

FISCAL YEAR  
**2022**

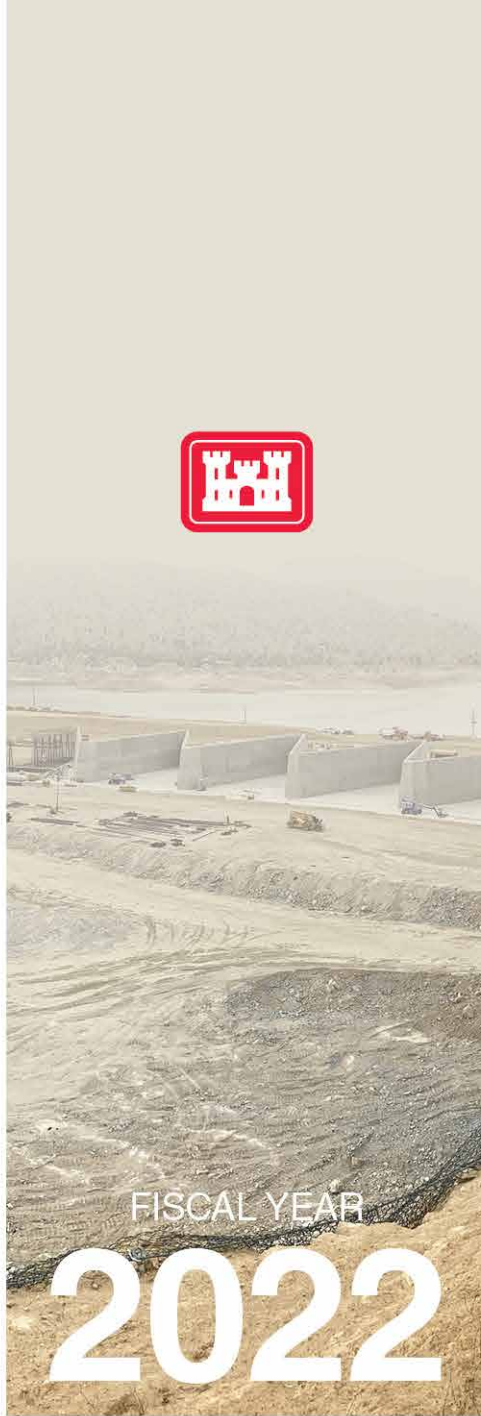
BUILDING  
AMERICA'S ARMY:  
**READY AND  
RESILIENT**

UNITED STATES ARMY CORPS OF ENGINEERS AGENCY FINANCIAL REPORT

**CIVIL WORKS**







FISCAL YEAR

2022

READY AND RESILIENT

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*“ Our work is part of the broader effort at all levels of government to manage the Nation’s water resources in a responsible and resilient manner. ”*

FISCAL YEAR  
**2022**

FY 2022 UNITED STATES ARMY CORPS OF ENGINEERS AGENCY FINANCIAL REPORT

*The U.S. Army Corps of Engineers (USACE) Civil Works program focuses on the evaluation, construction, operation, and maintenance of projects that improve water resource management primarily to help reduce flood risk to communities; facilitating commercial navigation; and/or restoring 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, recreation, water supply, and emergency response. USACE is focused on managing these programs 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 inform decisions on capital investment and maintenance spending.*

*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 and resilient 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.*



**MICHAEL L. CONNOR**  
*Assistant Secretary of the Army  
(Civil Works)*





*“ I want to take this opportunity to salute everyone for their outstanding work to ensure that USACE obtained its 15<sup>th</sup> consecutive, unmodified audit opinion. ”*

FISCAL YEAR  
**2022**

FY 2022 UNITED STATES ARMY CORPS OF ENGINEERS AGENCY FINANCIAL REPORT

*I am pleased to present the United States Army Corps of Engineers (USACE) Civil Works Agency Financial Report, highlighting our financial position and results of operations for Fiscal Year (FY) 2022. Evidenced by this report, we can provide reasonable assurance over the reliability of our financial reporting for approximately \$27.5 billion in obligations for FY 2022 Civil Works activities.*

