri Basin – Brunswick L-246, MO
- Lower Missouri Basin – Hold County, MO & Doniphan County, KS
- Lower Missouri Basin – Jefferson City L-142, MO
- Brunswick County Beaches, NC (Oak Island) (GRR)
- Lower Missouri Basin – Nemaha and Atchison Counties, NE
- Middle Rio Grande Flood Protection, Bernalillo to Belen, NM

- Portland Metropolitan Levee System, OR (PED)
- Charleston, SC Tidal and Inland Flooding
- Waccamaw River, Horry County, SC
- Lower Rio Grande Valley Watershed Assessment, TX (watershed study)
- Virginia Beach and Vicinity Coastal Storm Risk Management, VA
- Upper Guyandotte Feasibility Study, WV

Within the Dam Safety and Seepage/Stability Correction Program, FY 2025 regular annual appropriations were used to initiate, continue or complete Dam Safety Modification Studies (DSMS) at Arkabutla Dam, MS; Bonneville Lock and Dam, OR; Carbon Canyon, CA; Garrison Dam – Snake Creek Embankment, ND; Joe Pool Lake Dam, TX; Kinzua Dam, PA; Mojave Dam, CA; Oahe Dam, SD; Painted Rock Dam, AZ; and Wappapello Dam, MO; and to initiate or continue PED at: Garrison Dam (Lake Sakakawea), ND; North Springfield Dam, VT; and Keystone Dam, OK, as well as fund 61 Issue Evaluation Studies to better understand risk for the USACE Dam Safety portfolio.

In FY 2025, \$5.5 million was provided for Planning Assistance to States and \$11 million was provided for Flood Plain Management Services (FPMS). Through these programs, USACE-CW provides technical and planning assistance to communities, with a focus on helping them understand and manage their flood risk.

In FY 2025, 95 FPMS technical assistance activities were initiated in support of State and local community flood risk and floodplain management priorities using FY 2025 annual appropriations. An additional 222 technical assistance activities were initiated utilizing *Infrastructure Investment and Jobs Act of 2022* funding. These efforts included such varied assistance as developing nonstructural flood mitigation plans for structures in the floodplain, assisting communities with the development of flood management plans, emergency evacuation plans, flood inundation mapping, and tabletop exercises, integrating green infrastructure concepts into State hazard mitigation planning efforts, and assisting Tribes with effective planning for future flooding and floodplain management.

Investigation funds were used to support USACE participation in the interagency state-led Silver Jackets teams. The USACE-CW works together with other Federal agencies and the states on these 56 Silver Jackets teams in 50 states, the District of Columbia, Puerto Rico, and the

territories of Guam and the U.S. Virgin Islands. This work includes coordinating with States and communities to help them to identify and understand their flood risks, conducting outreach and training about flood risk and appropriate mitigation actions, and supporting preparedness, mitigation or response and recovery activities; and otherwise responding to State and local community needs.

FY 2025 regular annual appropriations were also provided to continue two feasibility studies:

- Central and Southern Florida (C&SF) Flood Resiliency (Section 216) Study, FL
- Upper Mississippi and Illinois River Flow Frequency Data Collection, IL, IA, MN, MO & WI

The funds transferred to the Investigations account per the FY 2025 Full-Year Continuing Appropriations and Extensions Act were provided to complete the following PED activity:

- Selma, AL (PED)

**Performance Results—Construction:** USACE did not physically complete any flood and storm damage reduction projects in FY 2025.

FY 2025 regular annual appropriations were used to fund one construction project to completion:

- Pipestem Dam, ND

The following projects were funded with supplemental construction appropriations in FY 2025:

- Alaska Coastal Erosion, AK - BARROW
- Raritan River Basin, Green Brook Sub-Basin, NJ

FY 2025 regular annual appropriation funds were also used to continue construction on the following projects:

- Rough River Dam, KY (Dam Safety)
- Mount Saint Helens Sediment Control, WA
- Missouri River Levee System, IA, NE, KS, & MO

Routine and non-routine dam safety studies, assessments, and construction activities have resulted in an increased understanding of the overall dam safety risk associated with the portfolio of the 745 dams (including appurtenant structures) that USACE-CW owns, operates, or maintains. The USACE-CW has completed dam safety studies and assessments on 43 of its dams in FY 2025. In FY 2025, these studies and assessments led to a decision to lower the Dam Safety Action Classification (DSAC) rating of 16 dams, increase the DSAC rating of three dams, and leave unchanged the DSAC rating of 22 dams, and provide an initial DSAC rating for two dams. The DSAC corresponds with the priority in taking dam safety related actions based primarily on the risk of loss of life in the event of a failure of the dam, with DSAC 1 being considered the highest priority and 5 being considered a very low priority.

**Table 3a.** Summary of Dam Portfolio Risk Assessment Studies Completed in FY 2025

Dam Name	Project Name	State	New DSAC	Former DSAC	DSAC Change
Millwood Dam	Millwood Dam, AR	AR	4	4	No Change
Okay Levee	Millwood Dam, AR	AR	5	3	Lower DSAC Priority
Oologah Dam	Oologah Dam, OK	OK	4	4	No Change
Allegheny River Lock and Dam 2	Allegheny River Lock and Dam 2, PA	PA	5	4	Lower DSAC Priority
C.W. Bill Young Lock and Dam	C.W. Bill Young Lock and Dam, PA	PA	5	3	Lower DSAC Priority
Menasha Lock and Dam	Menasha Lock and Dam, WI	WI	5	4	Lower DSAC Priority
Arcadia Dam	Arcadia Dam, OK	OK	4	4	No Change
Belton Dam	Belton Dam, TX	TX	4	3	Lower DSAC Priority
Melvin Price Lock and Dam	Melvin Price Lock and Dam, IL	IL	4	4	No Change
Brea Dam	Brea Dam, CA	CA	4	4	No Change
Brea Dam Saddle Dike 1	Brea Dam, CA	CA	5	5	No Change
Coyote Valley Dam	Coyote Valley Dam, CA	CA	4	3	Lower DSAC Priority
Philpot Dam	Philpot Dam, VA	VA	4	3	Lower DSAC Priority
Marion Dam	Marion Dam, KS	KS	4	4	No Change
Everett Lake Dam	Everett Lake Dam, NH	NH	4	3	Lower DSAC Priority
Everett Lake Dam Dike 1	Everett Lake Dam, NH	NH	5	3	Lower DSAC Priority
Everett Lake Dam Dike 2	Everett Lake Dam, NH	NH	5	3	Lower DSAC Priority
Franklin Falls Dam	Franklin Falls Dam, NH	NH	4	4	No Change
Clarence J. Brown Dam	Clarence J. Brown Dam, OH	OH	3	4	Higher DSAC Priority
Taylorsville Dam	Taylorsville Dam, KY	KY	4	4	No Change
Indiana Harbor and Canal Confined Disposal Facility Dam	Indiana Harbor and Canal Confined Disposal Facility Dam, IN	IN	5	4	Lower DSAC Priority
Soo Locks Complex	Soo Locks Complex, MI	MI	3	2	Lower DSAC Priority
Willow Island Locks and Dam	Willow Island Locks and Dam, WV	WV	4	3	Lower DSAC Priority
Point Marion Lock and Dam	Point Marion Lock and Dam	PA	5	4	Lower DSAC Priority
Tappan Dam	Tappan Dam, OH	OH	4	4	No Change
Orwell Dam	Orwell Dam, MN	MN	4	4	No Change
White Rock Dam	White Rock Dam, MN	MN	5	4	Lower DSAC Priority
Alvin R. Bush Dam	Alvin R. Bush Dam, PA	PA	5	4	Lower DSAC Priority
Cowanesque Dam	Cowanesque Dam, PA	PA	4	4	No Change
North Hartland Dam	North Hartland Dam, VT	VT	3	3	No Change
North Hartland Dam Saddle Dike	North Hartland Dam, VT	VT	5	N/A	Initial DSAC Rating
Yankee Hill Dam	Yankee Hill Dam, NE	NE	5	5	No Change
Lucky Peak Dam	Lucky Peak Dam, ID	ID	2	2	No Change
Ice Harbor Lock and Dam	Ice Harbor Lock and Dam, WA	WA	4	4	No Change
Black Butte Dam	Black Butte Dam, CA	CA	3	3	No Change
Black Butte Dam Dike	Black Butte Dam, CA	CA	5	N/A	Initial DSAC Rating
Santa Fe Dam	Santa Fe Dam, CA	CA	2	3	Higher DSAC Priority
O.C. Fisher Dam	O.C. Fisher Dam, TX	TX	2	2	No Change
Kaw Dam	Kaw Dam, OK	OK	4	4	No Change
Painted Rock Dam and Saddle Dike	Painted Rock Dam and Saddle Dike, AZ	AZ	1	1	No Change
Dexter Dam	Dexter Dam, OR	OR	3	4	Higher DSAC Priority
Oahe Dam	Oahe Dam, SD	SD	2	2	No Change
Kanopolis Dam	Kanopolis Dam, KS	KS	3	3	No Change



A USACE Park Ranger observes a dam and reservoir. (USACE photo by John Prettyman)

**Table 3b.** Flood Risk Management – Construction and Investigations

	FY 2025				
	FY 2022	FY 2023	FY 2024	Target	Actual
Number of dam safety action classifications revised to lower priority	57	27	27	20	16

**Performance Results—Operation and Maintenance:** In a large watershed, the systematic and coordinated operation of a series of projects can help reduce flood risks, through decisions on the release of water before the flood or on holding water back during the flood.

The FY 2025 FRM program supported the operation and maintenance of 344 existing Corps projects that help reduce flood risk through funding provided in the Operation and Maintenance account plus 26 projects and features through operation and maintenance funding provided in the Mississippi River and Tributaries account.

In FY 2025, USACE-CW completed 53 screening-level risk assessments of federally authorized levee systems that are locally owned and operated. In FY 2025, the USACE-CW completed five, and initiated two, higher-level risk assessments of such levee systems both for portfolio management. These assessments provide information on system performance risks, inform development of potential interim risk reduction measures and/or long-term risk management measures, where appropriate, and contribute to public awareness of the risks associated with these locally owned levee systems.

### Emergency Management

The Corps also serves, along with other Federal agencies, when requested by FEMA, as part of the overall Federal response to a broad range of natural disasters and national emergencies. This work largely involves assisting communities during and after a significant flood or coastal storm.

**Objective 2.1: Reduce the Nation's flood risk and increase resilience to disasters.****Objective 2.2: Support the Department of Homeland Security/Federal Emergency Management Agency to provide life-cycle public works and engineering support in response to disasters.****Objective 2.3: Effectively and efficiently execute response, recovery, and mitigation.**

**Performance Indicators:** The five measures listed in Table 4 assist in determining progress toward meeting these three emergency management objectives.

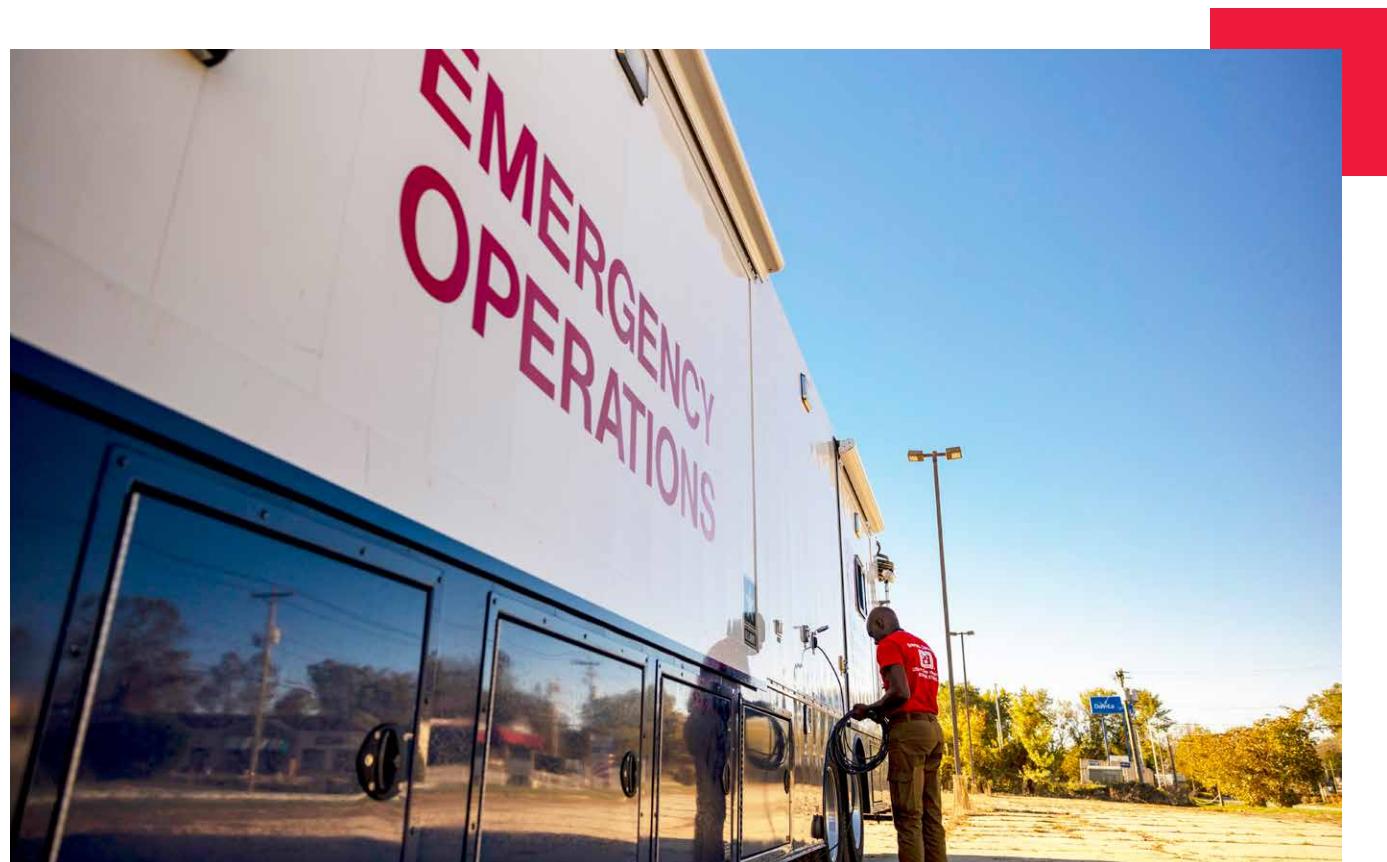
- Measure 2.1.a: Percent progress to develop and implement National Flood Characterization tool in collaboration with FEMA. This measure tracks the completion of a characterization tool that will improve the knowledge of flood risk by characterizing relative flood risk at the national, state, and watershed levels. The tool will provide information in a Geographical Information System (GIS) format to support federal, state, and regional decision makers, planners, and policy analysts in determining investment priorities, responding to future conditions and flood risk drivers, improving resilience, and reducing risk in the long-term. This measure tracks key milestones over time towards development and implementation of a fully functional and robust tool.
- Measure 2.2.a: Percent of trained and certified Emergency Managers Planning Response Teams, Team Leaders, Assistant Team leaders and Subject Matter Experts, and National Emergency Support Function #3 Cadres ready and able to respond. The USACE-CW established designated emergency management offices Planning & Response Teams (PRTs) and a cadre of leaders and subject matter experts to provide rapid emergency response during any All-Hazards contingency. This measure establishes the baseline, calculated as the percentage of trained and certified team members at any time during the entire fiscal year. Anything less than the baseline degrades readiness and may affect the extent to which the USACE-CW is able to respond.
- Measure 2.2.b: Percent of current annual updated All-hazards contingency plans across the USACE. Every command, center, and field operating agency in the USACE-CW must be prepared to respond to the full spectrum of All-Hazards. This measure reflects the percentage of current All-Hazards Contingency plans at all echelons, on the shelf and ready for use when needed.
- Measure 2.3.a: Percent scheduled and executed assigned and funded missions and programs. This measure reflects the USACE-CW commitment to the national preparedness system as articulated in Presidential Policy Directive – 8, *Other Executive Orders and Statutes*. The national preparedness system directs executive agencies to develop interagency operational plans to support each national planning framework. Each interagency operational plan shall include a detailed concept of operations; description of critical tasks and responsibilities; detailed resource, personnel, and sourcing requirements; and specific provisions for the rapid integration of resources and personnel. The USACE-CW metric is measured in part by the Federal Emergency Management Agency assigned missions during disaster response, recovery, and mitigation operations. This measure tracks the percentage of these missions scheduled and executed; anything less than 100% is not acceptable and would reflect a reduction in overall mission performance. Myriad activities and trends must be monitored and adjusted each year, to ensure that we achieve that full execution. For example, monitoring/forecasting potential weather-related threats, conducting pre-disaster operations to strengthen Federal, state, local and tribal coordination, and capturing lessons learned after a disaster response to improve future response activities guide the development of doctrine and support programmatic changes in our disaster programs.
- Measure 2.3.b: Number of active state-led interagency flood risk management teams (Silver Jackets). Silver Jackets Teams provide Federal assistance to state and local governments in developing and executing mitigation measures that meet local government needs. Membership consists of the USACE-CW and other Federal agencies that can contribute to meeting those needs (e.g., FEMA, Environmental Protection Agency (EPA), Department of Transportation (DOT), etc.). State teams normally are represented by state hazard mitigation offices and other government offices (state and local). This measure tracks the number of active teams by state. The target is to have a team in all 50 states.

**Performance Results:** In FY 2025, the USACE-CW responded to 39 floods and coastal storms, with over 5,000 personnel deployed or engaged. FEMA provided the Corps roughly \$3.9 billion for 89 mission assigned tasks as part of the overall Federal response in some of these events. USACE-CW also spent over \$8.6 million of its FCCE funding on response activities during these events, which included three named storms of which all were hurricanes; low water on the Mississippi, an Alaska Glacial outburst, and significant rain and inland flooding in Central Texas and several other river basins. In addition, using National Emergency Preparedness Program (NEPP) and Potomac and Anacostia Rivers, D.C. (Drift Removal) project funds, the Corps responded, along with other federal agencies, to an aviation disaster on January 29, 2025 on the Potomac River in Washington, D.C. to remove wreckage from the navigation channel.

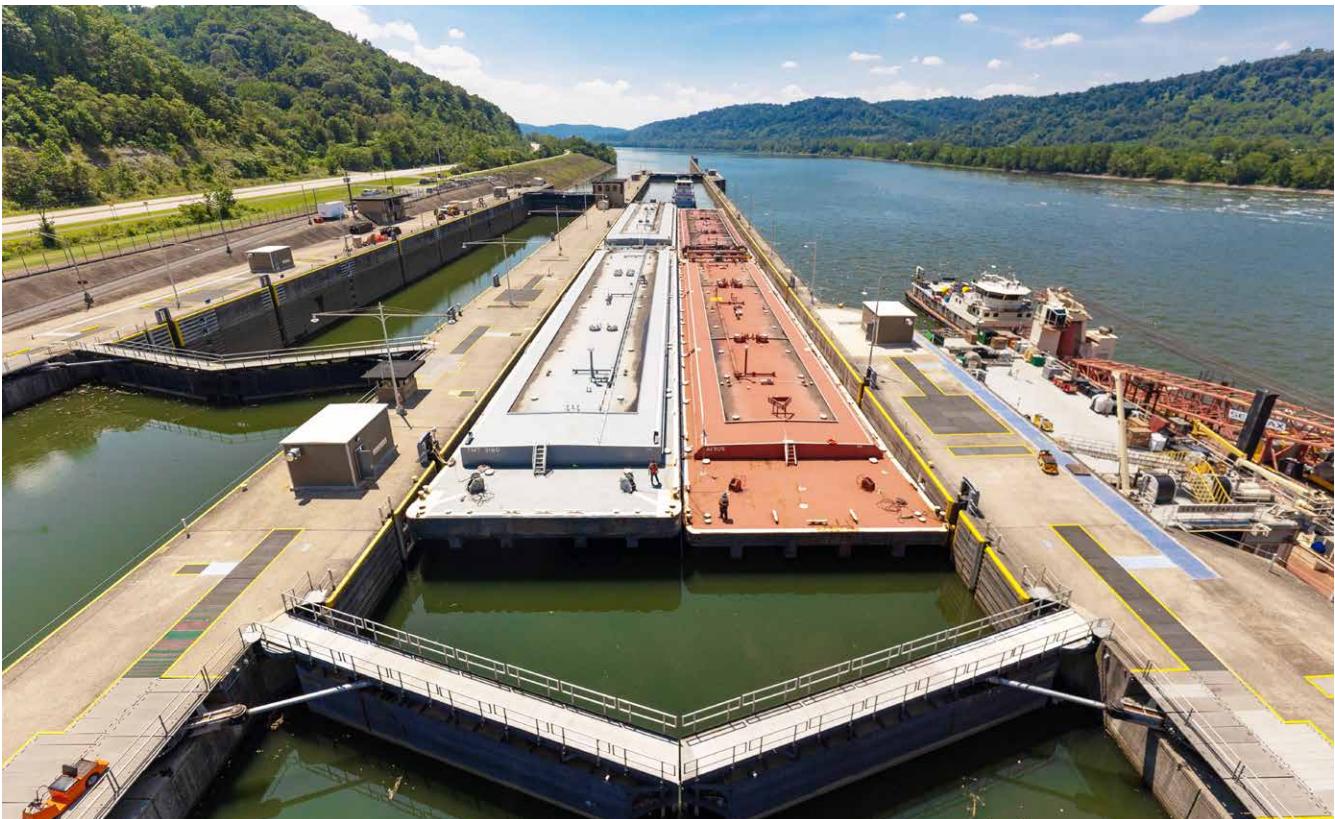
**Table 4.** Emergency Management

	FY 2022	FY 2023	FY 2024	FY 2025	
				Target	Actual
Measure 2.1.a: Percent progress to develop and implement National Flood Characterization tool in collaboration with FEMA	Note 1	Note 1	Note 1	Note 1	
Measure 2.2.a: Percentage of trained and certified Planning Response Teams, Team Leaders, Assistant Team leaders and Subject Matter Experts, and National Emergency Support Function #3 Cadres ready and able to respond	100%	100%	100%	90%	100%
Measure 2.2.b: Percentage of current Annual updated All-hazards contingency plans across USACE-CW	100%	100%	100%	100%	100%
Measure 2.3.a: Percentage of scheduled and executed assigned and funded missions and programs	100%	100%	100%	100%	100%
Measure 2.3.b: Number of active state-led interagency flood risk management teams (Silver Jackets)	54	56	56	56	56

Note 1: This measure is considered completed.