*Our success is due to each USACE team members' devotion to accountability and adherence to our sound financial business processes. I want to take this opportunity to salute everyone for their outstanding work to ensure that USACE obtained its 15<sup>th</sup> consecutive, unmodified audit opinion. Our "best in class" auditability is sustained through the collective effort of our people, our center, and our system. All three represent the key elements that form our sound financial foundation, which is the impetus behind our success. The USACE Financial Management (FM) workforce – our people – is a significant part of this foundation. The 1,649 USACE FM professionals are competent, credentialed, and business savvy. Each FM professional is certified through the Department of Defense Financial Management Certification Program, which ensures they have the requisite training and expertise to execute their duties. The USACE Finance Center (UFC) – our center – processes a significant number of complex financial transactions with efficiency and expertise; our UFC employees continue to fortify our financial foundation through an unmatched work ethic and strong leadership. The Corps of Engineers Financial Management System II (CEFMS II) – our system – translates our business processes into the auditable financial statements disclosed in this report. Our plan is to continue to modernize and develop CEFMS II by enhancing the "user experience" and implementing system components designed to ensure that our system remains a cornerstone of our success.*

*USACE continues to excel and adapt to meet the needs of its Civil Works Program during a "workforce transformation" as on-site footprints are reduced, and virtual work becomes a more permanent fixture across the enterprise. USACE also received supplemental funds from the Bi-partisan Infrastructure Law totaling \$14.9 billion and the Disaster Relief Supplemental Appropriations Act 2022 totaling \$5.7 billion. Our capacity to adequately execute this funding to support the work associated with these supplemental initiatives, in changing times, demonstrates the dynamic flexibility of our FM workforce, our center, and our system in supporting our Nation's most critical disaster relief and infrastructure initiatives.*

*USACE maintains its auditability success via the single audit approach with our Military Construction stakeholders: Defense Logistics Agency, Special Operations Command, Defense Health Agency, and Air Force in FY 2022. The Group Audit Approach for our Army sub-allotted funds continues to produce success, resulting in reduced testing while providing Army the assurance required to support its audit of the Army General Fund Statements. I look forward to future years of sustained progress and as always, I am honored to serve alongside a team that perpetually produces extraordinary work, year after year.*

  
**MICHAEL H. GREENBERG**  
Colonel, US Army  
Chief Financial Officer



# BUILDING AMERICA'S ARMY: READY AND RESILIENT

(USACE photo by Erica Nabers)



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## OVERVIEW

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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

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.

### AQUATIC ECOSYSTEM RESTORATION

The USACE-CW aquatic ecosystem restoration mission includes efforts with local communities to restore degraded ecosystem structure, function, and/or process to a more natural condition.

### 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 property damage from riverine flooding and the water-related effects of a coastal storm. The work that USACE-CW performs under this mission includes its emergency management work, as part of the overall Federal effort to help affected communities prior to, during, and after a major flood or coastal storm.

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## THE CIVIL WORKS PROGRAM

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The USACE-CW program includes work funded directly to the USACE-CW through Energy and Water Development (E&WD) appropriations through ten 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*.

In Fiscal Year (FY) 2022, the USACE-CW received \$8,343 million in regular appropriations and \$20,680 million in supplemental appropriations for a total of \$29,023 million in new direct program funding. The \$20,680 million in supplemental funds consisted of \$5,711 million in *Disaster Relief Supplemental Appropriations Act* (DRSAA) and \$14,969 million in Bipartisan Infrastructure Law (BIL) funding. It also received \$2,101 million in new reimbursable program funding for a total of \$31,124 million in new direct and reimbursable program funding. This new funding combined with unexpended carryover and recovered obligations from prior year appropriations totaled \$75,503 million available for expenditure in FY 2022. Of this amount, the USACE-CW expended \$22,160 million or 29%. The projects listed within this report reflect the funding and work as published in the DRSAA, BIL and FY 2022 spend plans unless otherwise noted.