*A member of the U.S. Army Corps of Engineers Temporary Emergency Power Team sets up communication cables for an Emergency Command and Control Vehicle. (USACE photo by Michel Sauret)*



Pike Island Locks and Dam. (USACE photo by Andrew Byrne)

**STRATEGIC GOAL 3: FACILITATE THE TRANSPORTATION OF COMMERCIAL GOODS ON THE NATION'S COASTAL CHANNELS AND INLAND WATERWAYS.**

**Navigation**

**Objective 3.1: Facilitate commercial navigation by providing safe, reliable, highly cost-effective, and environmentally sustainable waterborne transportation systems.**

**Performance Indicators:** Table 5 displays measures that are performance indicators in determining progress in meeting this objective for inland navigation. The Corps uses these measures to track the overall performance of the inland waterways program over time. These measures focus on the performance of the main lock chambers (rather than auxiliary chambers) nationwide, on all inland waterways with a high level of commercial use (more than 3 billion segment-ton-miles per year) or a medium level of commercial use (between 1 billion segment-ton-miles per year and 3 billion segment-ton-miles per year).

- **Measure 3.1.a:** The number of instances where mechanically driven failure at locks results in delays of more than 24 hours.
- **Measure 3.1.b:** The number of instances where mechanically driven failure at locks results in delays of more than one week.

**Performance Results – Investigations:** Investigations funds were used in FY 2025 to evaluate the benefits and costs of options for navigation improvements, the preconstruction engineering and design cost of navigation improvements, and for programmatic Remaining Items for Navigation, such as Research and Development. Examples of potential investments under consideration in these studies are (1) lock replacements and inland waterways channel improvements; and (2) deepening and/or widening of coastal harbors and channels.

USACE completed the following navigation feasibility study in FY 2025:

- Columbia River Turning Basin Navigation Improvements, WA & OR

FY 2025 regular annual appropriations were provided to initiate one new PED activity:

- Tampa Harbor, FL (PED)

FY 2025 regular annual appropriations were provided to complete one final assessment directed by section 403 of the *Water Resources Development Act (WRDA) of 2020* for studies done by non-federal interests under section 203 of WRDA 1986, as amended:

- Wilmington Harbor Navigation Improvements, NC

FY 2025 regular annual appropriations were provided to fund six feasibility studies, two disposition studies, one validation study and one PED activity to completion:

- Auke Bay Navigation Improvements, AK
- Homer Navigation Improvements, AK
- Lower Missouri River Basin, MO, KS & IA
- Bayou Sorrel Lock, LA
- Menominee River Deepening, MI & WI
- Lower St. Anthony Falls, Mississippi River, MN (Disposition Study)
- St. Anthony Falls, Lock and Dam 1, Mississippi River, MN (Disposition Study)
- Gulfport Harbor, MS
- New York & New Jersey Harbor Deepening Channel Improvements, NY & NJ (PED)
- Matagorda Ship Channel (Widening and Deepening), TX (validation study)

FY 2025 regular annual appropriations were provided to continue one PED activity:

- Port of Iberia, LA (PED)

**Performance Results – Construction:** FY 2025 regular annual appropriations were provided on coastal navigation projects to:

- (1) Continue construction at Alaska Regional Ports (Port of Nome Modifications), AK; Sault Sainte Marie (New Soo Lock), MI; Upper Ohio, Allegheny and Beaver Counties, PA; and Chickamauga Lock, Tennessee River, TN; Houston Ship Channel, TX; and Sabine Neches Waterway, TX
- (2) Physically and fiscally close out construction of the Illinois Waterway, TJ O'Brian Lock & Dam (Major Rehabilitation), IL
- (3) Continue construction of Calcasieu River and Pass, LA Dredged Material Disposal Facility
- (4) Final reimbursement to the South Carolina Ports Authority for construction of Charleston Harbor, Deep Draft Navigation Improvements, SC
- (5) Complete construction of Camp Ellis SACO, ME (CAP SEC 111)

**Performance Results – Operation and Maintenance:** The Operation and Maintenance (O&M) and the MR&T appropriations were used to fund (1) operation and maintenance of locks and dams; (2) maintenance dredging with emphasis on high commercial use reaches at coastal ports and on the inland waterways; (3) maintenance and repair of coastal navigation structures; (4) removal of debris at coastal ports with a high or moderate-level of commercial use; and (5) maintenance dredging of critical harbors of refuge and subsistence harbors. Maintenance included repair and replacement of major lock and dam components (e.g. lock miter gates, dam tainter gates, operating machinery), repair of coastal structures (e.g. jetties, breakwaters, and pile dikes), and maintenance dredging.

The overall condition of the inland waterways has improved since 2010, but the number of instances of lock closures due to preventable mechanical breakdowns and failures lasting longer than one day and lasting longer than one week have varied in recent years. Lock closures that occur can result in substantial delays to shippers, carriers, and users, and are a factor in the cost of shipping commodities on these waterways.

**Table 5.** Navigation – Operation and Maintenance

		FY 2025				
		FY 2022	FY 2023	FY 2024	Target	Actual
Inland Waterways	Measure 3.1.a: The number of instances where mechanically driven failure at locks results in delays of more than 24 hours	26	42	42	35	32
	Measure 3.1.b: The number of instances where mechanically driven failure at locks results in delays of more than one week	15	22	26	20	24



Elodea Sp., Eelgrass, Coontail, and Horned Pondweed displayed to show the different characteristics between them and hydrilla. (USACE photo by Kaylee Wendt)

#### **STRATEGIC GOAL 4: RESTORE, PROTECT, AND MANAGE AQUATIC ECOSYSTEMS TO BENEFIT THE NATION.**

##### **Aquatic Ecosystem Restoration**

**Objective 4.1: Restore aquatic habitat to a more natural condition in ecosystems in which structure, function, and dynamic processes have been degraded.**

**Performance Indicators:** The USACE-CW has established one indicator to assess progress in meeting this objective; data are shown in Table 6.

- **Measure 4.1:** Acres of habitat restored, created, improved, or protected in ecosystems identified as priorities through interagency coordination, which are: Everglades, Great Lakes, Chesapeake Bay, Puget Sound, Missouri River, and Upper Mississippi River.

**Performance Results – Investigations:** FY 2025 regular annual appropriations were used to complete one feasibility study and one PED activity:

- Rio Salado Oeste, Salt River, AZ (GRR)
- Arkansas River Corridor, OK (PED)

FY 2025 regular annual appropriations were provided to continue one PED activity:

- Sweetwater Creek Ecosystem Restoration, ID (Tribal Partnership Program)

**Performance Results – Construction:** FY 2025 funds were provided to fully fund James Island (Easter Shore, Mid Chesapeake Bay Island, MD (HMTF)) construction contract for the Easter Wetland Cell Perimeter Dikes.

FY 2025 funds were provided to continue work on the following programs and projects:

- South Florida Ecosystem Restoration, FL
- Missouri River Fish and Wildlife Recovery, IA, KS, MO, MT, NE, ND & SD
- Upper Mississippi River Restoration, IL, IA, MN, MO, & WI
- Assateague, MD
- Poplar Island, MD
- Eastern Shore, Mid Chesapeake Bay Island, MD
- Columbia River Fish Mitigation, WA, OR & ID

Within the South Florida Ecosystem Restoration (SFER) program, there was continued significant progress on projects in accordance with the Integrated Delivery Schedule including authorization in WRDA 2024 of the Western Everglades Restoration Project and Lake Okeechobee Component A Reservoir Project. In addition, there was progress on construction of the Indian River Lagoon C-23/24 Stormwater Treatment area and C-23/24 North Reservoir, continued operational efforts across all areas of SFER, construction completion of the Biscayne Bay Coastal Wetlands Project pump stations, construction completion of the Picayune Strand Restoration Project contracts for road removal, canal plugging, and the Southwest Protection; and continued construction on the South Phase and Everglades Agricultural Area (EAA) Phase of the Central Everglades Planning Project (CEPP).

Beneficial use of dredged material projects at Assateague Island and Poplar Island capitalized on the periodic dredging of navigation channels. Restoration efforts continued within the Upper Mississippi River watershed.

**Table 6.** Aquatic Ecosystem Restoration

	FY 2025				
	FY 2022	FY 2023	FY 2024	Target	Actual
Acres of habitat restored, created, improved, or protected (annual) <sup>1</sup>	31,907	5,000	14,284	75,190	75,190

Note 1: Acres of habitat restored, created, improved, or protected in ecosystems identified as priorities through interagency coordination, which are: Everglades, Great Lakes, Chesapeake Bay, Puget Sound, Missouri River, and Upper Mississippi River (annual).

**Performance Results — Operation and Maintenance:** The FY 2025 AER program supported the O&M of projects within the SFER program and the Chicago Sanitary and Ship Canal Fish Barrier.

#### **Regulatory**

**Objective 4.2: Protect the Nation’s wetlands and waterways through an effective, transparent, and efficient Regulatory process.**

**Performance Indicators:** Table 7 displays the measure that is a performance indicator in determining progress in meeting this objective.

- **Measure 4.2:** Percent of general and individual permit decisions reached within 60 and 120 days respectively.

**Performance Results – Regulatory:** The Regulatory Program reviewed approximately 72,000 permit actions, of which 52,000 resulted in issued permits or verifications. Additionally, the Regulatory Program completed 15,000 jurisdictional determinations in FY 2025. The majority of the 52,000 issued permits or verifications (92% or approximately 48,000 actions) were evaluated using a streamlined general permit process, of which 83% were verified in 60 days or less from receipt of a complete application.

The target for general permit applications is to complete 85% of all decisions within 60 days, and in FY 2025, the national percentage was 83%. Regional variation can occur, and some districts have met the mission success criteria target, despite the national average falling short. The target for individual permit applications is to complete 70% of all decisions within 120 days from receipt of a complete application and in FY 2025, the national percentage was 60%. Individual permits require more extensive review and public coordination since these proposed projects may have more than minimal individual or cumulative adverse environmental effects. This additional review requires more time to evaluate and render a permit decision, hence the longer timeframe and lower target percentage. The public and permit applicants expect all decisions to be consistent, legally defensible, transparent and based on sound science. As with general permits, regional variation can occur, and a few districts have met the mission success criteria metric, despite the national average falling short. Reasons contributing to not being able to meet the targets nationally include district workload prioritization and workload prioritization of other agencies providing necessary decisions (e.g., *Endangered Species Act* consultations, *Clean Water Act* water quality certifications).

**Table 7.** Regulatory

	FY 2022	FY 2023	FY 2024	FY 2025	
				Target	Actual
Percentage of general permit application decisions made within 60 days of a complete application	75%	75%	81%	85%	83%
Percentage of individual permit application decisions made within 120 days of receipt of a complete application	49%	50%	56%	70%	60%

### Environmental Remediation (FUSRAP – the Formerly Utilized Sites Remedial Action Program)

#### Objective 4.3: Clean up radioactive waste sites.

**Performance Indicators:** The performance measure listed in Table 8 serves as an indicator to help USACE-CW personnel determine progress in meeting this objective.

- Measure 4.3: Number of individual properties returned to beneficial use. Each site may contain varying numbers of individual properties, with different owners.

Individual properties returned to beneficial use: The number of properties released for general use following remediation.

**Performance Results:** In FY 2025, FUSRAP met most of its performance targets. Funds were used to continue radiological remedial activities at the Maywood Site in New Jersey; the Shallow Land Disposal Area in Pennsylvania; properties in the vicinity of the St. Louis Airport in Missouri; the Iowa Army Ammunition Plant in Iowa; the St. Louis Downtown Site in St. Louis, Missouri; the Luckey Site in Ohio, and the DuPont Chambers Works in New Jersey. One Record of Decision (ROD) was completed for the Superior Steel Site in Pennsylvania.

Approximately 99,500 cubic yards of contaminated material were removed. Of this amount, 27,100 cubic yards was from the Luckey Site and 34,900 cubic yards was from the SLAPS Vicinity Properties Site. Sixteen (506 cumulative) properties located in St. Louis, Missouri were returned to beneficial use. Remedial Investigation, remediation actions, or close out activities continued at most other FUSRAP sites.

**Table 8.** Formerly Used Sites Remedial Action Program

	FY 2022	FY 2023	FY 2024	FY 2025	
				Target	Actual
Number of individual properties returned to beneficial use	70	75	53	23	20

## Environmental Stewardship

### Objective 4.4: Manage, conserve, and preserve natural resources at USACE-CW projects.

**Performance Indicators:** To measure success in attaining the above objective, the USACE-CW developed a number of performance indicators; data for the main indicator may be found in Table 9.

- **Measure 4.4:** Percent of USACE fee-owned and/or administered lands and waters that have achieved desired natural resource conditions. This measure tracks land and water acreage, which through protection and management meets the desired conditions outlined in management or work plans which fall into categories of sustainable, transitioning or degraded. Condition classifications are annually updated for each vegetation type of USACE-CW fee-owned property.

**Performance Results:** Desired conditions include both sustainable and transitioning where natural resources objectives are met and environmental impacts are minimized. The performance is calculated with a numerator representing lands and waters meeting a sustainable or transitioning condition over the denominator of total fee owned lands and waters with a known condition. As lands and waters fall into a degraded condition, the acreage drops out of the numerator and lowers performance improving degraded lands and waters results in an increase in the numerator and a higher net performance.

**Table 9.** Environmental Stewardship

	FY 2025				
	FY 2022	FY 2023	FY 2024	Target	Actual
Percent of USACE-CW fee-owned and/or administered lands and waters that have achieved desired natural resource conditions	90%	85%	89%	86%	Note 1

Note 1: Final FY 2025 data will not be available until January 2026 after field submittal and quality assurance is complete.

## Recreation

### Objective 4.5: Provide opportunities for quality outdoor public recreation.

**Performance Indicators:** The measures displayed in Table 10 describe the value the Recreation business line provides to the Nation. These indicators are explained below.

- **Measure 4.5:** Annually increase Project Site Area (PSA) compliance in each standard by 1% over the FY 2013 baseline. This measure tracks the quality of the recreation program delivered in light of fiscal realities and responsiveness to changing needs. Results will be used to guide decision making in focusing resources to provide amenities, services, and opportunities where they provide the greatest qualitative and quantitative benefits.

**Performance Results:** Each project maintains multiple parks and multiple areas (campgrounds, picnic sites, boat launches) within each recreation area. The USACE-CW continued a systematic, national review of more than 2,800 recreation areas to determine the level of services provided by the USACE recreation program at the Project Site Area (PSA) Level, which generally includes the following components: 1) a project condition component (acceptable conditions for facilities such as roads, parking, buildings, boat ramps, etc.) and 2) a visitor service component (i.e., an acceptable level of services such as ranger patrol, mowing and cleaning, etc.).

**Table 10.** Recreation

	FY 2025				
	FY 2022	FY 2023	FY 2024	Target	Actual
PSA Compliance with facility condition standards <sup>1,2</sup>	83%	82%	82%	96%	83%
PSA compliance with health and safety standards <sup>1</sup>	60%	60%	60%	63%	60%

Note 1: FY 2025 actual is estimated performance. Final data will not be available until January 2026 after field submittal and quality assurance is complete.  
Note 2: This metric reflects changes due to modified condition assessment and inventory processes.



Five tanks used to filter sand and debris out of water for use by a rural community. (USACE photo by Scott Stoddard)

**STRATEGIC GOAL 5: MANAGE THE LIFE CYCLE OF WATER RESOURCES INFRASTRUCTURE SYSTEMS IN ORDER TO CONSISTENTLY DELIVER SUSTAINABLE SERVICES.**

**Objective 5.1: Support the Nation and the Army in achieving our energy security and sustainability goals.**

**Performance Indicators:** Table 11 displays measures that are performance indicators in determining progress in meeting this objective.

- Measure 5.1.a: Non-tactical Vehicle (NTV) Petroleum: Percent reduction in NTV Petroleum Use. This measures progress on reducing the use of traditional petroleum fuels (gasoline and diesel) in fleet vehicles.
- Measure 5.1.b: Facility Energy Intensity: Percent reduction in Goal Subject Energy Intensity (British Thermal Unit (BTU)/Goal Subject Square Feet (GSSF)). This measures progress on making buildings more energy efficient.
- Measure 5.1.c: Facility Water Intensity: Percent reduction in potable water intensity, measured in gallons per Goal Subject Square Feet (GSSF) with a requirement to implement cost effective conservation measures identified from facility audits and achieve continued incremental reductions.

**Performance Results**

- Measure 5.1.a: The FY 2024 percent reduction for the statutory requirement of reduction in NTV Petroleum fuel use was 30.8% calculated from the FY 2005 baseline. Official FY 2025 data will be available in late spring of calendar year 2026 after Department of Energy Federal Emergency Management Program (DOE FEMP) review. Current efforts are focused on fully utilizing existing fleet through management, such as vehicle telematics and the Annual Vehicle Allocation Methodology (VAM)/Vehicle Utilization Review Board (VURB) process.
- Measure 5.1.b: At the end of FY 2024, USACE reported a 39.0% reduction in Facility Energy Intensity relative to the FY 2003 baseline. Current Energy Use Intensity (EUI) efforts require agencies to develop agency-specific EUI targets by 2023 and report progress toward those targets in the annual Strategic Sustainability Plan (SSP). In FY 2024, USACE EUI decreased by 0.4% from FY 2023, an improvement reflecting changes in operations tempo and improved data, especially goal subject vs. goal excluded identification and tracking. FY 2025 data will be available in late spring of calendar year 2026.

- Measure 5.1.c: At the end of FY 2024, USACE decreased water use intensity by 2.6% from FY 2023 to yield a net reduction of 38.4% relative to the FY 2007 baseline. Current Water Use Intensity (WUI) efforts require agencies to develop agency specific WUI targets by 2030 and report progress towards those targets in the annual Strategic Sustainability Plan (SSP). Starting in FY 2023, USACE began collecting campground water used data separately from agency water use (where possible) to exclude non-building recreational consumption from the agency WUI. This led to a substantial decrease in WUI, which required a substantial adjustment to the incremental annual intensity targets from FY 2022. USACE reported 85% progress toward the 2030 target.

**Table 11. Sustainability and Energy**

	FY 2022	FY 2023	FY 2024	FY 2025	
				Target	Actual
Percent Reduction in Non-tactical Vehicle (NTV) Petroleum Use	19.6%	24.9%	30.8%	20%	Note 1
Percent reduction in Goal Subject Facility Energy Intensity	35.2%	38.7%	39.0%	30%	
Percent reduction of potable water use intensity in USACE facilities	21.1%	36.8%	38.4%	Annual Reduction	

Note 1: Data for FY 2025 will not be available until January 2026.

**Objective 5.2: Capitalize, recapitalize, operate, and maintain water resources infrastructure to provide maximum value to the Nation.**

The USACE operates, maintains, and manages more than \$259 billion worth of the Nation's water resources infrastructure. It is the steward of the fourth largest asset portfolio, by value, of all federal agencies.

**Performance Indicators:** The USACE-CW uses the following measure to assist in gauging progress on this objective.

- Measure 5.2: Percentage of Preventive Maintenance completed on critical components. Preventive maintenance is the systematic care, servicing, and inspection of assets, facilities, equipment, and components for the purpose of detecting and correcting incipient failures and accomplishing minor maintenance. The frequency of preventative maintenance is generally less than one year. Focusing on mission-critical components ensures that national preventive maintenance efforts are focused on those components with the highest potential risk to delivering national benefits. Critical components are those items that, if they failed, would have an immediate and substantial impact to the various USACE-CW missions of providing national benefits (power generation, safe navigation, flood risk management, etc.).

**Performance Results:** In FY 2025, the USACE continued an enterprise-wide collection of minimum required maintenance data that will allow the development of the baseline Preventive Maintenance reporting. FY 2025 appropriations were used to upgrade critical infrastructure such as septic systems, erosion prevention, and replacing old wooden recreation buildings with more efficient concrete prefab buildings resistant to flood and extreme weather events. Managers are held accountable to properly code preventive maintenance work orders and track labor, materials, and service costs as well as criticality of the affected assets.