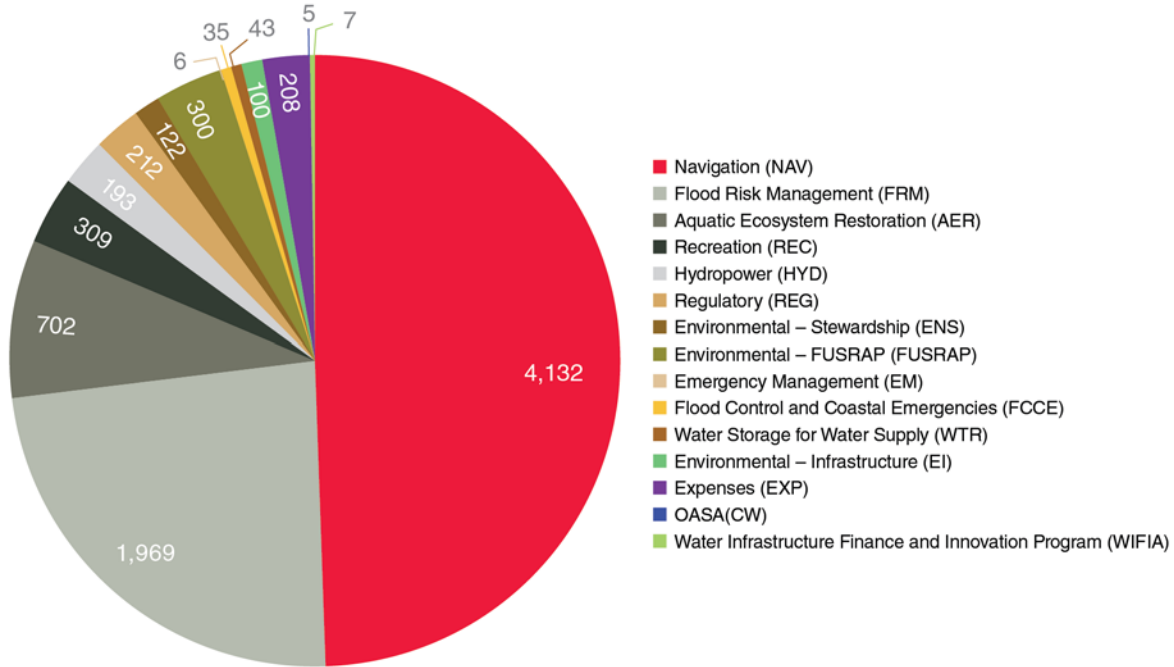
**Figure 1. FY 2022 USACE-Civil Works Funding by Source (in Millions)**

	Unobligated, Unexpended Carry-In	Obligated, Unexpended Carry-In	New FY 2022 Budget Authority	Recovery of prior obligations	Available for expenditure
Regular & Supplemental Appropriations	\$24,051	\$8,776	\$29,023	\$269	\$62,119
Reimbursable Funding	\$4,526	\$5,859	\$2,101	\$898	\$13,384
Total	\$28,577	\$14,635	\$31,124	\$1,167	\$75,503

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 2022.

**Figure 2. FY 2022 USACE CW Regular Direct Appropriations (in Millions) by Business Line<sup>1/2</sup>**



<sup>1/</sup> Executive Direction and Management (ED&M) includes \$208 million for Expenses and \$5 million for OASA-CW.

<sup>2/</sup> Excludes funds received in FY 2022 reimbursable work for others.



## 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 2022, the Navigation business line received approximately \$4,132 million or 49.5% of the FY 2022 USACE-CW annual appropriations.

## Flood Risk Management

USACE-CW works with communities to reduce the risk to human safety and property damage from riverine flooding and the water-related effects of a coastal storm. 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 2022, the FRM business line received approximately \$1,969 million or 23.6% of the FY 2022 USACE-CW annual appropriations.

## Aquatic Ecosystem Restoration

The USACE-CW mission in aquatic ecosystem restoration is to help 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 2022, the Aquatic Ecosystem Restoration business line received approximately \$702 million, or 8.4% of the total FY 2022 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 encompasses compliance measures to ensure USACE-CW projects (1) meet federal, state, and local environmental requirements; (2) sustain environmental quality; and, (3) conserve natural and cultural resources. Fish hatchery mitigation is funded by the Flood Risk Management and Hydropower business lines.