**Hydropower**

**Objective 5.3: Provide reliable, renewable, hydropower to the Nation.**

**Performance Indicators:** Table 12 displays representative performance indicator results and targets for the year.

- Measure 5.3.a: Peak unit availability (percentage of time generating units are available during periods of peak demand). Peak Unit Availability measures performance reliability, it is the percentage of time during critical peak demand periods that hydroelectric generating units are available to the Power Marketing Administration (PMA) interconnected system.

- **Measure 5.3.b:** Percentage of time units are out of service due to unplanned outage. This measure tracks the percentage of time hydropower generating units are in an unscheduled or unplanned outage status. The lower the forced outage rate, the more reliable and less expensive the electrical power provided to the consumer.

**Performance Results:** FY 2025 annual appropriations were used to accomplish critical routine O&M and some non-routine maintenance at 54 of the 75 USACE-CW hydroelectric facilities along with some capital work. The 21 plants located in the Pacific Northwest are directly funded by the Bonneville Power Administration and not included in these measures. Additional capital work and other non-routine maintenance work was accomplished through the implementation of agreements and associated sub-agreements with the regional Department of Energy PMAs and their preference customers. These amounts are not included in the totals in Table 12.

During FY 2025 the USACE-CW signed 19 new sub-agreements and modified 3 existing sub-agreements resulting in an additional \$114 million for non-routine work at USACE-CW power plants outside of the Pacific Northwest.



Compared to the previous year, there was a 2% decrease in the amount of time hydropower generating units were available to produce power during peak demand periods. This decrease resulted from an increased scheduled outage for planned recapitalization of hydropower assets and forced equipment outage time. The target for peak availability of 85%, and the target was not met. The industry standard for peak availability is 95%. The forced outage rate increased less than a percent from the previous year.

**Table 12. Hydropower**

	FY 2022	FY 2023	FY 2024	FY 2025	
				Target	Actual
Peak unit availability (percentage of time generating units are available during periods of peak demand)	85%	85%	85%	85%	83%
Percentage of time units are out of service due to unplanned outages	6%	7%	7%	3%	7%

### Water Storage for Water Supply

#### Objective 5.4: Provide water supply storage in partnership with state and local interests.

**Performance Indicators:** To assist in gauging progress, the USACE-CW uses measures relating to the acre-feet of water stored and cost-recovery measures. These are shown in Table 13.

- Measure 5.4.a: Percent of acre-feet under contract versus acre-feet available. This measure tracks the percentage of the acre-feet of water supply storage space under contract with state and local interests for present and future use, compared to the acre-feet of space available for water supply. An acre-foot is the volume of water that will cover an area of one acre to a depth of one foot.
- Measure 5.4.b: Percent of investment costs recovered versus the total investment costs available for recovery. This measure tracks progress in recovering investment costs. The USACE-CW seeks proportional reimbursement of capital costs for that portion of the reservoir allocated for water supply. The cost available for recovery is the total estimated capital cost of water supply allocations. In this context, the capital costs are typically related to the costs to construct the reservoir.

**Performance Results:** Currently there are 135 projects in 26 states that provide 10.4 million acre-feet of specifically authorized Municipal and Industrial water supply storage to users that have contracted for that storage. The cost associated with the storage, including the cost to operate and maintain the storage, are returned as revenues to the United States Treasury according to the terms of contracts. Over the last ten years, an average of \$75 million per year has been returned.

FY 2025 funds were provided to continue the operation and maintenance of the water supply functions at multi-purpose USACE-CW projects, to continue a reallocation study at Laurel River Lake, KY, and to initiate of a reallocation study at Center Hill Lake, TN. In addition, funds were provided to conduct six sedimentation surveys of reservoir projects with water supply agreements; to conduct a Run of River Systems Approach Analysis at Cheatham Lock and Dam, TN; and to complete the feasibility study at Whitney Lake, TX.

**Table 13. Water Storage for Water Supply**

	FY 2022	FY 2023	FY 2024	FY 2025	
				Target	Actual
Percentage of available acre-feet under contract	96%	96%	96%	96%	96%
Percentage of investment costs recovered	69%	69%	69%	69%	69%

## Possible Future Effects of Existing Conditions

The USACE-CW owns a large inventory of water resources infrastructure. To manage the risk associated with that inventory, the USACE-CW utilizes a risk-based approach to managing those assets based on the condition of each project component and the consequence of failure of that component. Expenditure of operation and maintenance dollars is guided by that information.

The infrastructure that the USACE-CW helps to maintain includes dams, levees, coastal harbors and channels, inland waterways, locks, hydropower plants with generating units, and recreational facilities. USACE-CW constructed much of this water resources infrastructure in the first half of the twentieth century. We have rehabilitated many of the component systems of this infrastructure since then, in order to maintain the performance of the key features of this infrastructure, and give priority to such investments as needed. However, some of this infrastructure is experiencing various stages of degradation and disrepair. All structures age over time. With proper maintenance and periodic rehabilitation, we are working to extend the effective lifetime of the facilities that are owned, or operated and maintained by, or on behalf of, the Corps of Engineers.

### ***Navigation***

The USACE-CW maintains the principal inland waterways and the Federal navigation channels of the principal coastal ports of the Nation. Many of the locks and dams on these inland waterways require increased maintenance or will require rehabilitation to keep them functioning. For coastal ports, there has been an increase in the unit cost of dredging per cubic yard in recent years, which primarily reflects an increase in fuel, steel, and labor costs. Also, many of the channel-deepening projects completed over the past few years require additional maintenance dredging. In addition, new environmental requirements and the construction of new, more distant dredged material placement sites have increased the costs of channel dredging.

### ***Flood Risk Management***

The Flood Risk Management business line helps communities to understand and manage their flood risk. Flood risk involves the potential of a loss of life and/or damage to property from riverine flooding or the water-related effects of a coastal storm.

Dams: The USACE-CW dam safety program evaluates and quantifies the risk and consequence of a potential failure at a Corps-owned dam. Some of these dam safety concerns may require additional study and/or modification. Where appropriate, the USACE-CW also implements interim risk reduction measures to reduce the risk associated with a dam safety concern until additional study and/or modification can be completed.

Levees: The USACE-CW supports levee safety through inspections, assessments, and communication of risk. The program focuses on approximately 2,100 levee systems nationwide consisting of: (1) the levee systems that the USACE-CW owns and operates; (2) the levee systems that the USACE-CW constructed or improved, but are owned, operated, and maintained by a state or local public entity; and (3) other levee systems that the USACE-CW inspects periodically under its Public Law 84-99 program.

### ***Aquatic Ecosystem Restoration***

The primary goals of aquatic ecosystem restoration business line are to restore degraded aquatic ecosystem structure, function, and/or processes to a more natural condition and to mitigate for damage caused by USACE-CW projects through compliance with biological opinions.

*The entrance to Holland Harbor looking north. (USACE photo by Brandon Hubbard)*



HONORING **250 YEARS**  
of STRENGTH and EXCELLENCE

## ANALYSIS OF FINANCIAL STATEMENTS

USACE-CW prepares annual financial statements in conformity with Generally Accepted Accounting Principles (GAAP) prescribed by the Federal Accounting Standards Advisory Board (FASAB) and the formats prescribed by the Office of Management and Budget (OMB). The USACE-CW financial statements are prepared to report the financial position, financial condition, and results of operations, consistent with the requirements of 31 U.S.C. § 3515(b) and are subject to an independent audit to provide reasonable assurance they are free from material misstatements. Reports used to monitor and control budgetary resources are prepared from the same records. USACE-CW management is responsible for the integrity and objectivity of the financial information presented in these financial statements. Users of the statements are advised that the statements are for a component of the U.S. Government.

The USACE-CW Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources have been prepared to report the financial position and results of operations of the USACE-CW, pursuant to the requirements of the Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act of 1994. The following sections provide a brief description of the nature of each financial statement. The charts presented in this analysis are “in millions” unless otherwise noted.

### Balance Sheet

The USACE-CW Balance Sheet presents the amounts of future economic benefits owned or managed by USACE-CW (assets) against the amounts owed (liabilities) and amounts that comprise the difference (net position).

Figure 3 shows the USACE-CW Assets as of September 30, 2025. Total assets amounted to \$101,873 million in FY 2025. Of that amount, General Property, Plant, and Equipment make up 34% of the total assets, with 56% being in Buildings, Structures, & Facilities.

**Figure 3. Assets (in millions)**



Figure 4 shows the USACE-CW Liabilities as of September 30, 2025. Total liabilities amounted to \$14,104 million in FY 2025. The largest element of total liabilities is Advances from Others and Deferred Revenue. These two lines accounted for 42% of total liabilities, this percentage represents offsetting liabilities for non-entity assets, where USACE is acting on behalf of another entity.

**Figure 4. Liabilities (in millions)**



## Statement of Net Cost

The Consolidated Statements of Net Costs presents the gross cost incurred by USACE-CW to conduct its operations less any exchange revenues earned from its activities.

The major elements of the Statement of Net Cost include gross costs totaling \$20,922 million in FY 2025 and earned revenue amounting to \$8,914 million in FY 2025. Both elements are comprised of intra-governmental and public costs.

## Statement of Changes in Net Position

The Statement of Changes in Net Position presents those accounting items that caused the net position section of the balance sheet to change from the beginning to the end of the reporting period. Various financing sources increase net position. These financing sources include appropriations received and non-exchange revenues, such as donations and forfeitures of property and imputed financing from costs absorbed by other federal agencies. USACE-CW net cost of operations and appropriations used serve to reduce net position.

Figure 5 shows the three components of the USACE-CW net position for FY 2025. Total net position amounted to \$87,768 million in FY 2025. Total Unexpended Appropriations amounted to \$28,630 million, of which \$7,329 million was received in FY 2025, a net decrease of 7%. Cumulative results of Operations, at year end, was a net change of \$670 million, a net increase of 1%.

**Figure 5. Net Position (in millions)**



## Statement of Budgetary Resources

The Statement of Budgetary Resources provide information on the budgetary resources that were made available to the USACE-CW as of September 30, 2025, and the status of those budgetary resources. Budget authority is the authority provided to the USACE-CW by law to enter obligations that will result in outlays of federal funds. New obligations and upward adjustments result from an order placed, contract awarded, or similar transaction, which will require payments during the same or a future period. Gross outlays reflect the actual cash disbursed by the Department of the Treasury for USACE-CW obligations.

Figure 6 shows new obligations and upward adjustments as well as net outlays in FY 2025. New obligations and upward adjustments amounted to \$35,302 million as of September 30, 2025. Net outlays (which include discretionary and mandatory) amounted to \$12,930 million of September 30, 2025.

**Figure 6. Budgetary Resources (in millions)**





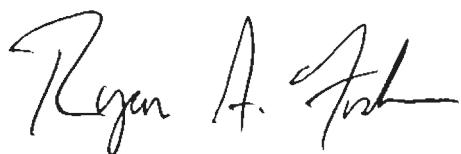
Wounded Warrior Fishing Day at the Cooper River Rediversion Project. (USACE photo by Nathan Wilkes)

## STATEMENT OF ASSURANCE

United States Army Corps of Engineers (USACE) Civil Works management is responsible for managing risks and maintaining effective internal controls to meet the objectives of Sections 2 and 4 of the *Federal Managers' Financial Integrity Act of 1982* (FMFIA). USACE Civil Works conducted its assessment of risk and internal control in accordance with Office of Management and Budget (OMB) Circular Number (No.) A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, USACE Civil Works can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2025.

USACE conducted its assessment of internal control over financial reporting in accordance with Appendix A of OMB Circular No. A-123. Based on the results of this assessment, USACE can provide reasonable assurance that its internal control over financial reporting as of September 30, 2025, was operating effectively, except as related to the significant deficiency identified in the auditor's report related to Property, Plant and Equipment.

The *Federal Financial Management Improvement Act of 1996* (FFMIA) as well as OMB Circular No. A-123, Appendix D, requires agencies to implement and maintain financial management systems that are substantially in compliance with federal financial management systems requirements, federal accounting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB), and the U.S. Standard General Ledger (USSGL) at the transaction level. Evaluation results from the assessment also indicated that all USACE Civil Works financial management systems were found to substantially comply with FFMIA and OMB Circular No. A-123 Appendix D as of September 30, 2025.

A handwritten signature in black ink, appearing to read "Ryan A. Fisher".

**RYAN A. FISHER**  
Acting Director, Civil Works

## ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

### **Federal Managers' Financial Integrity Act**

The management control objectives under the *Federal Managers' Financial Integrity Act of 1982* (FMFIA) are to reasonably ensure that:

- Programs achieve their intended results efficiently and effectively
- Resources used are consistent with overall mission
- Programs and resources are free from waste, fraud, and mismanagement
- All applicable laws and regulations are followed
- Controls are sufficient to minimize any improper or erroneous payments
- System security is in substantial compliance with all relevant requirements
- Resources used are in accordance with the organizational mission
- Financial management systems comply with federal financial systems standards
- Timely, accurate, and reliable data is maintained and used for decision making at all levels

The USACE-CW internal control program is designed to ensure full compliance with the goals, objectives, and requirements of FMFIA and the Office of Management and Budget (OMB) Circulars Nos. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, and A-136, *Financial Reporting Requirements*.

The USACE-CW holds managers accountable for the performance, productivity, operations, and integrity of their programs using internal controls. The USACE-CW undertakes a combination of actions to ensure there is a reasonable level of assurance that internal controls are in place and operating effectively. Those actions consist of a combination of inspections, audits, investigations, and management control reviews conducted throughout the year. The USACE-CW also has a strong network of management control oversight committees that include the USACE Management Action Group, Regional Management Boards, and the Quarterly Review Boards. The Business Process Documentation System, another management control mechanism, allows the USACE-CW to document standardized business processes and ensure appropriate internal controls are built into those processes. Many of the USACE-CW management control evaluations are integrated into periodic management review processes such as the Consolidated Management Reviews, Directorate Management Reviews, Program Management Reviews, and through the execution of internal audits. The USACE-CW evaluation for FY 2025 identified no material weaknesses in the design or operation of its management and financial system internal controls.

The Corps of Engineers Financial Management System (CEFMS II) is the principle financial management system that is used by USACE for all financial transactions. CEFMS II is compliant with all annual Federal Information Security Management Act (FISMA) requirements and is fully accredited.

To ensure that CEFMS II continues to meet security compliance and remains up to date on current technologies, the CEFMS II team:

- Continues to monitor, install, and test monthly Information Assurance Vulnerability Alert (IAVA) updates to all component software.
- Completes a Continuity of Operations Plan (COOP) and Disaster Recovery (DR) testing annually with all stakeholders.
- Conducts an annual review of Security Control compliance and all IA-related documentation.
- Executes an annual Security Test and Evaluation including a review of Security Technology Implementation Guide (STIG) compliance.

- Engages in a yearly Assessment and Authorization of the application in accordance with the Risk Management Framework
- Upgrade Oracle software products to comply with supported versions of software.
- Maintain hardware and software contracts for mandatory vendor support.
- Kearney and Company financial audit of CEFMS II AIS.
- Modernize CEFMS II modules from Oracle legacy products like Oracle Forms to Oracle APEX.

### **OMB Circular No. A-123 Appendix A**

The USACE-CW assessed the effectiveness of its internal controls over financial reporting in compliance with OMB Circular No. A-123, Appendix A, *Management of Reporting and Data Integrity Risk* and related DoD guidance. The USACE Executive Senior Assessment Team for Risk Management and Internal Controls, established in 2022, is chaired by the Deputy Commanding General and is comprised of functional area Senior Executives who provide expert direction and leadership over the Chief Financial Officer's (CFO) Act Financial Statement Audit. USACE-CW evaluation for FY 2025 did not identify any material weaknesses as of or after September 30, 2025.

### **Federal Financial Management Improvement Act of 1996**

The *Federal Financial Management Improvement Act* (FFMIA) of 1996 stipulates that government agencies "... implement and maintain financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the United States Government Standard General Ledger (USSGL) at the transactional level." FFMIA also mandates that remediation plans be developed for any agency that is unable to report substantial compliance. Substantial compliance is achieved when an agency's financial management system(s) routinely provides reliable and timely financial information for managing day to day operations as well as produce reliable financial statements, maintain effective internal control, and comply with legal and regulatory requirements.

USACE-CW's financial management framework consists primarily of CEFMS II. CEFMS II is a comprehensive and integrated financial management system which processes all financial transactions for all USACE-CW missions and

programs. CEFMS II maintains an electronic record of the financial transactions and follows the USSGL. USACE-CW also utilizes CEFMS II to maintain funds control and track the execution of all direct and reimbursable funded projects. Adequate internal control mechanisms are critical in maintaining the integrity of transactional data. To ensure proper separation of duties, CEFMS II includes a robust electronic signature process, utilizing public key infrastructure (PKI), and has a role-based security feature to reinforce its internal controls. CEFMS II provides reliable and timely financial information for managing its financial operations. Internal controls are embedded throughout CEFMS II to ensure data integrity and to prevent fraud, waste, and abuse through the segregation of duties using role-based controls. CEFMS II is the primary reason why USACE has received unmodified audit opinions on its Civil Works financial statements over the past eighteen consecutive fiscal years.

USACE-CW has evaluated its financial management systems and has determined they substantially comply with the requirements of the FFMIA of 1996 (Section 801 of title 31, USC), the OMB Circular No. A-123, and the DoD Financial Management Regulations, Volume 1, Chapter 3.

### **Improper Payments Information Act Reporting Details**

OMB defines significant improper payments as gross annual improper payments (i.e., the total amount of overpayments plus underpayments) in a program exceeding (1) both 1.5% of program outlays and \$10 million of all program or activity payments made during the fiscal year reported or (2) \$100 million, regardless of the improper payment percentage of total program outlays.

In accordance with the *Payment Integrity Information Act of 2019* (PIIA), as amended, and OMB implementation guidance, USACE-CW assessed its programs and activities for susceptibility to significant improper payments. Based on the results of our sampling/audit of FY 2024 PIIA compliance, the USACE-CW Program is not susceptible to significant improper payments.

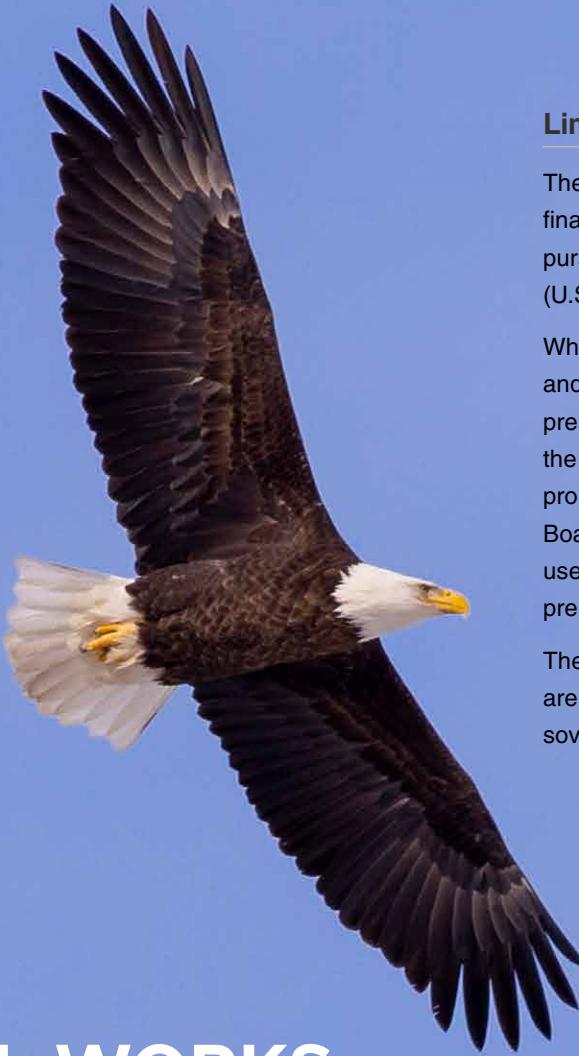
### **Summary**

Although USACE-CW has no material weaknesses to report because of the above internal control evaluations, management remains committed to addressing the significant deficiencies identified because of audits, evaluations, and assessments of controls in its financial management systems and its business processes, to

ensure existence of effective internal controls, systems integration, and timely and reliable financial and performance data for reporting purposes. The table below shows the number of material weaknesses, significant deficiencies, and legal requirements not in compliance because of the independent audits of Civil Works financial statements from FY 2019 through FY 2025:

Fiscal Year End	Number of Material Weaknesses	Number of Significant Deficiencies	Number of Legal Requirements Not in Compliance
2019	2	1	2
2020	2	1	2
2021	2	1	2
2022	2	1	2
2023	1	1	1
2024	0	1	1
2025	0	2	1





# CIVIL WORKS PRIMARY FINANCIAL STATEMENTS

## **Limitations of the Financial Statements**

The financial statements have been prepared to report the financial position and results of operations for the entity, pursuant to the requirements of Title 31, United States Code (U.S.C.), Section 3515(b).

While the statements have been prepared from the books and records of the entity, in accordance with the formats prescribed by the Office of Management and Budget, and the U.S. generally accepted accounting principles (GAAP) promulgated by the Federal Accounting Standards Advisory Board, 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 United States Government, a sovereign entity.

## CONSOLIDATED BALANCE SHEET

As of September 30, 2025 (in thousands)

	2025
<b>ASSETS (NOTE 2)</b>	
Intragovernmental assets	
Fund Balance with Treasury (Note 3)	\$ 54,637,316
Investments, Net (Note 4)	10,663,101
Accounts receivable, Net (Note 5)	1,151,281
Total Intragovernmental Assets	<u>66,451,698</u>
Other than Intragovernmental Assets	
Cash and Other Monetary Assets	370
Accounts Receivable, Net (Note 5)	973,661
Loans Receivable, Net	50
Inventory and Related Property, Net (Note 6)	94,779
Property, Plant, and Equipment, Net (Note 7)	34,267,097
Advances and Prepayments	85,411
Total Other than Intragovernmental Assets	<u>35,421,368</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 101,873,066</u></u>
Stewardship Property, Plant, and Equipment (Note 8)	
<b>LIABILITIES (NOTE 9)</b>	
Intragovernmental Liabilities	
Accounts Payable	\$ 143,085
Advances from Others and Deferred Revenue (Note 11)	2,472,355
Other Liabilities (Notes 11 and 12)	1,576,747
Total Intragovernmental Liabilities	<u>4,192,187</u>
Other than Intragovernmental Liabilities:	
Accounts Payable	1,842,713
Federal Employee Salary, Leave, and Benefits Payable (Note 12)	23,880
Pension, Post-Employment, and Veterans Benefits Payable (Note 12)	164,356
Environmental and Disposal Liabilities (Note 10)	4,077,182
Advances from Others and Deferred Revenue (Note 11)	3,436,899
Other Liabilities (Notes 11 and 13)	367,672
Total Other than Intragovernmental Liabilities	<u>9,912,702</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 14,104,889</u></u>
Commitments and Contingencies (Note 13)	
<b>NET POSITION</b>	
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 28,630,576
Total Unexpended Appropriations (Consolidated)	<u>28,630,576</u>
Cumulative Results of Operations - Funds from Dedicated Collections (Note 14)	8,945,649
Cumulative Results of Operations - Funds from Other than Dedicated Collections	50,191,952
Total Cumulative Results of Operations (Consolidated)	<u>59,137,601</u>
<b>TOTAL NET POSITION</b>	<u><u>87,768,177</u></u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 101,873,066</u></u>

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

US ARMY CORPS OF ENGINEERS – CIVIL WORKS

**CONSOLIDATED STATEMENT OF NET COST**

For the Year Ended September 30, 2025 (in thousands)

	<b>2025</b>
<b>Program Costs</b>	
Gross Costs (Note 15)	\$ 20,922,061
Less: Earned Revenue	(8,914,604)
<b>Net Cost of Operations</b>	<u>\$ 12,007,457</u>

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

## CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Year Ended September 30, 2025 (in thousands)

	Funds from Dedicated Collections (Note 14)		Funds from Other than Dedicated Collections		Eliminations		Consolidated Total
<b>UNEXPENDED APPROPRIATIONS</b>							
Beginning Balance	\$	-	\$ 30,557,990	\$	-	\$	30,557,990
Appropriations Received		-	7,329,574		-		7,329,574
Other Adjustments		-	(24,009)		-		(24,009)
Appropriations Used		-	(9,232,979)		-		(9,232,979)
Net Change in Unexpended Appropriations		-	(1,927,414)		-		(1,927,414)
Total Unexpended Appropriations		-	28,630,576		-		28,630,576
<b>CUMULATIVE RESULTS OF OPERATIONS</b>							
Beginning Balance	\$ 9,421,782	\$	49,046,238	\$	-	\$	58,468,020
Appropriations Used		-	9,232,979		-		9,232,979
Non-Exchange Revenue	2,452,391		20,055		-		2,472,446
Transfers In/Out Without Reimbursement	(3,029,368)		3,278,033		-		248,665
Donations and Forfeitures of Property	-		35		-		35
Imputed Financing	6,560		638,943		-		645,503
Other	93,980		(16,570)		-		77,410
Net Cost of Operations	(304)		12,007,761		-		12,007,457
Net Change in Cumulative Results of Operations	(476,133)		1,145,714		-		669,581
<b>Total Cumulative Results of Operations</b>	<b>8,945,649</b>		<b>50,191,952</b>		<b>-</b>		<b>59,137,601</b>
<b>Net Position</b>	<b>\$ 8,945,649</b>	<b>\$</b>	<b>78,822,528</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>87,768,177</b>

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

## US ARMY CORPS OF ENGINEERS – CIVIL WORKS

## COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2025 (in thousands)

	<b>2025</b>
Unobligated Balance from Prior Year Budget Authority,	
Net (Discretionary and Mandatory) (Note 17)	\$ 47,675,838
Appropriations (Discretionary and Mandatory)	10,935,139
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	23,594,185
<b>Total Budgetary Resources</b>	<b>\$ 82,205,162</b>
 New Obligations and Upward Adjustments (Total)	 \$ 35,302,736
Unobligated Balance, End of Year	
Apportioned, Unexpired Accounts	46,895,197
Unexpired, Unobligated Balance, End of Year	46,895,197
Expired Unobligated Balance, End of Year	7,229
Unobligated Balance, End of Year (Total)	46,902,426
<b>Total Budgetary Resources</b>	<b>\$ 82,205,162</b>
 Outlays, Net (Total) (Discretionary and Mandatory)	 12,930,180
Distributed Offsetting Receipts (-)	(805,506)
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 12,124,674</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. Significant Accounting Policies

#### 1.A. MISSION OF THE REPORTING ENTITY

The primary mission of the United States (U.S.) Army Corps of Engineers (USACE) - Civil Works Program includes water resource development activities, including flood risk management, navigation, recreation, infrastructure and environmental stewardship, and assisting during natural disasters. USACE contributes to the national welfare and serves the nation (1) through quality and responsive assistance in the effort to develop, manage, protect, and restore our water resources; (2) by helping to protect, restore, and manage water resources in ways that will improve the aquatic environment; and (3) by providing related engineering support and technical services. This multi-faceted mission is accomplished in an environmentally sustainable manner that is both economically and technically sound. USACE also supports the Department of Homeland Security in carrying out the National Response Plan. USACE's primary role in support of this plan is to provide emergency support in areas of public works and engineering. USACE responds to more than 30 presidential disaster declarations in a typical year, and its highly trained workforce is prepared to deal with both man-made and natural disasters.

#### 1.B. BASIS OF PRESENTATION AND ACCOUNTING

These financial statements have been prepared to report the financial position and results of operations of USACE, as required by the *Chief Financial Officers Act of 1990*, expanded by the Government Management Reform Act of 1994. The financial statements have been prepared from the accounting records of USACE in accordance with the formats prescribed by the Office of Management and Budget (*OMB Circular A-136, Financial Reporting Requirements*), and with U.S. generally accepted accounting principles (GAAP) for Federal entities as prescribed by the Federal Accounting Standards Advisory Board (FASAB). The accompanying financial statements account for all Civil Works resources for which USACE is responsible. Accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

The accounting structure of Federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred without regard to the receipt or payment of cash. USACE transactions are recorded on an accrual accounting basis as required by GAAP. USACE's financial management system meets all requirements for full accrual accounting. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds.

USACE is continuing to evaluate the effects of adopting the below Statement of Federal Financial Accounting Standards (SFFAS) and other authoritative guidance issued by FASAB:

SFFAS 53, *Budget and Accrual Reconciliation: Amending SFFAS 7 and 24, and Rescinding SFFAS 22*: Issued October 27, 2017; Effective for periods beginning after September 30, 2018.

Per *OMB Circular A-136*, Section II.3.1 Instructions for the Annual Financial Statements, USACE has presented single year financial statements for the Consolidated Balance Sheet, Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, Combined Statement of Budgetary Resources, and all required footnotes.

USACE is not subject to Federal, state, or local income taxes. Accordingly, no provision for income taxes is recorded.

#### 1.C. ACCOUNTING FOR INTRAGOVERNMENTAL ACTIVITIES

Accounting standards require an entity to eliminate intra-entity activity and balances from consolidated financial statements to prevent overstatement for business with itself. USACE is able to identify all federal trading partner activity at the detail transaction level; therefore, intra-entity balances are eliminated in these financial statements.

Intragovernmental costs and revenues represent transactions made between two reporting entities within the Federal government. Costs and revenues with other than intragovernmental agencies represent transactions made between the reporting entity and a nonfederal entity. The classification of revenue or cost as “intragovernmental” or “other than intragovernmental” is defined on a transaction-by-transaction basis. The purpose of this classification is to enable the Federal government to prepare consolidated financial statements.

Generally, financing for the construction of USACE’s facilities is obtained through appropriations. To the extent this financing ultimately may have been obtained through the issuance of public debt, interest costs have not been capitalized because the Treasury does not allocate such costs to USACE.

Imputed Financing represents the costs paid on behalf of the USACE by another Federal entity. In accordance with SFFAS 55, *Amending Inter-entity Cost Provisions*, USACE recognizes imputed costs for (1) employee pension, post-retirement health, and life insurance benefits; (2) settlements in litigation proceedings that do not require reimbursement to the Judgment Fund; and (3) interest during construction for power projects.

#### **1.D. ENTITY AND NON-ENTITY ASSETS**

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USACE classifies assets as entity or non-entity. Entity assets consist of resources that USACE has the authority to use, or where management is legally obligated to use funds to meet entity obligations. Non-entity assets consist of resources for which USACE maintains stewardship accountability and responsibility to report but are not available for USACE operations.

#### **1.E. FUND TYPES**

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General funds are used for financial transactions funded by Congressional appropriations, including personnel, operation and maintenance, research and development, procurement, and construction accounts.

Revolving funds received funding to establish an initial corpus through an appropriation or a transfer of resources from existing appropriations or funds. The corpus finances operations and transactions that flow through the fund. The revolving fund finances the goods and services sold to customers on a reimbursable basis and maintains the corpus. Reimbursable receipts fund future operations and generally are available in their entirety for use without further congressional action.

Special funds are used to record government receipts reserved for a specific purpose.

Trust funds contain receipts and expenditures of funds held in trust by the government for use in carrying out specific purposes or programs in accordance with the terms of the donor, trust agreement, or statute.

Contributed funds are received from the public for construction of assets under local cost sharing agreements.

Most USACE special, trust, and contributed funds are designated as funds from dedicated collections. These funds are financed by specifically identified revenues, required by statute to be used for designated activities, benefits or purposes, and are to remain available over time. USACE is required to separately account for and report on the receipt, use and retention of revenues and other financing sources for dedicated collections.

Deposit funds are used to record amounts held temporarily until paid to the appropriate government or public entity. They are not USACE funds, and as such, are not available for USACE’s operations. USACE is acting as an agent or a custodian for funds awaiting distribution.

Clearing accounts are used to record the amount of unprocessed intragovernmental payments and collections transmitted to USACE from other Federal agencies.

Receipt accounts are used to record amounts such as interest, fines and penalties that are deposited in Department of Treasury (Treasury) accounts.

*A summary of USACE funds follows:*

#### **General Funds**

096X3112      Mississippi River and Tributaries

096X3121	Investigations
096X3122	Construction
096X3123	Operation and Maintenance
096 3123	Operation and Maintenance (fiscal year)
096X3124	Expenses
096 3124	Expenses (fiscal year)
096X3125	Flood Control and Coastal Emergencies
096X3126	Regulatory Program
096 3126	Regulatory Program (fiscal year)
096X3128	Washington Aqueduct Capital Improvements
096X3130	Formerly Utilized Sites Remedial Action Program
096X3132	Office of Assistant Secretary of the Army
096 3132	Office of Assistant Secretary of the Army (fiscal year)
096X3139	Water Infrastructure Finance and Innovation Program Account
096 3139	Water Infrastructure Finance and Innovation Program Account (fiscal year)

#### **Revolving Funds**

096X4902	Revolving Fund
096X4388	Water Infrastructure Finance and Innovation Financing Account

#### **Special Funds**

096X5007	Special Recreation Use Fees
096X5066	Hydraulic Mining in California, Debris
096X5090	Payments to States, Flood Control Act of 1954
096X5125	Maintenance and Operation of Dams and Other Improvements of Navigable Waters
096X5493	Fund for Nonfederal Use of Disposal Facilities
096X5570	Interagency America the Beautiful Pass Revenues
096X5607	Special Use Permit Fees

#### **Trust Funds**

096X8217	South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund
096X8333	Coastal Wetlands Restoration Trust Fund
096X8861	Inland Waterways Trust Fund
096X8862	Rivers and Harbors Contributed and Advance Funds
096X8863	Harbor Maintenance Trust Fund

#### **Deposit Funds**

096X6500	Advances Without Orders from Non-Federal Sources
096X6501	Small Escrow Amounts
096X6954	Disbursing Officer Cash

#### **Clearing Accounts**

096F3885	Undistributed Intragovernmental Payment
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#### **Receipt Accounts**

096R0891	Miscellaneous Fees for Regulatory and Judicial Services, Not Otherwise Classified
096R1060	Forfeitures of Unclaimed Money and Property
096R1099	Fines, Penalties, and Forfeitures, Not Otherwise Classified
096R1435	General Fund Proprietary Interest, Not Otherwise Classified
096R3220	General Fund Proprietary Receipts, Not Otherwise Classified, All Other
096R5007	Special Recreation Use Fees
096R5066	Hydraulic Mining in California
096R5090	Receipts from Leases of Lands Acquired for Flood Control, Navigation, and Allied Purposes
096R5125	Licenses under Federal Power Act, Improvements of Navigable Waters, Maintenance and Operation of Dams, Etc.

**1.F. FUND BALANCE WITH TREASURY**

USACE's monetary financial resources are maintained in Treasury accounts. The disbursing offices of the USACE Finance Center (UFC), the Defense Finance and Accounting Service (DFAS), and the Department of State's financial service centers process the majority of USACE's cash collections, disbursements, and adjustments worldwide. Each disbursing station prepares monthly reports that provide information to the U.S. Treasury on checks issued, electronic fund transfers, interagency transfers, and deposits.

In addition, UFC and DFAS sites submit reports to Treasury, by appropriation, on interagency transfers, collections received, and disbursements issued. Treasury records this information to the applicable Fund Balance with Treasury (FBwT) account. Differences between USACE's recorded balance in FBwT accounts and Treasury's FBwT accounts sometimes result and are subsequently reconciled monthly.

**1.G. CASH AND OTHER MONETARY ASSETS**

USACE conducts operations overseas on behalf of the U.S. Government which involves the use of foreign currency. Foreign currency consists of the total U.S. dollar equivalent of both foreign currency exchanged for U.S. dollars, and foreign currency received as payment for goods and services.

**1.H. INVESTMENTS**

USACE reports investments in Treasury securities at cost, net of amortized premiums or discounts. Premiums or discounts are amortized over the term of the investment using the effective interest rate method. USACE's intent is to hold investments to maturity unless they are needed to finance claims or otherwise sustain operations. Consequently, no provision is made for unrealized gains or losses on these securities.

The Bureau of the Fiscal Service (BFS), on behalf of USACE, invests in nonmarketable par value or nonmarketable market-based securities as authorized by legislation. Par value securities are special issue bonds or certificates of indebtedness that bear interest. Nonmarketable, market-based intragovernmental securities mimic marketable securities, but are not publicly traded.

Net investments are primarily held by the Harbor Maintenance Trust Fund.

**1.I. ACCOUNTS RECEIVABLE**

Accounts receivable includes three categories: accounts, claims, and refunds receivable from other Federal entities or from the public. USACE bases the allowance for uncollectible accounts receivable due from Federal entities or the public on established percentages per aged category of the cumulative balance of delinquent Federal or public receivables.

Accounts receivable also includes amounts stemming from long-term water storage agreements based on the cost of construction to be recouped by USACE from the municipality and Louisiana coastal restoration. USACE performs an analysis of the collectability of the receivables periodically and recognizes an allowance for estimated uncollectible amounts from the municipality.

**1.J. INVENTORY AND RELATED PROPERTY**

USACE inventories are valued at approximate historical cost based on a moving average cost. A perpetual record of inventory is maintained in the Corps of Engineers Financial Management System II (CEFMS II) to allow for re-computation of the average unit cost as new receipts are recorded.

Related property includes Operating Material & Supplies (OM&S). USACE uses the consumption method of accounting for OM&S and are valued at moving average cost. Once OM&S is issued to the end user, the materials and /or supplies are expensed.

## 1.K. PROPERTY, PLANT AND EQUIPMENT

USACE Property, Plant, and Equipment (PP&E) is capitalized at historical acquisition cost plus capitalized improvements when an asset has a useful life of two or more years, and the acquisition cost exceeds \$250 thousand with the exception of buildings and structures related to hydropower projects which are capitalized regardless of cost. Plant Replacement and Improvement Program (PRIP) funded assets are capitalized at \$1 million. Land and land rights are capitalized regardless of dollar value.

USACE uses estimates to support the historical costs of its real property assets, including the administrative costs of land, acquired prior to FY 1999, and personal property assets acquired prior to FY 2003. The estimates are necessary because certain supporting documentation to substantiate recorded costs for those assets is no longer available. Management's estimation methods, which are consistent with the principles, relevant to USACE circumstances, as contained in SFFAS 6, *Accounting for Property, Plant and Equipment*, consist of using a combination of appropriation or engineering documents, or other available real estate, financial, appropriations, and operations data, combined with written management attestation statements, to estimate and support the original acquisition or construction costs recorded for each asset.

Construction in Progress (CIP) is used to accumulate the cost of construction and accumulated costs are transferred from CIP to the relevant asset category when an asset is completed.

## 1.L. ADVANCES AND PREPAYMENTS

Advances and prepayments are made in contemplation of the future performance of services, receipt of goods, incurrence of expenditures, or receipt of other assets, excluding those made as Outstanding Contract Financing Payments.

## 1.M. LEASES

Lease payments for the rental of equipment, internal use software, and operating facilities are classified as either intragovernmental, short term or right to use lease asset.

An intragovernmental lease is a contract or agreement occurring within a consolidation entity or between two or more consolidation entities as defined in SFFAS 47, *Reporting Entity* whereby one entity (lessor) conveys the right to control the use of GPP&E (the underlying asset) to another entity (lessee) for a period of time as specified in the contract or agreement in exchange for consideration.

A right to use lease asset deemed "operating leases" for budgetary treatment does not substantially transfer all the benefits and risks of ownership. Payments for right to use lease asset deemed operating leases are expensed over the lease term. Office space leases entered into by USACE are the largest component of leases.

Based on the SFFAS 54, *Leases* and OMB Circular A-136 allowance to only apply this standard to material items, the USACE has performed an analysis of our Lessee and Lessor populations.

USACE management has determined the application of SFFAS 54, *Leases*, is immaterial from a qualitative and quantitative perspective. Therefore, in situations where USACE is the Lessee, USACE will follow OMB Circular A-136, Section II.3.2.4 Liabilities, subsection Other Liabilities/Lease Liabilities. In situations where USACE is the Lessor, USACE will follow OMB Circular A-136, Section II.3.2.3, Assets, subsection Other Assets.

## 1.N. LIABILITIES

Liabilities represent the probable future outflow or other sacrifice of resources as a result of past transactions or events. However, no liability can be paid by the USACE absent proper budget authority. Liabilities covered by budgetary resources are appropriated funds for which funding is otherwise available to pay amounts due. Budgetary resources include new budget authority, unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, spending authority from offsetting collections, and recoveries of unexpired budget authority through downward adjustments of prior year obligations. Liabilities are classified as not covered by budgetary resources when congressional action is needed before they can be paid.

## **1.O. ENVIRONMENTAL AND DISPOSAL LIABILITIES**

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Environmental and disposal liabilities include future costs to address government-related environmental contamination at USACE sites and other sites at which USACE is directed by Congress to perform remediation work. USACE recognizes a liability for each site as the need for cleanup work becomes probable and costs, based on site-specific engineering estimates, become measurable. Costs to address environmental contamination not caused by the government are recorded as incurred. Cleanup remedies are selected from feasible alternatives using the decision-making process prescribed by the *Comprehensive Environmental Response, Compensation, and Liability Act* (CERCLA).

## **1.P. OTHER LIABILITIES**

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USACE reports a liability for funded payroll and benefits, to include civilian earned leave, except sick leave, that has been accrued but not used as of the Balance Sheet date. Sick leave is expensed as it is taken. The liability reported at the end of the accounting period reflects current pay rates.

## **1.Q. FEDERAL EMPLOYEE AND VETERANS BENEFITS**

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The Federal Employees and Veterans Benefits Payable liability consists of the actuarial liability for *Federal Employees Compensation Act* (FECA) benefits. The Department of the Army (DA) actuarial liability for workers' compensation benefits is developed by the Department of Labor (DOL) and provided to the DA at the end of each FY. The liability for future workers' compensation benefits includes the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases, plus a component for incurred but not reported claims. The liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using the OMB's economic assumptions for 10-year Treasury notes and bonds.

## **1.R. COMMITMENTS AND CONTINGENCIES**

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SFFAS 5, *Accounting for Liabilities of the Federal Government*, as amended by SFFAS 12, *Recognition of Contingent Liabilities Arising from Litigation*, defines a contingency as an existing condition, situation, or set of circumstances that involves an uncertainty as to possible gain or loss. The uncertainty will be resolved when one or more future events occur or fail to occur. USACE recognizes contingent liabilities when past events or exchange transactions occur, a future loss is probable, and the loss amount can be reasonably estimated. USACE discloses contingent liabilities when conditions for liability recognition do not exist but there is at least a reasonable possibility of incurring a loss or additional losses.