In FY 2022, the Environmental Stewardship business line received approximately \$122 million, or 1.46%, of the FY 2022 USACE-CW annual appropriations.



**FUSRAP:** Under FUSRAP, the USACE-CW remediates certain former Manhattan Project and Atomic Energy Commission sites.

In FY 2022, the FUSRAP business line received \$300 million, or 3.60%, of the FY 2022 USACE-CW annual appropriations.

## Regulation of Aquatic Resources

In accordance with Sections 9 and 10 of the *Rivers and Harbors Appropriation Act of 1899*, Section 404 of the *Clean Water Act of 1972*, as amended, and Section 103 of the *Marine Protection, Research, Sanctuaries Act of 1972*, the USACE-CW regulates the discharge of dredged and fill materials into waters of the U.S., including wetlands. 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 2022, at \$212 million, the Regulatory appropriation accounted for 2.54% of the FY 2022 USACE-CW annual appropriations.

## Emergency Management

The USACE-CW Emergency Management helped communities respond to 23 events in FY 2022. Under the authority of the *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 the Federal Emergency Management Agency (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 of eligible flood or coastal storm risk management projects that are damaged by a flood or coastal storm event.

In FY 2022, the Emergency Management business line received \$41 million, or 0.49%, of FY 2022 USACE-CW annual appropriations.

## Hydropower

Some USACE-CW multipurpose projects provide hydroelectric power as an additional benefit, where the main purpose of the project is flood damage reduction or navigation. This electric generation also provides on-site electricity for other project purposes and business lines. The USACE-CW is the largest owner-operator of hydroelectric power plants in the U.S. 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 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. Hydropower is a renewable source of energy, producing none of the airborne emissions that contribute to acid rain or the greenhouse effect.

In FY 2022, Hydropower business line received approximately \$193 million, or 2.31%, of the FY 2022 USACE-CW annual appropriations. The USACE-CW Hydropower program also receives approximately \$275 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 an important provider of outdoor recreation, which is an ancillary benefit of its flood and storm damage reduction and navigation projects. The Recreation business line provides quality 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.

The USACE-CW supports over 5,000 recreation sites at more than 400 projects on 12 million acres of land and water.

In FY 2022, the Recreation business line received approximately \$309 million, or 3.70%, of the FY 2022 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 2022, the Water Supply (WTR) business line received approximately \$43 million, or 0.52%, of the FY 2022 USACE-CW annual appropriations



## 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—both of which are supported by two smaller, separate sub-programs—real estate, and research and development. Approximately 24,000 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., nine Major Subordinate Commands (MSCs), six specialized centers, and 46 districts. Out of the 46 districts, 38 carry out Civil Works responsibilities in the United States. Most of the MSC and district geographic boundaries are aligned with watershed boundaries. There are also several world-renowned research and development laboratories and other offices 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 is charged with setting the strategic direction and providing overall supervision of functions relating to the Army Civil Works program and the execution of the Army Civil Works program by the Chief of Engineers. An Army officer serves as the Chief of Engineers to oversee execution of both the Civil Works and Military programs and ensure that policies established by the ASA (CW) are applied to all aspects of the USACE-CW. The Chief of Engineers delegates authority for the leadership and management of the USACE-CW to the Deputy Commanding General for Civil and Emergency Operations and to the civilian 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 its construction, and most of its design work, to civilian companies.



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## CIVIL WORKS PROGRAM PERFORMANCE

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The USACE-CW has a direct impact on America's prosperity, competitiveness, quality of life, and environmental stability. 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 continues to guide the USACE-CW in FY 2022. The strategic goals are:

**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 in order 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 2022. At the end of FY 2022, of the 1,156 USACE-CW planners,

- 45% have been trained in all three-core planning courses;
- 57% have completed Civil Works Project Development Process,
- 56% have completed Planning Essentials, and
- 49% have completed Plan Formulation and Evaluation Capstone.