Examples of loss contingencies include the collectability of receivables, pending or threatened litigation, and possible claims and assessments. USACE's risk of loss and resultant contingent liabilities arise from pending or threatened litigation or claims and assessments due to events such as aircraft, ship, and vehicle accidents; property or environmental damages; and contract disputes.

## **1.S. REVENUE AND OTHER FINANCING SOURCES**

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USACE receives Federal funding through the annual Energy and Water Development and Related Agencies Appropriations Act, and any additional Supplemental Appropriations provided by Congress during the year. Funding also comes from nonfederal project sponsors who share in project costs according to formulas established by project authorization acts. A third source of funding comes through the Support for Others Program, which is conducted under reimbursable agreements with Federal agencies.

USACE received borrowing authority from Treasury to finance capital improvements to the Washington Aqueduct. As of FY 2025, there are no outstanding loan balances due to Treasury.

USACE receives congressional appropriations as financing sources that expire annually, on a multi-year basis, or do not expire. When authorized by legislation, these appropriations are supplemented by revenues generated by sales of services. USACE recognizes revenue, when earned, because of costs incurred for goods or services provided to other Federal agencies and to the public. Full cost pricing is USACE's standard policy for goods or services provided, as required by *OMB Circular A-25, User Charges*.

USACE records two types of revenue: exchange and nonexchange. Exchange revenue is the inflow of resources that USACE has earned by providing something of value to the public or another Federal entity at a price. The main sources of exchange revenue are customer orders (reimbursable agreements) and cost sharing revenue.

Customer orders are contracts where USACE provides services under a reimbursable agreement; the related revenue and accounts receivable are recorded simultaneously along with the costs and payables. For nonfederal entities, an advance payment is required and USACE records advances from others upon receipt of funds. USACE reduces the advances and recognizes revenue as services are provided.

Cost sharing revenue arises from agreements under which USACE constructs assets, the cost of which will be borne in part by another entity (sponsor). Throughout the life of a cost share project, USACE revenue is earned based on the sponsor's proportionate share of project costs incurred. Sponsors are generally required to provide funds in advance and USACE records deferred revenue. USACE reduces the deferred revenue and recognizes revenue at the time of the withdrawal for costs incurred.

Nonexchange revenue represents resources received by USACE when a good or service is not provided in exchange for that revenue. Nonexchange revenue generally consists of revenue from excise taxes and port fees, interest earned on investments, other penalties, and donations.

Deferred revenue is recorded when USACE receives payment for goods or services which have not been fully rendered. Deferred revenue is reported as a liability on the Balance Sheet until earned.

#### **1.T. RECOGNITION OF EXPENSES**

USACE recognizes expenses in the period incurred or consumed. USACE's expenditures for capital assets are recognized as operating expenses as the assets are depreciated or amortized.

#### **1.U. NET POSITION**

Net Position consists of Unexpended Appropriations and Cumulative Results of Operations.

Unexpended Appropriations include the amounts of authority that are unobligated and have not been rescinded or withdrawn and undelivered orders. Unexpended Appropriations also include amounts obligated for legal liabilities for which payments have not been incurred.

Cumulative Results of Operations represent the net difference, since inception of an activity, between expenses and losses, and financing sources (including appropriations, revenue, and gains).

#### **1.V. BUDGETARY RESOURCES**

The purpose of federal budgetary accounting is to control, monitor, and report on funds made available to federal agencies by law and help ensure compliance with the law.

The following budgetary terms are commonly used:

Appropriation is a provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.

Budgetary resources are amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.

Obligation is a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Offsetting Collections are payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, offsetting collections are authorized to be spent for the purposes of the account without further action by Congress. They usually result from business-like transactions with the public, including payments from the public in exchange for goods and services,

reimbursements for damages, and gifts or donations of money to the Government and from intragovernmental transactions with other Government accounts. The authority to spend collections is a form of budget authority.

Offsetting receipts are payments to the Government that are credited to offsetting receipt accounts and deducted from gross budget authority and outlays, rather than added to receipts. Usually, they are deducted at the level of the agency and subfunction, but in some cases they are deducted at the level of the Government as a whole. They are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditures for that purpose or require them to be appropriated in annual appropriations acts before they can be spent. Like offsetting collections, they usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government, and from intragovernmental transactions with other Government accounts.

Outlays are the liquidation of an obligation that generally takes the form of an electronic funds transfer. Outlays are reported both gross and net of offsetting collections and they are the measure of Government spending.

#### **1.W. USE OF ESTIMATES**

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The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported liabilities and the disclosure of environmental and contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

#### **1.X. PARENT-CHILD REPORTING**

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USACE is a party to allocation transfers with other Federal agencies both as a transferring (parent) entity and as a receiving (child) entity. Allocation transfers are legal delegations by one agency of its authority to obligate budget authority and outlay funds to another agency. A separate fund account (allocation account) is created at 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. Exceptions to this general rule affecting USACE include certain Treasury-Managed Trust Funds for whom USACE is the parent in the allocation transfer, but per OMB guidance, the child agencies will report budgetary and proprietary activity relative to these allocation transfers in their financial statements. The Treasury-Managed Trust Funds, which are included in USACE financial statements, are South Dakota Terrestrial Wildlife Habitat Restoration, Inland Waterways, and Harbor Maintenance Trust Funds. Treasury, BFS, on behalf of USACE, makes allocation transfers from the Harbor Maintenance Trust Fund to the Saint Lawrence Seaway Development Corporation and the U.S. Customs and Border Protection agency.

In addition to these funds, USACE receives allocation transfers, as the child, from the Departments of Agriculture, Interior, Transportation, and Energy.

## NOTE 2. Non-entity Assets

As of September 30

(\$ in thousands)

	2025
<b>Intragovernmental Assets</b>	
Fund Balance with Treasury	\$ 50,317
<b>Total Intragovernmental Assets</b>	<u>50,317</u>
<b>Other than Intragovernmental Assets</b>	
Accounts Receivable	883,576
<b>Total Other than Intragovernmental Assets</b>	<u>883,576</u>
<b>Total Non-entity Assets</b>	<u>933,893</u>
<b>Total Entity Assets</b>	<u>100,939,173</u>
<b>Total Assets</b>	<u>\$ 101,873,066</u>

Intragovernmental Non-entity Fund Balance with Treasury consists of amounts collected into deposit fund accounts and is not available for use in operations. Deposit fund accounts are used to record amounts held temporarily until ownership is determined. USACE is acting as an agent or custodian for funds awaiting distribution.

Nonentity Accounts Receivable represents all receivables from nonfederal sources where USACE does not have specific statutory authority to retain the receipts. These receivables consist of multiple types of long-term agreements such as easements, sales of hydroelectric power, recreational development, and long-term water storage agreements.

Note 1.I., *Significant Accounting Policies, Accounts Receivable*, Note 5, *Accounts Receivable, Net*, and Note 11, *Other Liabilities*, provide additional information related to long-term water storage

## NOTE 3. Fund Balance with Treasury

As of September 30

(\$ in thousands)

	2025
<b>Status of Funds Balance with Treasury</b>	
<b>Unobligated Balance</b>	\$ 54,648,682
<b>Obligated Balance not yet Disbursed</b>	23,158,839
<b>Non-Budgetary Fund Balance with Treasury</b>	
Clearing Accounts	271
Disbursing Officer Funds	(370)
Non-entity and other	168,059
<b>Total Non-Budgetary Fund Balance with Treasury</b>	<u>167,960</u>
<b>Non Fund Balance with Treasury Budgetary Accounts</b>	
Investments in US Treasury Securities	(10,557,682)
Unfilled Customer Order without Advance	(8,705,356)
Receivables and Other	(4,075,127)
<b>Total Non Fund Balance with Treasury Budgetary Accounts</b>	<u>(23,338,165)</u>
<b>Total Fund Balance with Treasury</b>	<u>\$ 54,637,316</u>

The Status of FBwT reflects the budgetary resources to support the FBwT and is a reconciliation between budgetary and proprietary accounts. It primarily consists of unobligated and obligated balances. The balances reflect the budgetary authority remaining for disbursement against current or future obligations.

Unobligated Balance is classified as available or unavailable and represents the cumulative amount of budgetary authority that has not been set aside to cover outstanding obligations. The available balance consists primarily of the unexpired, unobligated balance that has been apportioned and available for new obligations. The unavailable balance consists primarily

of funds invested in Treasury securities that are temporarily precluded from obligation by law. Certain unobligated balances are restricted for future use and are not apportioned for current use. Unobligated balances for trust fund accounts are restricted for use by the public law that established the funds. USACE is the lead agency for reporting the financial data for the Inland Waterways, Harbor Maintenance, and South Dakota Terrestrial Wildlife Habitat Restoration trust funds. These trust funds remain invested and restricted for use until transferred to meet current expenditure requirements.

Obligated Balance not yet Disbursed represents funds that have been obligated for goods and services not received, and those received but not paid.

Nonbudgetary FBwT includes accounts that do not have budgetary authority, such as deposit and clearing accounts.

Non FBwT Budgetary Accounts reduces the Status of FBwT and includes borrowing authority, investment accounts, accounts receivable, and unfilled orders without advance from customers.

#### **NOTE 4. Investments, Net**

As of September 30 (\$ in thousands)	2025							Market Value
	Cost	Amortization Method	Amortized (Premium)/ Discount	Interest Reivable	Investments, Net	Unrealized Gain/(Loss)		
<b>Intragovernmental Investments</b>								
Non-Marketable, Par Value	\$ 1,524,308	N/A	\$ -	\$ 1,524,308	\$ -	\$ 1,524,308		
Non-Marketable, Market-Based	9,036,802	Effective Interest	74,581	27,410	9,138,793	(26,587)	9,112,206	
<b>Total Intragovernmental Investments</b>	<b>\$ 10,561,110</b>		<b>\$ 74,581</b>	<b>\$ 27,410</b>	<b>\$ 10,663,101</b>	<b>\$ (26,587)</b>	<b>\$ 10,636,514</b>	

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The cash receipts collected from the public for dedicated collections are deposited in the Treasury, which uses the cash for general Government purposes. Treasury securities are assets to USACE and liabilities to the Treasury. Because USACE and the Treasury are both Governmental entities, these assets and liabilities offset each other from the standpoint of the Government as a whole. For this reason, they do not represent an asset or a liability in the U.S. Governmentwide financial statements.

Treasury securities provide USACE with authority to access funds to make future benefit payments or other expenditures. When USACE requires redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

Total net investments among the Harbor Maintenance Trust Fund are \$10.0 billion for FY 2025. Total net investments among the Inland Waterways Trust Fund are \$432 million for FY 2025. Refer to Note 14, *Funds from Dedicated Collections* for additional information about the trust funds.

Treasury also provides the investment market value based on the bid price provided by the Federal Reserve Bank of New York on September 30, 2025.

#### **NOTE 5. Accounts Receivable, Net**

As of September 30 (\$ in thousands)	2025		
	Gross Amount Due	Allowance for Estimated Uncollectibles	Accounts Receivable, Net
Intragovernmental Receivables	\$ 1,155,795	\$ (4,514)	\$ 1,151,281
Other than Intragovernmental Receivables	982,121	(8,460)	973,661
<b>Total Accounts Receivable</b>	<b>\$ 2,137,916</b>	<b>\$ (12,974)</b>	<b>\$ 2,124,942</b>

As of September 30, 2025, Accounts Receivable Intragovernmental includes \$696.6 million for amounts received from the Coastal Wetlands Restoration Trust Fund for projects in the New Orleans District.

As of September 30, 2025, Accounts Receivable from the Public, net of allowances, includes long-term water storage, Louisiana coastal restoration, and flood control and hurricane protection agreements. These agreements have maturity dates ranging from two to fifty years and interest rates based on the Treasury effective rate at the time of the agreement.

FASAB issued *Technical Bulletin 2020-1, Loss Allowance for Intragovernmental Receivables*, which clarified previously issued guidance. An allowance recorded to recognize an intragovernmental receivable at net realizable value on the financial statements does not alter the underlying statutory authority to collect the receivable or the legal obligation of the other intragovernmental entity to pay. USACE bases its allowance for uncollectible accounts receivable due from intragovernmental and the public on established percentages per aged category of the cumulative balance of delinquent intragovernmental and public receivables. Refer to Note 1.I., *Significant Accounting Policies, Accounts Receivable* for additional details and disclosures.

## NOTE 6. *Inventory and Related Property, Net*

As of September 30  
(\$ in thousands)

	2025
Inventory, Net	\$ 4,641
Operating Material & Supplies, Net	90,138
<b>Total Inventory and Related Property, Net</b>	<b>\$ 94,779</b>

Inventory, Net consists of Work-In-Process (WIP), which is comprised of tangible personal property that is in the process of production. WIP includes associated labor, applied overhead, and supplies used in the production or servicing of items. There are no restrictions on the use, sale, or disposition of WIP inventory.

OM&S is comprised of personal property to be consumed in normal operations. The OM&S category includes materials used for constructing riverbank stabilization devices, and spare and repair parts. There are no restrictions on the use of OM&S.

As of September 30, 2025, there were no differences between the carrying amount and the net realizable value of OM&S.

## NOTE 7. *Property, Plant and Equipment, Net*

As of September 30 (\$ in thousands)	2025					
	Depreciation/ Amortization Method	Service Life (yrs)	Acquisition Value	(Accumulated Depreciation / Amortization)	Net Book Value	
<b>Major Asset Classes</b>						
Land	N/A	N/A	\$ 9,151,382	\$ N/A	\$ 9,151,382	
Buildings, Structures, & Facilities	S/L	20 - 100	42,831,948	(23,578,942)	19,253,006	
Leasehold Improvements	S/L	Lease Term	81,482	(75,439)	6,043	
Software	S/L	5	145,463	(119,279)	26,184	
General Equipment	S/L	18,384	2,598,814	(1,643,526)	955,288	
Construction-in-Progress	N/A	N/A	4,875,194	N/A	4,875,194	
<b>Total PP&amp;E</b>			<b>\$ 59,684,283</b>	<b>\$ (25,417,186)</b>	<b>\$ 34,267,097</b>	

Legend for Depreciation Methods: S/L = Straight Line N/A = Not Applicable

As of September 30 (\$ in thousands)	2025	
	Net PP&E	
<b>PP&amp;E, Net beginning of year</b>	\$ 33,048,080	
Capitalized Acquisitions	1,752,342	
Dispositions	(27,892)	
Revaluations	27,734	
Depreciation Expense	(731,331)	
Donations	35	
Transfers in/out without Reimbursement	198,129	
<b>PP&amp;E, Net end of year</b>	<b>\$ 34,267,097</b>	

Power generated by hydroelectric power plants operated and maintained by USACE is transmitted to four Power Marketing Administrations for distribution to power companies across the United States. The service life for USACE's hydropower project related assets is derived from guidance provided by the Federal Energy Regulatory Commission (FERC) based on industry standards.

Note 8, *Stewardship PP&E* provides the physical quantity information for multi-use heritage assets that are recognized and presented with PP&E in the basic financial statements.

Refer to Note 1.K., *Significant Accounting Policies, Property, Plant and Equipment* for additional details and disclosures.

There are no restrictions on the use or convertibility of PP&E.

Information concerning deferred maintenance and repairs and estimated land acreage is discussed in unaudited required supplementary information.

## **NOTE 8. *Stewardship PP&E***

### **Information Related to Stewardship PP&E**

Stewardship PP&E are assets with properties that resemble those of the GPP&E that are traditionally capitalized in the financial statements. Due to the nature of these assets, however, valuation would be difficult and matching costs with specific periods would not be meaningful. Stewardship PP&E includes heritage assets. Heritage assets are items of historical, natural, cultural, educational, or artistic significance, (e.g., aesthetic) or items with significant architectural characteristics. Heritage assets are expected to be preserved indefinitely. In the case where a heritage asset serves both a heritage function and general government operations, the asset is considered a multi-use heritage asset. Multi-use heritage assets are recognized and presented with GPP&E in the basic financial statements.

### **Relevance to the USACE Mission**

USACE, as a steward of public land, has the responsibility for ensuring that properties of a historical or traditional nature located on USACE lands are preserved and managed appropriately. USACE implements Cultural Resource Management in a positive manner that fulfills the requirements of all laws, regulations, and policies, for all project undertakings in an environmentally and economically sound manner, and in the interest of the American public.

### **Stewardship Policy**

USACE has the responsibility to manage cultural resources on USACE-owned lands. Engineering Regulations 1105-2-100 and 1130-2-540 provide the basic guidance for the USACE Civil Works Program. The term "cultural resources" refers to any building, structure, archaeology site, or object with historical significance found on USACE owned property. Historic properties are sites that are eligible for inclusion in National Register of Historic Places. The National Register is an inventory of historic properties important in our Nation's history, culture, architecture, archaeology, and engineering. The National Register office within the National Park Service maintains the inventory. Properties are either listed on the National Register, have formally been determined eligible, or appear to meet eligibility criteria to be listed. In addition to the Engineering Regulations, USACE also adheres to Army Regulations 200-4 and 870-20 related to managing cultural resources and heritage assets.

### **Heritage Asset Categories**

1. Buildings and Structures. Buildings and structures are those heritage assets listed on, or eligible for listing on, the National Register of Historic Places. Buildings and structures include a range of historic resources that includes the Crooked Creek Lake Dam located in Pennsylvania and the Duluth Ship Canal in Minnesota. They also include some non-traditional structures, such as the Les Dalles Rail Car located in Oregon. There are a total of 405 heritage assets in this category which reflects a net decrease of 10 buildings and structures from the prior fiscal yearend report. Additionally, USACE has 270 heritage assets identified as multi-use heritage assets within our districts and divisions. An example of a multi-use heritage asset within the Corps is the Mill Springs Mill in Kentucky, which serves as a full service visitor center.

2. **Archaeological Sites.** Cemeteries and archaeological sites are archaeological properties listed on, or are eligible for listing on, the National Register of Historic Places. Examples of USACE archaeological sites include the Civil War Fort Site at Grenada Lake, Buzzard Cave at Lake Whitney, and the Hildebrand Ranch in Littleton, CO. There are a total of 1,116 archaeological sites in this category which reflects a net increase of 76 from the prior fiscal yearend report.
3. **Museum Collection Items (Objects).** Museum collection items are unique for one or more of the following reasons: historical or natural significance; cultural, educational or artistic importance; or significant technical or architectural characteristics. These items are divided into two subcategories: fine art and objects. These include museum collection items that have historical or cultural significance but lack formal listing and the demonstrated need for active maintenance. There are a total of 235 heritage assets in this category which reflects a net increase of 1 museum collection item from the prior fiscal yearend report.

## HERITAGE ASSETS

	As of 9/30/24	Increase	Decrease	As of 9/30/25
Buildings and Structures	415	6	(16)	405
Archaeological Sites	1,040	107	(31)	1,116
Museum Collection Items	234	1	-	235

### Acquisition and Withdrawal of Heritage Assets

USACE had a net increase of 67 heritage assets during FY 2025 from the “eligible for,” National Register, and Museum Collection listings. USACE reported this net effect through its normal process of established regulations for identifying heritage assets. USACE provides this information to the keeper of the National Register of Historic Places at the Department of the Interior, National Park Service. USACE adds museum collections as items are unearthed or otherwise acquired on USACE lands. Buildings and Structures, to include Archaeological Sites, are added as they are discovered on USACE property and removed once the property is either sold or transferred. USACE removes museum collections when displays are donated to museums, universities, or returned to tribes.

### Deferred Maintenance and Repair

Information concerning deferred maintenance and repairs and estimated land acreage is discussed in unaudited required supplementary information.

### NOTE 9. Liabilities Not Covered by Budgetary Resources

As of September 30 (\$ in thousands)	2025	
<b>Intragovernmental Liabilities</b>		
Other	\$	623,210
<b>Total Intragovernmental Liabilities</b>		623,210
 Other than Intragovernmental Liabilities		
Pension, post-employment, and veterans benefits payable		164,356
Environmental and Disposal Liabilities		4,077,182
Contingent Liabilities		210,421
Other Liabilities without Related Budgetary Obligations		63
<b>Total Other than Intragovernmental Liabilities</b>		4,452,022
 <b>Total Liabilities Not Covered by Budgetary Resources</b>		5,075,232
 <b>Total Liabilities Covered by Budgetary Resources</b>		8,978,732
 <b>Total Liabilities Not Requiring Budgetary Resources</b>		50,925
 <b>Total Liabilities</b>	\$	14,104,889

Intragovernmental Liabilities - Other includes Judgment Fund Liabilities - *Contract Dispute Act* (CDA), as well as workmen's compensation liabilities under the FECA. The FECA actuarial liability is a future funded expense and will be funded in future appropriations.

Federal Employee and Veterans' Benefits include an actuarial liability for FECA. Refer to Note 11, *Other Liabilities* for additional details and disclosures.

Environmental and Disposal Liabilities represent estimated cleanup costs for environmental liabilities, which will be funded in future appropriations. Refer to Note 10, *Environmental and Disposal Liabilities* and Note 11, *Other Liabilities* for additional details and disclosures.

Contingent liabilities represent probable losses related to lawsuits filed against USACE. Contingent liabilities may be funded in future appropriations. Refer to Note 13, *Commitments and Contingencies* for additional details and disclosures.

Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the congressional action occurs, when the liabilities are liquidated, Treasury will finance the liquidation in the same way it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

## **NOTE 10. Environmental and Disposal Liabilities**

As of September 30  
(\$ in thousands)

	<b>2025</b>
Formerly Utilized Sites Remedial Action Program (FUSRAP)	\$ 4,038,982
Other	38,200
<b>Total Environmental Disposal Liabilities</b>	<b>\$ 4,077,182</b>

### **Assumptions and Uncertainties**

Estimating environmental liabilities requires making assumptions about future activities and is inherently uncertain. The cleanup estimates reflect local decisions and expectations as to the extent of cleanup and site reuse and include assessments of the effort required to complete the project based on data collected during the remedial investigation and feasibility study phases of each project. For most projects, the volume of contaminated material to be removed and the cost to dispose of such material, including transportation, are the elements of the estimates with the greatest uncertainty and potential for significant increase in project costs. For some projects, the estimate includes contingency provisions intended to account for the uncertainties associated with estimating these elements and other factors.

Based on the inherent uncertainties associated with environmental cleanup, the initial cost estimate for each site is not exact and will change as more relevant data becomes available. Estimates are refined as alternative approaches are evaluated and a preferred alternative is approved in a record of decision. USACE recognizes expenses related to cleanup costs during the period incurred.

USACE considers various key factors in determining whether future outflows of resources can be reasonably estimated, including:

- Completion of remedial investigation/feasibility study or other study,
- Experience with similar site and/or conditions, and
- Availability of remediation technology.

In addition to the liability amount reported above, USACE is subject to other potential environmental liabilities for which the exact amount or range of loss is unknown. An example of this environmental liability is Maywood Chemical Company, which is considered to be government-acknowledged and thus it is not reported.

## Formerly Utilized Sites Remedial Action Program

USACE is responsible for the Formerly Utilized Sites Remedial Action Program (FUSRAP), established to respond to radiological contamination from early U.S. Atomic Energy and Weapons Programs. For each FUSRAP site, USACE has received Congressional authorization to ascertain the extent of environmental contamination; select a remedy with input from state and Federal authorities and local stakeholders; perform the cleanup work; and dispose of wastes. After cleanup work is completed at each site, USACE transfers responsibility for long-term surveillance and monitoring to the U.S. Department of Energy.

Changes in the FUSRAP liability during the fiscal years ended September 30, 2025 resulted from inflation adjustments to reflect changes in costs for the current year, cleanup activities performed, adjustments to estimates of soil volumes, and approval of new projects.

### Other Environmental Liabilities

Other environmental liabilities relate to environmental contamination at current or former USACE project sites and include Asbestos-Related Cleanup Costs.

#### NOTE 11. Other Liabilities

As of September 30 (\$ in thousands)	2025		
	Current Liability	Noncurrent Liability	Total
<b>Intragovernmental</b>			
Liabilities for non-entity assets	\$ 15,065	\$ 868,300	\$ 883,365
Judgment Fund	584,884	-	584,884
Other Liabilities reported on Note 12, Federal Employee and Veterans Benefit Payable	86,444	22,054	108,498
<b>Total Intragovernmental</b>	<b>686,393</b>	<b>890,354</b>	<b>1,576,747</b>
<b>Other than Intragovernmental</b>			
Liability for non-fiduciary deposit funds and undeposited collections	50,529		50,529
Contract holdbacks	106,659		106,659
Contingent Liabilities	210,421		210,421
Other liabilities without related budgetary obligations	63		63
<b>Total Other than Intragovernmental</b>	<b>367,672</b>	<b>-</b>	<b>367,672</b>
<b>Total Other Liabilities</b>	<b>\$ 1,054,065</b>	<b>\$ 890,354</b>	<b>\$ 1,944,419</b>

#### Advances from Others and Deferred Revenue (reported separately from Other Liabilities on the Balance Sheet):

As of September 30 (\$ in thousands)	2025	
Intragovernmental	\$ 2,472,355	
Other than Intragovernmental	3,436,899	
<b>Total Accounts Receivable</b>	<b>\$ 5,909,254</b>	

Intragovernmental Liabilities for Non-entity Assets represents offsetting liabilities for non-entity assets where USACE is acting on behalf of another Federal entity. For example, non-entity receivables that, upon collection, will be remitted to Treasury. USACE also records a liability for payables from water storage and hydraulic mining contracts and for flood control, coastal restoration and hurricane protection measures with the Coastal Protection and Restoration Authority of Louisiana.

Judgment fund Liabilities: The USACE Civil Works Directorate has recognized 73 unfunded liabilities arising from Judgment Fund CDA settlements in accordance with the Interpretation of Federal Financial Accounting Standards No. 2, "Accounting for Treasury Judgment Fund Transactions." USACE cannot fund the CDA claims since it is funded for projects and does not include an allowance for this type of claim. USACE sought supplemental appropriations for payment of CDA claims which were not approved.

FECA Reimbursement to the DoL represents liabilities for billed amounts payable in FY 2025 unbilled amounts, including both incurred and an estimated accrual. Refer to Note 12, *Federal Employee and Veterans Benefits Payable*, for the estimated FECA actuarial liability.

Liability for non-fiduciary deposit funds represent liabilities that offset undistributed disbursements. The net amount of these may present as an overall positive or negative balance.

Contract Holdbacks are amounts withheld from grantees or contractors pending completion of related contracts. For FY 2025 contract holdbacks include \$106.7 million for contracts authorization progress payments based on cost as defined in the Federal Acquisition Regulation (FAR).

Contingent Liabilities for FY 2025 include legal contingent liabilities. See Note 13, *Commitments and Contingencies* for additional information.

Non-Federal Other Liabilities primarily consist of card services for transport road fees.

Advances from Others represent liabilities for collections received to cover future expenses or acquisition of assets USACE incurs or acquires on behalf of another organization.

## **NOTE 12. *Federal Employee and Veterans Benefits Payable***

As of September 30 (\$ in thousands)	2025		
	Liabilities	(Assets Available to Pay Benefits)	Unfunded Liabilities
Other Benefits			
FECA	\$ 164,356	\$	\$ 164,356
<b>Total Other Benefits</b>	<b>164,356</b>	<b>-</b>	<b>164,356</b>
<b>Pensions, other Post-employment, and Veteran Benefits Payable (presented separately on the Balance Sheet)</b>	<b>164,356</b>	<b>-</b>	<b>164,356</b>
<b>Federal Employee Salary, Leave and Benefits Payable</b>	<b>23,880</b>	<b>(23,880)</b>	<b>-</b>
<b>Other benefit-related payables included in Intragovernmental Other Liabilities on the Balance Sheet</b>	<b>108,498</b>	<b>(70,172)</b>	<b>38,326</b>
<b>Total Federal Employee and Veteran Benefits Payable</b>	<b>\$ 296,734</b>	<b>\$ (94,052)</b>	<b>\$ 202,682</b>

### **FECA**

The FECA provides federal employees injured in the performance of duty with workers' compensation benefits, which include wage-loss benefits for total or partial disability, monetary benefits for permanent loss of use of a schedule member, medical benefits, and vocational rehabilitation. This Act also provides survivor benefits to eligible dependents if the injury causes the employee's death. The FECA is administered by the Office of Workers' Compensation Programs within the DOL Employment Standards Administration.

## **NOTE 13. *Commitments and Contingencies***

### **Legal Contingencies**

USACE is a party in various administrative proceedings and legal actions related to claims for environmental damage, tort actions, contractual bid protests. USACE has accrued contingent liabilities for legal actions where USACE's Office of the Chief Counsel considers an adverse decision probable, and the amount of loss is measurable. In the event of an adverse judgment against the Government, some of the liabilities may be payable from the Treasury Judgment Fund. USACE records contingent liabilities in Note 11, *Other Liabilities*.

Within certain monetary thresholds, the U.S. Army Claims Service (USARCS) supervises, investigates, adjudicates, and negotiates the settlement of non-contractual administrative claims on behalf of and against the Department of the Army

(including USACE). By law, administrative claims filed against the Government are either adjudicated, denied, or are effectively denied if no action is taken within six months from the claim filing date. Barring such resolution within six months from the date of filing, claimants may file legal cases with the Federal Court. Filing of an administrative claim for resolution is a required precursor to a claimant's filing against the Government in Federal Court.

Claims settled below the statutory threshold of \$2,500 are paid using Civil Works appropriations; settlements above this threshold are referred to the Judgment Fund for payment. Except for CDA settlements disclosed in Note 11, *Other Liabilities*, amounts that are paid by the Judgment Fund are recorded as expenses and imputed financing sources.

USACE has a total of 22 cases, as of September 30, 2025, above the materiality threshold of \$16 million. The USACE Office of the Chief Counsel has determined that 5 cases are probable, 13 cases are reasonably possible, and 4 cases are remotely possible.

### **Probable Likelihood of an Adverse Outcome**

USACE is subject to potential liabilities where adverse outcomes are probable and the estimated loss is approximately \$210.4 million to \$1.1 billion as of September 30, 2025.

Additionally, as of September 30, 2025, USACE has a total of \$199.6 million in pending contract claims, tort cases, and other civil litigation that were individually under the threshold of \$16 million. As such, the likelihood of an unfavorable outcome or potential liability is provided as an overall assessment of all cases currently pending and not on an individual basis (as with the over-threshold cases). The likelihood of an unfavorable or potential liability was determined by using a three-year historical average. The total dollar amount of the cases closed was divided by the total dollar amount claimed in those closed cases for FY 2023, FY 2024, and FY 2025, which were then used to calculate the three-year average of 10.39%. This average represents the percentage that has historically been paid on under threshold claims and is based entirely on historical data. The merits of each individual case have not been taken into consideration. Based on the 10.39% average, a contingent liability of \$20.7 million as of September 30, 2025, was recorded for under threshold cases.

### **Reasonably Possible Likelihood of an Adverse Outcome**

USACE is subject to potential liabilities where adverse outcomes are reasonably possible, and estimated losses are approximately \$0 to \$10.3 billion as of September 30, 2025.

### **Hurricane Harvey-Related Claims and Litigation**

Nearly 200 claims from almost 1,500 plaintiffs have been filed in the U.S. Court of Federal Claims (COFC) relating to flooding in the aftermath of Hurricane Harvey. All these claims are constitutional takings claims under the Fifth Amendment. Most of the plaintiffs are homeowners or owners of businesses who filed suit due to flooding resulting from releases from Addicks and Barker Dams down Buffalo Bayou. The claims have been consolidated into a master docket and the issue of liability for upstream and downstream properties has been bifurcated.

Regarding the upstream cases, the Government filed its appeal of the trial court ruling in June 2023, and the plaintiffs filed their response briefs on September 22, 2023. The Government filed their reply and cross-appeal response brief on November 15, 2023, and then a corrected repeal and cross-appeal response on November 27th. On December 13, 2023, Plaintiffs filed their reply brief. Oral arguments were heard on November 8, 2024, and the Court of Appeals is still pending.

For the downstream cases, oral arguments were held on February 21, 2024, and a joint status report was filed on March 6, 2024. Several depositions of expert witnesses took place in August 2024. Trial was held and site visits completed in October and December 2024. Closing arguments were heard on April 8, 2025, and a decision is still pending.

The Addicks and Barker Flood-Control Reservoirs case is listed as reasonably possible and is disclosed above.

### **Other Litigation**

In addition to the matters described above, USACE is subject to other potential liabilities for which the exact amount or range of loss is unknown, and an estimate cannot be made.

## NOTE 14. Funds from Dedicated Collections

BALANCE SHEET		2025					
As of September 30 (\$ in thousands)		Harbor Maintenance and Related Funds	Rivers and Harbors Contributed Fund	Other Funds from Dedicated Collections	Total Funds from Dedicated Collections (Combined)	Eliminations between Dedicated Collection Funds	Total Funds from Dedicated Collections (Consolidated)
<b>ASSETS</b>							
Intragovernmental:							
Fund balance with Treasury Investments, Net	\$ 138,285	\$ 2,872,917	\$ 174,899	\$ 3,186,101	\$ -	\$ 3,186,101	
Accounts Receivable, Net	10,542,645			10,542,645		10,542,645	
	3,772,623			3,772,623		(2,989,032)	783,591
<b>Total Intragovernmental</b>	<b>14,453,553</b>	<b>2,872,917</b>	<b>174,899</b>	<b>17,501,369</b>	<b>(2,989,032)</b>	<b>14,512,337</b>	
Other than Intragovernmental:							
Accounts Receivable, Net	-	59,285	2,587	61,872		61,872	
PP&E, Net	46,592	340,592	267	387,451		387,451	
<b>Total Other than Intragovernmental</b>	<b>46,592</b>	<b>399,877</b>	<b>2,854</b>	<b>449,323</b>	<b>-</b>	<b>449,323</b>	
<b>Total Assets</b>	<b>\$ 14,500,145</b>	<b>\$ 3,272,794</b>	<b>\$ 177,753</b>	<b>\$ 17,950,692</b>	<b>\$ (2,989,032)</b>	<b>\$ 14,961,660</b>	
<b>LIABILITIES AND NET POSITION</b>							
Intragovernmental:							
Accounts Payable	\$ 5,978,064	\$ 6	\$ 66	\$ 5,978,136	\$ (2,989,032)	\$ 2,989,104	
Other Liabilities	6,000	12,931	-	18,931		18,931	
<b>Total Intragovernmental</b>	<b>5,984,064</b>	<b>12,937</b>	<b>66</b>	<b>5,997,067</b>	<b>(2,989,032)</b>	<b>3,008,035</b>	
Other than Intragovernmental:							
Accounts Payable	79	156,827	453	157,359	-	157,359	
Advances from Others & Deferred Revenue	-	2,839,497	-	2,839,497	-	2,839,497	
Other Liabilities	-	11,120	-	11,120	-	11,120	
<b>Total Other than Intragovernmental</b>	<b>79</b>	<b>3,007,444</b>	<b>453</b>	<b>3,007,976</b>	<b>-</b>	<b>3,007,976</b>	
<b>Total Liabilities</b>	<b>5,984,143</b>	<b>3,020,381</b>	<b>519</b>	<b>9,005,043</b>	<b>(2,989,032)</b>	<b>6,016,011</b>	
Cumulative Results of Operations	8,516,002	252,413	177,234	8,945,649		8,945,649	
<b>Total Liabilities and Net Position</b>	<b>\$ 14,500,145</b>	<b>\$ 3,272,794</b>	<b>\$ 177,753</b>	<b>\$ 17,950,692</b>	<b>\$ (2,989,032)</b>	<b>\$ 14,961,660</b>	
<b>STATEMENT OF NET COST</b>							
Program Costs	\$ 49,707	\$ 574,102	\$ 33,887	\$ 657,696	\$ -	\$ 657,696	
Less: Earned Revenue		(658,000)		(658,000)		(658,000)	
Net Program Costs	49,707	(83,898)	33,887	(304)	-	(304)	
Net Cost of Operations	<b>\$ 49,707</b>	<b>\$ (83,898)</b>	<b>\$ 33,887</b>	<b>\$ (304)</b>	<b>\$ -</b>	<b>\$ (304)</b>	
<b>STATEMENT OF CHANGES IN NET POSITION</b>							
Cumulative Results of Operations:							
Beginning Balance	8,966,532	282,333	172,917	9,421,782		9,421,782	
Intragovernmental non-exchange revenue	2,440,486	-	9,330	2,449,816		2,449,816	
Other than Intragovernmental non-exchange revenue	-	-	2,575	2,575		2,575	
Transfers in/out without reimbursement	(2,841,309)	(120,378)	(67,681)	(3,029,368)		(3,029,368)	
Imputed financing	-	6,560	-	6,560		6,560	
Other	-	-	93,980	93,980		93,980	
Less: Net Cost of Operations	49,707	(83,898)	33,887	(304)		(304)	
Net Change in Cumulative Results of Operations	(450,530)	(29,920)	4,317	(476,133)	-	(476,133)	
Cumulative Results of Operations: Ending	<b>8,516,002</b>	<b>252,413</b>	<b>177,234</b>	<b>8,945,649</b>	<b>-</b>	<b>8,945,649</b>	
Net Position End of Period	<b>\$ 8,516,002</b>	<b>\$ 252,413</b>	<b>\$ 177,234</b>	<b>\$ 8,945,649</b>	<b>\$ -</b>	<b>\$ 8,945,649</b>	

USACE has the following Funds from Dedicated Collections as of September 30, 2025:

### **Trust Fund**

Harbor Maintenance Trust Fund (HMTF). This fund was established by Title XIV of the *Water Resources Development Act* (the Act) of 1986, Public Law 99-662. The HMTF collections are required to be transferred to the general funds for execution. The HMTF is authorized to recover 100% of USACE eligible operation and maintenance (O&M), construction, and Mississippi River and Tributaries expenditures for the maintenance of commercial navigation in harbors and channels as well as 100% of the O&M cost of St. Lawrence Seaway by the St. Lawrence Seaway Development Corporation. As provided in the Act, amounts in HMTF shall be available for making expenditures to carry out the functions specified in the Act and for the payment of all expenses of administration incurred by Treasury, USACE, and the Department of Commerce. Collections from the Department of Homeland Security, U.S. Customs and Border Protection, are made into the trust fund from fees assessed on port use associated with imports, imported merchandise admitted into a foreign trade zone, passengers, and movements of cargo between domestic ports. The collections are invested, and investment activity is managed by the Bureau of the Fiscal Service (BFS). The revenue is received from the public and is an inflow of resources to the government. This fund utilizes receipt and expenditure accounts in accounting for and reporting the fund.

Coastal Wetlands Restoration Trust Fund. This fund is authorized by Title 16 USC 3951-3956. This title grants parallel authority to USACE, along with the Environmental Protection Agency, and the Fish and Wildlife Service of the Department of Interior to work with the state of Louisiana to develop, review, evaluate, and approve a plan that is proposed to achieve a goal of “no net loss of wetlands” in coastal Louisiana. USACE is also responsible for allocating the funds from dedicated collections among the named task force members. Federal contributions of the dedicated collections are established at 75% of project costs or 85% if the state has an approved Coastal Wetlands Conservation Plan. This fund is an expenditure account and receives funding transfers from the Sport Fish Restoration and Boating Trust Fund, a trust with collections from excise taxes on fishing equipment, motorboat, and small engine fuels, import duties, and interest.

Inland Waterways Trust Fund (IWTF). This fund is authorized by Title 26 USC 9506. The title made the IWTF available for USACE expenditures for navigation, construction, and rehabilitation projects on inland waterways. The IWTF collections are required to be transferred to the general fund for execution. Collections into the trust fund are from excise taxes on fuel used in commercial transportation on inland waterways. The revenue is received from the public and is an inflow of resources to the government. The collections are invested, and investment activity is managed by BFS. This fund utilizes receipt and expenditure accounts in accounting for and reporting the fund.

Rivers and Harbors Contributed and Advance Funds. These funds are authorized by Title 33 USC 701h, 702f, and 703, establishes funding to construct, improve, and maintain levees, water outlets, flood control, debris removal, rectification and enlargement of river channels, etc., in the course of flood control and river/harbor maintenance. Whenever any state or political subdivision thereof shall offer to advance funds for a flood control project duly adopted and authorized by law, the Secretary may at his discretion, receive such funds and expend the same in the immediate prosecution of such work. Advances are from the public and are inflows of resources to the government. This fund utilizes both receipt and expenditure accounts in accounting for and reporting the fund.

### **Other Funds**

Special Recreation Use Fees. Title 16 USC 4601-6a and 36 Code of Federal Regulation (CFR) 327.23 granted USACE the authority to charge and collect fair and equitable Special Recreation Use Fees at recreation facilities and campgrounds located at lakes or reservoirs under the jurisdiction of USACE. Types of allowable fees include daily use fees, admission fees, recreational fees, annual pass fees, and other permit type fees. The revenue is received from the public and is an inflow of resources to the government. The purpose of the fund is to maintain and operate the recreation and camping facilities.

Hydraulic Mining in California, Debris. Title 33 USC 683 states that those operating hydraulic mines through which debris flows in part or in whole to a body restrained by a dam or other work erected by the California Debris Commission shall pay a tax as determined by the FERC. The tax is paid annually on a date fixed by FERC. Taxes imposed under this code are collected and then expended under the supervision of USACE and the direction of the Department of the Army. The revenue is received from the public and is an inflow of resources to the government. The purpose of the fund is for repayment of funds advanced by the Federal Government or other agencies for construction, restraining works, settling reservoirs, and maintenance.

Payments to States, Flood Control Act of 1954. *Flood Control Act of 1954*, Title 33 USC 701c-3, established that 75% of all funds received and deposited from the leasing of lands acquired by the U.S. for flood control, navigation and allied purposes, including the development of hydroelectric power, shall be returned to the state in which the property is located. USACE collects lease receipts into a receipt account. The revenue is received from the public and is an inflow of resources to the government. Funds are appropriated in the amount of 75% of the receipts in the following fiscal year and disbursed to the states. The funds may be expended by the states for the benefit of public schools and public roads of the county, or counties, in which such property is situated, or for defraying any of the expenses of county government.

Maintenance and Operation of Dams and Other Improvements of Navigable Waters. Title 16 USC 803f, 810, states that whenever a reservoir or other improvement is constructed by the U.S., FERC shall assess charges against any licensee directly benefited, and any amount so assessed shall be paid into the U.S. Treasury. The title further states that all charges arising from other licenses, except those charges established by FERC for purpose of administrative reimbursement, shall be paid to the U.S. Treasury from which specific allocations will be made. From the specific allocations, 50% of charges from all other licenses is reserved and appropriated as a special fund in the Treasury. This special fund is to be expended under the direction of the Secretary of the Army (Secretary) for the maintenance and operation of dams and other navigation structures that are owned by the U.S. or for construction, maintenance, or operation of headwater or other improvements of U.S. navigable waters. The revenue is received from the public and is an inflow of resources to the government.

Fund for Nonfederal Use of Disposal Facilities (for dredged material). This fund was established by Title 33 USC 2326a. This title provides that the Secretary may permit the use of any dredged material disposal facility under the jurisdiction of, or managed by, the Secretary by a nonfederal interest if the Secretary determines that such use will not reduce the availability of the facility for project purposes. The Secretary may impose fees to recover capital, operation and maintenance costs associated with such use. Any monies received through collection of fees under this law shall be available to the Secretary, and shall be used by the Secretary, for the operation and maintenance of the disposal facility from which the fees were collected. The revenue is received from the public and is an inflow of resources to the government.

Interagency America the Beautiful (ATB) Pass Revenues. This fund was established by the *Water Resources Reform and Development Act 2014*, Section 1048 and the *Federal Lands Recreation Enhancement Act 2004*. This fund authorizes USACE recreation facilities and campgrounds to collect fees from ATB Interagency annual passes. Funds collected are available for expenditure without further appropriation for operation and maintenance and other uses. The revenue is received from the public and is an inflow of resources to the government.

Special Use Permit Fees. This fund was established by the *Water Resources Reform and Development Act 2014*, Section 1047. This fund authorizes USACE recreation facilities and campgrounds to collect fees for special use permits. The revenue is received from the public and is an inflow of resources to the government. Funds collected are available for expenditures without further appropriation for operation and maintenance and other uses.

## **NOTE 15. General Disclosures Related to the Statement of Net Cost**

As of September 30 (\$ in thousands)	2025	
Gross Cost	\$	20,922,061
Less: Earned Revenue		(8,914,604)
<b>Net Cost of Operations</b>	<b>\$</b>	<b>12,007,457</b>

The Statement of Net Cost (SNC) represents the net cost of the Civil Works program supported by appropriations or other means. The intent of the SNC is to provide gross and net cost information related to the amount of output administered by USACE.

Intragovernmental costs and revenue are related to transactions made between two reporting entities within the Federal Government. Public costs and revenues are exchange transactions made between the reporting entity and a nonfederal entity.

USACE incurred no costs associated with acquiring, constructing, improving, reconstructing or renovating heritage assets, or acquiring stewardship land.

## NOTE 16. Disclosures Related to the Statement of Changes in Net Position

Appropriations received on the Statement of Budgetary Resources (SBR) should not and do not agree with appropriations received on the Statement of Changes in Net Position (SCNP) due to differences between proprietary and budgetary accounting concepts and reporting requirements. The difference is due to additional resources of \$3.6 billion during FY 2025 in appropriated trust, contributed, and special fund activity included in Appropriations on the SBR. These additional resources are not recognized as appropriations received on the SCNP in accordance with SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*.

### Reconciliation of Appropriations on the Statement of Budgetary Resources to Appropriations Received on the Statement of Changes in Net Position

As of September 30

(\$ in thousands)

	2025
Appropriations, Statement of Budgetary Resources	\$ 10,935,139
Permanent and Temporary Reductions	(25,234)
Trust and Special Fund Receipts	3,630,799
Total Reconciling Difference	3,605,565
Appropriations Received, Statement of Changes in Net Position	\$ 7,329,574

Permanent and Temporary Reductions are primarily attributable to the amount of prior year balances and current year budget authority permanently or temporarily reduced by enacted legislation.

Trust and Special Fund Receipts not immediately available for obligation are awaiting authorizing legislation.

Refer to Note 17, *Disclosures Related to the Statement of Budgetary Resources*, for additional details.

## NOTE 17. Disclosures Related to the Statement of Budgetary Resources

### Net Adjustments to Unobligated Balance Brought Forward, October 1

As of September 30

(\$ in thousands)

	2025
Unobligated balance brought forward, October 1	\$ 46,710,268
Recoveries of prior year unpaid obligations	739,665
Other balances withdrawn to Treasury	(1,779)
Recoveries of prior year paid obligations	178,095
Adjustment for change in allocation (general fund portion)	(49,589)
Adjustment for change in allocation (offsetting collection/collected portion)	49,589
Adjustment for change in allocation (trust fund portion)	49,589
<b>Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)</b>	<b>\$ 47,675,838</b>

The Unobligated Balance, beginning of year, significantly differs from the prior year's ending unobligated balance due to various obligations and de-obligations across multiple districts and projects totaling approximately \$740 million, which adjusted the balance brought forward. Additionally, there were appropriation refund collections placed in suspense on various obligations totaling approximately \$178 million, primarily within the Formerly Utilized Sites Remedial Action Program (FUSRAP) during 3rd and 4th Quarter, FY 2025.

### Undelivered Orders

As of September 30

(\$ in thousands)

	2025
Intragovernmental:	
Unpaid	\$ 1,971,906
Prepaid/Advanced	120
<b>Total Intragovernmental</b>	<b>1,972,026</b>
Other than Intragovernmental:	
Unpaid	15,994,074
Prepaid/Advanced	85,411
<b>Total Other than Intragovernmental</b>	<b>16,079,485</b>
<b>Total Budgetary Resources Obligated for Undelivered Orders</b>	<b>\$ 18,051,511</b>

Intra-entity transactions have not been eliminated because the SBR is presented as a combined statement.

Permanent Indefinite Appropriations: USACE receives receipts from hydraulic mining in California; leases of land acquired for flood control, navigation, and allied purposes; and licenses under the Federal Power Act for improvements of navigable water including maintenance and operation of dams. These funds are available for expenditure.

There are no legal arrangements that affect the use of unobligated balances of budget authority.

The President's Budget with actual figures for FY 2025 has not yet been published. The FY 2027 President's Budget will include actual figures for FY 2025 reporting. The FY 2027 President's Budget can be found at: <http://www.whitehouse.gov/omb>, early in FY 2026. The following chart is a reconciliation of the FY 2026 President's Budget's actual figures for FY 2024 to the FY 2024 SBR as required by OMB Circular A-136, paragraph II.3.8.26.

Department of Defense  
**U.S. ARMY CORPS OF ENGINEERS – CIVIL WORKS**  
Reconciliation of 2024YE SBR to 2026 President's Budget  
(in millions of dollars)

	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Outlays	Explanation for reconciling differences
SBR	\$80,711	\$34,001	\$929	\$12,274	
Reconciling Difference	(14)	(6)			Expired funds within 096 3124, 096 3126, 096 3132, and 096 3139 are not included in the President's Budget amounts.
Total	\$80,697	\$33,995	\$929	\$12,274	
President's Budget	80,694	33,994	929	12,274	
Difference	(\$3)	(\$1)	-	-	Due to rounding.

**NOTE 18. Reconciliation of Net Cost to Net Outlays**

As of September 30 (\$ in thousands)	2025		
	Intragovernmental	Other than Intragovernmental	Total
<b>Net Cost of Operations</b>	\$ (4,793,347)	\$ 16,800,804	\$ 12,007,457
<b>Components of Net Cost Not Part of Net Outlays</b>			
Property, plant, and equipment depreciation expense	-	(731,331)	(731,331)
Property, plant, and equipment disposals and revaluations	198,129	(159)	197,970
Cost of goods sold	-	(7)	(7)
Inventory disposals and revaluations	-	(20,361)	(20,361)
<b>Increase/(Decrease) in Assets:</b>			
Accounts Receivable, Net	(4,694,620)	13,362	(4,681,258)
Securities and Investments	(24,072)	-	(24,072)
Advances and Prepayments	(153)	38,758	38,605
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts Payable	4,897,608	(296,313)	4,601,295
Environmental and disposal liabilities	-	(901,247)	(901,247)
Federal employee salary, leave, and benefits payable	-	212,739	212,739
Veterans, pensions, and post-employee-related benefits	-	5,940	5,940
Advances from others and deferred revenue	805,585	(15,492)	790,093
Other liabilities	(65,852)	(49,059)	(114,911)
<b>Financing Sources:</b>			
Imputed Cost	(645,503)	-	(645,503)
<b>Total Components of Net Cost Not Part of Net Outlays</b>	<b>471,122</b>	<b>(1,743,170)</b>	<b>(1,272,048)</b>
<b>Components of Net Outlays Not Part of Net Cost</b>			
Acquisition of capital assets	-	1,752,342	1,752,342
Acquisition of inventory	1,608	8,190	9,798
<b>Financing Sources:</b>			
Transfers out (in) without reimbursement	(198,129)	-	(198,129)
<b>Total Components of Net Outlays Not Part of Net Cost</b>	<b>(196,521)</b>	<b>1,760,532</b>	<b>1,564,011</b>
<b>Miscellaneous Items:</b>			
Distributed offsetting receipts (SBR 4200)	(842)	(804,665)	(805,507)
Custodial/Non-exchange revenue	(2,344,078)	(3,767)	(2,347,845)
Non-entity activity	52	-	52
Appropriated receipts for trust/special funds	-	2,978,554	2,978,554
<b>Total Other Reconciling Items</b>	<b>(2,344,868)</b>	<b>2,170,122</b>	<b>(174,746)</b>
<b>Total Net Outlays</b>	<b>\$ (6,863,614)</b>	<b>\$ 18,988,288</b>	<b>\$ 12,124,674</b>
<b>Budgetary Outlays, Net</b>			<b>\$ 12,124,674</b>
<b>Unreconciled Difference</b>			<b>\$ -</b>

The Reconciliation of Net Cost to Net Outlays demonstrates the relationship between the USACE Net Cost of Operations, reported on an accrual basis on the Statement of Net Cost, and Net Outlays, reported on a budgetary basis on the Statement of Budgetary Resources. While budgetary and financial (proprietary) accounting are complementary, the reconciliation explains the inherent differences in timing and in the types of information between the two during the reporting period. The accrual basis of financial accounting is intended to provide a picture of the USACE operations and financial position, including information about costs arising from the consumption of assets and the incurrence of liabilities. Budgetary accounting reports on the management of resources and the use and receipt of cash by the USACE. Outlays are payments to liquidate an obligation, excluding the repayment to the Treasury of debt principal.

## REQUIRED SUPPLEMENTAL INFORMATION

### REAL PROPERTY DEFERRED MAINTENANCE AND REPAIR

For Fiscal Year Ended September 30, 2025

*(in Millions of Dollars)*

Property Type	Current Fiscal Year (CFY)		
	1. Plant Replacement Value	2. Required Work (Deferred Maintenance & Repair)	3. Percentage (Required Work/Plant Replacement Value)
1. Category 1: Buildings, Structures, and Utilities (Enduring Facilities)	\$227,000	\$11,000	4.85%
2. Category 2: Buildings, Structures, and Utilities (Excess Facilities or Planned for Replacement)	\$0	\$0	N/A
3. Category 3: Buildings, Structures, and Utilities (Heritage Assets)	\$0	\$0	N/A

Deferred maintenance and repair (DM&R) are defined as maintenance and repairs not performed when it should have been or was scheduled to be but delayed for a future period. Deferred maintenance and repair for FY 2025 was \$11,000 million for Other Structures. The beginning balance for DM&R was \$5,227 million for FY24. Assets contained in category one above includes Dams, Locks, Levees, Powerhouses, multi-use Heritage Assets and other structures used to carry out the USACE Civil Works Program.

USACE policy mandates project maintenance resources be applied across the functional business areas (i.e., flood control, navigation, hydropower, recreation, etc.) to ensure that the appropriate level of maintenance is performed for each of the functional areas. The District Chief of Operations or Construction/Operations is the individual responsible for the overall management of the District's Operation and Maintenance (O&M) program, to include balancing the appropriate Operation & Maintenance (O&M) resources among the District's projects. The Regional Operations or Construction/Operations element is responsible for the appropriate balancing of O&M resources among the Districts.

USACE's DM&R activities are separate from other Civil Works activities since the O&M appropriation is a separate appropriation account within the USACE Civil Works program. This O&M account funds operation, maintenance, and related activities at the water resources projects USACE operates and maintains. Work to be accomplished consists of dredging, maintenance, repair, and operation of structures and other facilities, as authorized in the various River and Harbor, Flood Control, and Water Resources Development Acts, or any other act of Congress that authorizes a Civil Works mission.

O&M budget priority is given to key O&M infrastructure based on the condition and the potential consequences (e.g., economic, environmental, and public safety impacts) of project performance if the O&M activity is not undertaken in the Budget Year (BY), as well as legal factors. As a result, USACE does not set "acceptable condition standards." USACE adopts a risk-informed, performance-based asset management structure. This approach recognizes that project conditions have inherent risk and reliability that affect performance outputs and thus focuses on potential consequences related to project performance in the event of failures.

USACE measures all PP&E assets, and the DM&R applies to all PP&E assets USACE owns and operates. The deferred maintenance amount has increased this fiscal year because of an enhanced Facilities and Equipment Maintenance (FEM) System backlog which now captures all years rather than a single year snapshot. USACE focuses on the most critical needs derived from a better evaluation of risk and consequences that identifies the criticality and informs the appropriate priority of maintenance activities.

#### **Heritage Asset Condition**

Condition of Heritage Assets is based on factors such as quality of design and construction, location, adequacy of maintenance performed, and continued usefulness. The USACE's Heritage Assets overall condition is deemed to be fair; therefore, no significant deferred maintenance has been assessed.

Estimated Land Acreage by Predominate Use	Commercial	Conservation and Preservation	Operational	Total Acreage
Start of Prior Year	0	156,951	10,077,838	10,234,789
End of Prior Year / Start of Current Year		160,112	11,662,902	11,823,014
End of Current Year	0	160,112	11,662,902	11,823,014
<b>Held for Disposal or Exchange</b>				
End of Prior Year	0	0	0	0
End of Current Year	0	0	0	0

The acquisition and use of land is critical to USACE's mission to deliver vital engineering solutions, in collaboration with our partners, to secure our Nation, energize our economy, and reduce disaster risk.

USACE Land is predominately used for Operational purposes to support the Navigation, Hydropower, Recreation, Water Supply and Flood Risk Management business lines. The Conservation and Preservation Land is a combination of Forest and Wildlife and Historic Sites. For Forest and Wildlife, the land is used to preserve, protect, manage timber and wildlife.

USACE Land Rights are permanent in nature and were purchased as one-time payments prior to FY 2025 with no cost being expended for permanent land rights in FY 2025.

#### **Disaggregated Schedule of Budgetary Resources by Major Fund**

Statement of Federal Financial Accounting Standard 7, *Accounting for Revenue and Other Financial Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires information to be presented by major fund which USACE believes provides a better presentation, as the USACE – Civil Works is a single program and aligns with our funding and management of the program.

**US ARMY CORPS OF ENGINEERS**

**DISAGGREGATED SCHEDULE OF BUDGETARY RESOURCES BY MAJOR FUND – UNAUDITED**

For the Year Ended September 30, 2025 (in thousands)

<b>Budgetary Resources</b>	<b>FUSRAP</b>	<b>Special Funds</b>	<b>Trust Funds</b>	<b>Borrowing Authority</b>
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 437,105	\$ 46,537	\$ 568,431	\$ 114,693
Appropriations (discretionary and mandatory)	300,000	36,078	2,867,944	-
Spending Authority from offsetting collections (discretionary and mandatory)	2	-	-	77,979
<b>Total Budgetary Resources</b>	<b>\$ 737,107</b>	<b>\$ 82,615</b>	<b>\$ 3,436,375</b>	<b>\$ 192,672</b>
<b>Status of Budgetary Resources:</b>				
New obligations and upward adjustments (total)	\$ 328,923	\$ 32,213	\$ 3,009,009	\$ 67,501
Unobligated balance, end of year				
Apportioned, unexpired accounts	408,183	50,402	427,366	125,172
Exempt from Apportionment, unexpired accounts	-	-	-	-
Unapportioned, unexpired accounts	-	-	-	-
Unexpired unobligated balance, end of year	408,183	50,402	427,366	125,172
Expired unobligated balance, end of year	-	-	-	-
Unobligated balance, end of year (total)	408,183	50,402	427,366	125,172
<b>Total Budgetary Resources</b>	<b>\$ 737,106</b>	<b>\$ 82,615</b>	<b>\$ 3,436,375</b>	<b>\$ 192,673</b>
<b>Outlays, Net:</b>				
Outlays, net (total) (discretionary and mandatory)	\$ 127,052	\$ 34,566	\$ 2,291,749	\$ 2,920
Distributed offsetting receipts (-)		(96,953)	-	-
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b>\$ 127,052</b>	<b>\$ (62,387)</b>	<b>\$ 2,291,749</b>	<b>\$ 2,920</b>

## DISAGGREGATED SCHEDULE OF BUDGETARY RESOURCES BY MAJOR FUND – UNAUDITED

For the Year Ended September 30, 2025 (in thousands)

Budgetary Resources	Revolving Funds	Contributed Funds	General Funds	2025 Combined
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 870,741	\$ 1,756,808	\$ 43,881,523	\$ 47,675,838
Appropriations (discretionary and mandatory)	-	606,617	7,124,500	10,935,139
Spending Authority from offsetting collections (discretionary and mandatory)	12,758,671	(8)	10,757,541	23,594,185
<b>Total Budgetary Resources</b>	<b>\$ 13,629,412</b>	<b>\$ 2,363,417</b>	<b>\$ 61,763,564</b>	<b>\$ 82,205,162</b>
<b>Status of Budgetary Resources:</b>				
New obligations and upward adjustments (total)	\$ 12,782,184	\$ 628,644	\$ 18,454,262	\$ 35,302,736
Unobligated balance, end of year				
Apportioned, unexpired accounts	847,228	1,734,772	43,302,074	46,895,197
Exempt from Apportionment, unexpired accounts	-	-	-	-
Unapportioned, unexpired accounts	-	-	-	-
Unexpired unobligated balance, end of year	847,228	1,734,772	43,302,074	46,895,197
Expired unobligated balance, end of year	-	-	7,229	7,229
Unobligated balance, end of year (total)	847,228	1,734,772	43,309,303	46,902,426
<b>Total Budgetary Resources</b>	<b>\$ 13,629,412</b>	<b>\$ 2,363,416</b>	<b>\$ 61,763,565</b>	<b>\$ 82,205,162</b>
<b>Outlays, Net:</b>				
Outlays, net (total) (discretionary and mandatory)	\$ 18,270	\$ 667,618	\$ 9,788,005	\$ 12,930,180
Distributed offsetting receipts (-)	-	(607,828)	(100,725)	(805,506)
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b>\$ 18,270</b>	<b>\$ 59,790</b>	<b>\$ 9,687,280</b>	<b>\$ 12,124,674</b>

## OTHER INFORMATION

### CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION

The *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015* (the *2015 Act*), as amended, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to maintain their deterrent effect. To improve compliance with the *2015 Act*, agencies are required to publish annual inflation adjustments in the Federal Register and should report annually in their Agency Financial Report. The tables below illustrate USACE's Civil Monetary Penalties. Refer to the Federal Register for the Annual Civil Monetary Penalties Inflation Adjustment.

Citation	Civil Monetary Penalty (CMP) amount established by law	2024 CMP amount in effect prior to this rulemaking	2025 Inflation Adjustment Multiplier	CMP Amount as of September 30, 2025
Rivers and Harbors Act of 1922 (33 U.S.C. 555)	\$2,500 per violation	\$6,975 per violation	1.02598	\$7,156 per violation
CWA, 33 U.S.C. 1319(g)(2)(A)	\$10,000 per violation with a maximum of \$25,000	\$26,686 per violation with a maximum of \$66,713	1.02598	\$27,379 per violation with a maximum of \$68,446
CWA, (33 U.S.C. 1344(s)(4)	Maximum of \$25,000 per day for each violation	Maximum of \$66,713 per day for each violation	1.02598	Maximum of \$68,446 per day for each violation
National Fishing Enhancement Act, 33 U.S.C. 2104(e)	Maximum of \$10,000 per violation	Maximum of \$29,221 per violation	1.02598	Maximum of \$29,980 per violation

### BIENNIALELY REVIEW OF USER FEES

USACE-CW has the authority to establish charges for services and items of value, in accordance with the guidelines that are defined by 31 U.S.C. §9701. OMB Circular No. A-25, *User Charges*, requires federal agencies to review, on a biennial basis, the fees, royalties, rents, and other charges imposed by the agency for services and items of value provided to specific recipients, beyond those received by the public. The purpose of this review is to periodically adjust existing user fees to reflect unanticipated changes in costs or market values. USACE-CW did not have any changes to user fees in FY 2025. USACE-CW will continue to review and analyze user fees and report any identified changes in the USACE-CW Annual Financial Report for FY 2026.



**OFFICE OF INSPECTOR GENERAL**  
**DEPARTMENT OF DEFENSE**  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

November 21, 2025

MEMORANDUM FOR UNDER SECRETARY OF WAR (COMPTROLLER)/  
CHIEF FINANCIAL OFFICER, DOW  
COMMANDING GENERAL, CHIEF OF ENGINEERS, U.S. ARMY  
CORPS OF ENGINEERS  
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Transmittal of the Independent Auditor's Reports on the U.S. Army Corps of Engineers—Civil Works Financial Statements and Related Notes for FY 2025 (Project No. D2025-D000FI-0062.000, Report No. DODIG-2026-017)

We contracted with the independent public accounting firm of Kearney & Company, P.C. (Kearney) to audit the U.S. Army Corps of Engineers (USACE)—Civil Works Financial Statements and related notes as of and for the fiscal year ended September 30, 2025. The contract required Kearney to provide a report on internal control over financial reporting and compliance with provisions of applicable laws and regulations, contracts, and grant agreements, and to report on whether USACE's financial management systems substantially complied with the requirements of the Federal Financial Management Improvement Act of 1996. The contract required Kearney to conduct the audit in accordance with generally accepted government auditing standards (GAGAS); Office of Management and Budget audit guidance; and the Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency, "Financial Audit Manual," Volume 1, June 2025, Volume 2, June 2024, and Volume 3, August 2025. Kearney's Independent Auditor's Reports are attached.

Kearney's audit resulted in an unmodified opinion. Kearney concluded that the USACE—Civil Works Financial Statements and related notes as of and for the fiscal year ended September 30, 2025, were presented fairly, in all material respects, and in accordance with Generally Accepted Accounting Principles.

Kearney's separate report, "Independent Auditor's Report on Internal Control Over Financial Reporting," did not identify any material weaknesses related to the USACE—Civil Works' internal controls over financial reporting.\*

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\* A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting that results in a reasonable possibility that management will not prevent, or detect and correct, a material misstatement in the financial statements in a timely manner.

Kearney's additional report, "Independent Auditor's Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements," discusses one instance of noncompliance with provisions of laws and regulations, contracts, and grant agreements. Specifically, Kearney's report describes instances in which the USACE–Civil Works did not comply with the Federal Managers' Financial Integrity Act of 1982.

In connection with the contract, we reviewed Kearney's reports and related documentation and discussed them with Kearney's representatives. Our review, as differentiated from an audit of the financial statements and related notes in accordance with GAGAS, was not intended to enable us to express, and we do not express, an opinion on the USACE–Civil Works FY 2025 Financial Statements and related notes. Furthermore, we do not express conclusions on the effectiveness of internal controls over financial reporting, on whether USACE's financial systems substantially complied with Federal Financial Management Improvement Act of 1996 requirements, or on compliance with provisions of applicable laws and regulations, contracts, and grant agreements. Our review disclosed no instances where Kearney did not comply, in all material respects, with GAGAS. Kearney is responsible for the attached November 21, 2025 reports and the conclusions expressed within the reports.

We appreciate the cooperation and assistance received during the audit. If you have any questions, please contact me.



Lorin T. Venable  
Assistant Inspector General for Audit  
Financial Management and Reporting

Attachments:

As stated

## INDEPENDENT AUDITOR'S REPORT

To the Chief of Engineers and Commanding General of the United States Army Corps of Engineers and Inspector General of the Department of Defense

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of the United States Army Corps of Engineers (USACE) – Civil Works (CW), which comprise the consolidated Balance Sheet as of September 30, 2025, the related consolidated Statements of Net Cost and Changes in Net Position, and the combined Statement of Budgetary Resources (hereinafter referred to as the “financial statements”) for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of USACE-CW as of September 30, 2025, and its net cost of operations, changes in net position, and budgetary resources for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of USACE-CW and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for: 1) the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 2) the preparation, measurement, and presentation of required supplementary information (RSI) in accordance with U.S. generally accepted accounting principles; 3) the preparation and presentation of other information included in USACE-CW's Agency Financial Report (AFR), as well as ensuring the consistency of that information with the audited financial statements and the RSI; and 4) the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about USACE-CW's ability to continue as a going concern for a reasonable period of time beyond the financial statement date.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USACE-CW's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USACE-CW's ability to continue as a going concern for a reasonable period of time beyond the financial statement date.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Real Property Deferred Maintenance and Repair, Disaggregated Schedule of Budgetary Resources by Major Fund, Estimated Land Acreage by Predominant Use, and other RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by OMB and the Federal Accounting Standards Advisory Board (FASAB), who consider it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in the AFR. The other information comprises the Message from the Assistant Secretary of the Army (Civil Works), Message from the Chief Financial Officer, Statement of Assurance, Improper Payments Information Act Reporting Details, Civil Monetary Penalty Adjustment for Inflation, and Biennial Review of User Fees, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02, we have also issued reports, dated November 21, 2025, on our consideration of USACE-CW's internal control over financial reporting and on our tests of USACE-CW's compliance with certain provisions of laws, regulations, contracts, and grant agreements, as well as other matters. The purpose of those reports is solely 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 effectiveness of USACE-CW's internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering USACE-CW's internal control over



financial reporting and compliance.

A handwritten signature in blue ink that reads "Kearney &amp; Company".

Alexandria, Virginia  
November 21, 2025

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

To the Chief of Engineers and Commanding General of the United States Army Corps of Engineers and Inspector General of the Department of Defense

We have audited, 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. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements, and the related notes to the financial statements of the United States Army Corps of Engineers (USACE) – Civil Works (CW) as of and for the year ended September 30, 2025, which collectively comprise USACE-CW's financial statements, and we have issued our report thereon dated November 21, 2025.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered USACE-CW's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USACE-CW's internal control. Accordingly, we do not express an opinion on the effectiveness of USACE-CW's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 24-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations.

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 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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control, as described in the accompanying **Schedule of Findings and Responses**, as Items I and II, that we consider to be significant deficiencies.

During the audit, we noted certain additional matters involving internal control over financial reporting that we will report to USACE-CW's management in a separate letter.

### **United States Army Corps of Engineers – Civil Works' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on USACE-CW's response to the findings identified in our audit and described in the accompanying **Schedule of Findings and Responses**. USACE-CW concurred with the findings identified in our engagement. USACE-CW's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of USACE-CW's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering USACE-CW's internal control. Accordingly, this report is not suitable for any other purpose.



Alexandria, Virginia  
November 21, 2025

## Schedule of Findings and Responses

### Significant Deficiencies

#### I. Property, Plant, and Equipment Controls (*Repeat Condition*)

**Background:** The United States Army Corps of Engineers (USACE) – Civil Works (CW) has developed policies and procedures that require personnel other than asset custodians to perform physical inventories of real property and personal property assets that are reported as Property, Plant, and Equipment (PP&E) on USACE-CW's Balance Sheet. These physical inventories are performed to confirm the existence, location, and condition of USACE-CW's real property and personal property assets. USACE-CW's current policies require personnel to perform physical inventories of real property assets every three years and personal property assets every two years.

Before assets are placed in service and are required to be inventoried, USACE-CW performs project-level monitoring of Construction-in-Progress (CIP) projects to determine whether assets are available for use (AFU) and are required to be transferred to the applicable PP&E account. USACE-CW's policies require CIP balances to be transferred to the appropriate PP&E account within 90 days of the asset being deemed AFU or at the end of the fiscal year (FY), whichever is earlier.

USACE-CW also performs various compensating controls to monitor its CIP balances to ensure assets are transferred to the appropriate PP&E account timely. Specifically, USACE-CW performs a triannual review of costs associated with capital projects, and, in the month of September, the USACE Finance and Accounting Policy Division (CERM-F) reviews reports of CIP projects produced by the Program and Project Management Information System (P2) or the Corps of Engineers Financial Management System (CEFMS) II that have work items with a projected AFU date that is prior to November 1 of the following FY to determine whether the related CIP costs should be capitalized or expensed prior to the end of the current FY.

USACE-CW is responsible for monitoring the design, implementation, and operating effectiveness of its system of internal control to ensure its operational, financial reporting, and compliance objectives are achieved in accordance with the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* and Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

**Condition:** Although USACE-CW continued to make significant progress performing physical asset inventories of its real and personal property assets that had not been inventoried in the prior year, USACE-CW did not complete physical inventories of all real and personal property assets in accordance with the prescribed timelines established within its policies.

In addition, USACE-CW's internal controls for monitoring CIP projects did not effectively prevent, or detect and correct, misstatements in the financial statements on a timely basis. Specifically:

- USACE-CW's project-level monitoring controls did not operate effectively to ensure all costs recorded in its CIP account were transferred to the appropriate PP&E account within 90 days of the asset being completed or at the end of the FY, whichever is earlier
- USACE-CW's CERM-F performs monitoring controls to review the status of CIP projects; however, these controls are not designed effectively, as they rely on project data tracked in P2 and CEFMS II without sufficient confirmation from Districts regarding accuracy and completeness. As a result, CERM-F may fail to identify projects that have reached key milestones but were not properly updated in the systems.

**Cause:** USACE-CW did not adhere to its operating policies and procedures that require physical asset inventories to be performed every three years for real property and every two years for personal property. This is due to a variety of factors, including resource constraints and the volume of physical assets requiring inventories from prior USACE-CW site restrictions.

In addition, control performers did not adhere to USACE-CW's policies and procedures that require assets to be transferred from CIP to the appropriate PP&E account within 90 days of the asset being deemed available for use or at the end of the FY, whichever is earlier.

Lastly, the data used by CERM-F to perform its monitoring controls is dependent upon the data and milestones that have been tracked by District Resident Engineers (RE) and/or Project Managers (PM) within P2 or CEFMS II, without CERM-F confirming the accuracy of the data. Accordingly, CERM-F only validates CIP projects that are tracked as completed or nearing completion in P2 or CEFMS II, rather than confirming CIP projects that have been completed and require transfer to completed assets. The process does not include procedures to identify projects that have reached key milestones but were not properly updated in the systems.

**Effect:** Ineffective physical inventory controls may result in USACE-CW continuing to report assets within its accounting records that have been disposed of or USACE-CW reporting assets that have been impaired at incorrect amounts.

Additionally, ineffective internal controls to ensure costs are transferred from CIP to the appropriate PP&E account timely may result in misclassifications of asset balances within USACE-CW's General PP&E Note Disclosure and misstatements within USACE-CW's Gross Costs line item on the Statement of Net Cost, as depreciation does not begin accumulating until assets are deemed AFU and assets are placed in service.

Lastly, an inadequately designed monitoring control, and/or insufficient documentation of project-level CIP reviews, could result in misstatements not being detected and corrected in the correct accounting period. Specifically, CIP projects may be completed during the FY, but not identified in time to ensure CIP transfers are recorded in the correct accounting period, resulting

in overstatements to CIP balances. Further, USACE-CW may not identify CIP costs that should be reclassified as operating expenses within the accounting records.

**Recommendations:** Kearney & Company, P.C. (Kearney) recommends that USACE-CW perform the following:

1. Complete physical inventories for material asset classes in accordance with the required timelines prescribed by USACE-CW's internal policies.
2. Review current policies and control activities to determine if refinements are needed to monitoring procedures to ensure that all projects nearing completion are reviewed timely.
3. Implement policies to require timely updates of project tracking data within P2 and CEFMS II. USACE-CW should reinforce these policies through monitoring procedures performed by CERM-F. Additionally, USACE-CW should provide training to control performers involved in the CIP monitoring controls to ensure policy requirements are understood and CIP transfers occur in accordance with established policies.

**Management's Response:** USACE concurs with the findings and will take corrective action to remediate the significant deficiency.

## II. Information System Controls (*New Condition*)

**Background:** USACE-CW uses CEFMS II as its core financial system. USACE-CW's Chief Information Officer (CIO) and the CIO/G-6 Office manage USACE-CW's information technology (IT) environment and are responsible for security management and audit logging/monitoring for CEFMS II. Moreover, the CEFMS II Program Management Office (PMO) is responsible for administering CEFMS II, implementing user account management controls, and, in coordination with the CIO/G-6 Office, maintaining related policies and procedures.

USACE-CW is responsible for designing, implementing, and maintaining necessary IT control activities within CEFMS II to achieve the control objectives as defined in National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Revision (Rev.) 5, *Security and Privacy Controls for Information Systems and Organizations*.

**Condition:** USACE-CW did not update certain CEFMS II IT policies and procedures to reflect current Federal and Department of Defense (DoD) requirements as of September 30, 2025. As a result, USACE-CW has not implemented a process to review configuration changes, via audit logs, on a weekly basis. In addition, USACE-CW's internal controls over user access management and configuration baseline monitoring for CEFMS II were not operating effectively. Specifically:

- USACE-CW did not consistently enforce access management policies and procedures. Accordingly, systems users were provided access to CEFMS II without proper authorization documentation; system access for terminated or transferred users was not

- revoked timely; users were provided multiple or excessive user accounts and privileges; and documentation of periodic access reviews was not maintained
- USACE-CW has not established a comprehensive process to ensure that all database and operating servers are consistently included in configuration baseline scans.

**Cause:** USACE-CW has not established a centralized process to track and disseminate updates to applicable Federal and DoD cybersecurity guidance to ensure existing policies and procedures are aligned with current requirements. In addition, USACE-CW does not have a centrally monitored access management process, leading to delays in access removal and incomplete periodic reviews. Ownership of the access review process is not clearly defined, and there are insufficient controls to enforce timely remediation of identified access issues.

Lastly, USACE-CW has not established or enforced a formal process to ensure the consistent inclusion of all database and operating servers in configuration baseline scans. USACE-CW's roles and responsibilities for reviewing and documenting the results of these scans have not been clearly defined or implemented, resulting in limited oversight and a lack of documented evidence of management review.

**Effect:** Outdated IT policies and procedures elevates risks to the confidentiality, integrity, and availability of systems and underlying data and increases the likelihood that management does not address critical security requirements for emerging technologies and evolving threats. Additionally, untimely audit log reviews may result in inappropriate or malicious actions remaining undetected for an extended period, which may hinder USACE-CW's ability to initiate prompt corrective action.

In parallel, failure to remove or review access rights promptly increases the risk of unauthorized access to sensitive systems and data, potential misuse of privileged access, and noncompliance with internal and external requirements; further, the exclusion of servers from configuration baseline scans increases the likelihood that unauthorized or noncompliant configurations may go undetected, leading to system vulnerabilities, operational inconsistencies, and noncompliance with policies and procedures.

**Recommendations:** Kearney recommends that USACE-CW perform the following:

1. Implement a centralized compliance monitoring process to track changes to Federal and DoD cybersecurity laws, policies, and frameworks, as well as establish a formal annual review and update cycle for all cybersecurity-related policies and procedures, with interim reviews when guidance changes significantly.
2. Consistently perform CEFMS II audit log reviews in a timely manner, supported by a quality control process that ensures logs are generated, reviewed, and retained within prescribed timelines and available for third-party review.
3. Refine and implement a formal access authorization process that requires documented approval before granting system access to users. In addition, management should retain evidence for third-party review and implement Human Resources (HR)-triggered automated deprovisioning workflows to ensure immediate access removal.

4. Assign formal ownership of the access control lifecycle, conduct role-based access reviews to ensure users have only the permissions necessary for their current duties, and perform documented access reviews at least annually for all CEFMS II user accounts.
5. Implement automated mechanisms to ensure all servers, regardless of environment (on-premises, cloud, or hybrid), are inventoried and included in configuration baseline scans.
6. Establish and enforce a documented process to regularly scan configuration baselines across all systems, remediate or formally approve deviations, assign responsibility for reviewing scan results, and implement a formal management review.

**Management's Response:** USACE concurs with the findings and will take corrective action to remediate the significant deficiency.

\* \* \* \*

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS**

To the Chief of Engineers and Commanding General of the United States Army Corps of Engineers and Inspector General of the Department of Defense

We have audited, 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. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements, and the related notes to the financial statements of the United States Army Corps of Engineers (USACE) – Civil Works (CW) as of and for the year ended September 30, 2025, which collectively comprise USACE-CW's financial statements, and we have issued our report thereon dated November 21, 2025.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether USACE-CW's financial statements are free from material misstatement, we performed tests of USACE-CW's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts and disclosures, including the provisions referred to in Section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA). However, providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion. The results of our tests, exclusive of those referred to in FFMIA, disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and OMB Bulletin No. 24-02, which is described in the accompanying **Schedule of Finding and Response** as Item I.

The results of our tests of compliance with FFMIA disclosed no instances in which USACE-CW's financial management systems did not comply substantially with Section 803(a) requirements related to Federal financial management system requirements, applicable Federal accounting standards, or application of the United States Standard General Ledger at the transaction level.

### **United States Army Corps of Engineers – Civil Works' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on USACE-CW's response to the findings identified in our audit and described in the accompanying **Schedule of Finding and Response**. USACE-CW concurred with the findings identified in our engagement. USACE-CW's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on the effectiveness of USACE-CW's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering USACE-CW's compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Kearney & Company".

Alexandria, Virginia  
November 21, 2025

## **Schedule of Finding and Response**

### **Noncompliance and Other Matters**

#### **I. Compliance with the Federal Managers' Financial Integrity Act of 1982 (Repeat Condition)**

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires Executive agency reporting entities to establish and implement administrative and accounting controls in accordance with the standards prescribed by the Comptroller General of the United States. Accordingly, the Comptroller General of the United States published the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (Green Book) to define the requirements for effective internal control for Federal agencies. Additionally, the Office of Management and Budget (OMB) developed Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, to establish specific requirements for agencies to integrate risk management and internal control functions and an assessment process based on the requirements within the Green Book.

The above standards provide the internal control framework and criteria that Federal managers must use in designing, implementing, and operating an effective system of internal control. Moreover, these standards require management to develop documentation of its system of internal control to demonstrate that components of internal control are operating in an integrated manner. The United States Army Corps of Engineers (USACE) – Civil Works (CW) is responsible for establishing an effective system of internal control to help ensure management's financial reporting, operational, and compliance objectives are achieved. Accordingly, USACE-CW established an Executive Senior Assessment Team (ESAT)/Risk Advisory Council (RAC) to assist with FMFIA, Green Book, and OMB Circular A-123 compliance.

Although USACE-CW maintains various documents to support its system of internal control and performs separate evaluations for material business processes to monitor account-level risks, USACE-CW did not perform and/or document each of the requirements prescribed within FMFIA, Green Book, and OMB Circular A-123. Specifically, USACE-CW did not:

- Develop a complete Agency Risk Profile to include its assessment of each of the seven risk components for financial reporting, as described in Section II.B, "Risk Profiles," within OMB Circular A-123
- Completely identify and document the specific control activities that management has designed and implemented within its business process documentation
- Test the operating effectiveness of transaction-level control activities that have been implemented within its material business processes. However, USACE-CW does perform separate evaluations for each material business process to monitor account-level risks
- Document monitoring procedures over service organizations or fully document and implement procedures for the design, implementation, and monitoring of controls to address relevant complementary user entity controls

- Document complete Corrective Action Plans (CAP) for deficiencies reported in prior audits, ongoing assessments, or separate evaluations, to include each of the CAP requirements described in Section V, “Correcting Internal Control Deficiencies,” within OMB Circular A-123.

**Management Response:** USACE concurs with the findings and will take corrective action to remediate the non-compliance item.

\* \* \* \*



1 Four UH-60 Black Hawk helicopters prepare to land on the desert flight line. (U.S. Army photo by Eli Johnson); 2 A soldier scales an obstacle during a competition testing physical, mental and tactical skills. (U.S. Army photo by Bryson Walker); 3 Soldiers conduct training operations during a bilateral exercise. (U.S. Army photo by Alexa Brumfield); 4 Soldiers conduct a dismounted squad patrol along the southern border. (U.S. Army photo by Malik Waddy-Fiffee); 5 Soldiers fire a high mobility artillery rocket system. (U.S. Army photo by Libby Weiler); 6 Maneuvering through an obstacle. (U.S. Army photo by Tanisha Karn); 7 A CH-47 Chinook crew chief watches out the observation window on the side of the aircraft during a flyover. (U.S. Army photo by Prim Hibbard); 8 Soldiers conduct air movement operations with ground forces. (U.S. Army photo by Vincent Levelev); 9 Climbing an obstacle during a competition. (U.S. Army photo by Daniel Yeadon); 10 Providing simulated security during a call for fire training. (U.S. Army photo by Brent Lee); 11 Soldiers participate in live-fire battle drills with the M240B machine gun during an infantry advanced leaders course. (U.S. Army photo by Michael Schwenk); 12 Soldiers fire a rocket from a high mobility artillery rocket system. (U.S. Army photo by Marlana Cureton); 13 Soldiers engage targets during a live-fire. (U.S. Army photo by Army Breanna Bradford); 14 Soldiers conduct simulated urban operations training. (U.S. Army photo by Joey Rhodes II); 15 Soldiers maneuver an M2A3 Bradley during a joint training event. (U.S. Army photo by Joseph Kumzak)



Our purpose remains constant.  
"This We'll Defend," has been our  
Army's motto since the Revolutionary  
War. It reminds us that our purpose  
is timeless and clear: to fight and  
win our Nation's wars.

— The Honorable Daniel P. Driscoll, Secretary of the Army



**U.S. ARMY**

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We are interested in your feedback regarding the content of this report. Feel free to e-mail your comments to [AAFS@hqda.army.mil](mailto:AAFS@hqda.army.mil) or write to:

**DEPARTMENT OF THE ARMY**

**Office of the Deputy Assistant Secretary of the Army – Financial Management and Comptroller**  
Office of the Financial Reporting Directorate  
Room 3A320 | 109 Army Pentagon | Washington, DC 20310-0109

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