Between FY 2021 and FY 2022 the number of planners certified as USACE Water Resources Certified Planners increased from 97 planners to 104 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 268 planners are certified to conduct internal technical reviews, termed Agency Technical Review (ATR) – 67 economists, 29 cultural resource specialists, 84 plan formulators, and 105 environmental specialists. Some planners are certified to conduct ATR for multiple areas of expertise (e.g., ATR-certified for plan formulation and environmental). These 268 planners hold a total of 497 separate and distinct ATR certifications.

**Table 1. Planning Modernization**

	FY 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
Planners trained in Core Curriculum Courses	62%	60%	58%	80%	45%
Percent of planners achieving certification under the USACE Water Resources Certified Planner Program	9%	10%	10%	20%	9%

**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 have not been physically completed by the start of the applicable fiscal year, or 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 2022.

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 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
Percent of Projects with Current Schedule in USACE project management system	91%	91%	91%	85%	99%
Percent of customers rating USACE-CW "High" on delivery of products and services	93%	93%	93%	93%	Note 1

Note 1: USACE is no longer administering this survey.

**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) Command Training Plans (CTP) 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-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.

## **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:** Tables 3 and 4 display measures that are performance indicators in determining progress in meeting this objective.

#### **Operation and Maintenance Measures for Flood Risk Management**

- Measure 2.1.b: Percent of Levee Safety Action Classifications complete. This measure tracks the percentage of Levee Safety Action Classifications (LSAC) that the Corps has completed. Levee systems are assigned a LSAC rating reflecting a risk assessment. The LSAC classification system is intended to provide consistent and systematic guidelines to inform the development of strategies to address levee safety issues. The five classes define distinctly different urgencies of action and related types of actions that are commensurate with the risks and consequences associated with the levee system. The LSACs are used by the USACE-CW and stakeholders to improve understanding of risk, communication, and quality of decisions. In addition, LSACs are used to establish priorities and develop solutions that effectively address the risks.

#### **Construction Measures for Flood Risk Management**

- Measure 2.1.c: 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 11 flood and storm damage reduction feasibility studies and two Director's Reports in FY 2022:

- Selma, AL
- Valley Creek, AL
- Miami Back Bay, FL

- Okaloosa Hurricane Storm Damage Reduction, FL
- Pinellas County, FL
- South Central Coast, LA
- Upper Barataria Basin, LA
- Papillion Creek, NE (General Reevaluation Report)
- Guanajibo River, PR
- Charleston Peninsula, SC
- Folly Beach, SC
- Lake Pontchartrain & Vicinity, LA (General Reevaluation Report) (Director's Report)
- West Bank & Vicinity, New Orleans, LA (General Reevaluation Report) (Director's Report)

FY 2022 regular annual appropriations were provided to initiate twelve new feasibility studies, two new watershed studies, and six new preconstruction engineering and design (PED) activities:

- La Posta Tribe Stormwater, CA (Tribal Partnership Program feasibility study)
- Lower San Joaquin (Lathrop & Manteca), CA
- Santa Paula Creek, CA
- Hartford & East Hartford, CT
- Central & Southern Florida (C&SF) Flood Resiliency (Section 216) Study, FL
- St. Augustine Back Bay, FL
- Boise River, Garden City, Ada County, ID
- Chicago Shoreline, IL (General Reevaluation Report (GRR))
- Kentucky River, Beattyville, KY
- Peavine Creek Stabilization, Pokagon Band – Potawatamie Tribe, MI (Tribal Partnership Program feasibility study)
- Waccamaw River, Horry Country, SC
- Watertown Flood Risk Management Feasibility Study, SD

- Great Lakes Coastal Resiliency Study, IL, IN, MI, MN, NY, OH, PA & WI (watershed study)
- Lower Rio Grande Valley Watershed Assessment, TX (watershed study)
- Lowell Creek (Tunnel) Flood Diversion, AK (PED)
- Little Colorado River, Winslow, AZ (PED)
- Northern California Streams, Lower Cache Creek, Yolo County, Woodland & Vicinity, CA (PED)
- Upper Des Plaines River Flooding & Restoration, IL (PED)
- Minnesota River Bank Stabilization, Lower Sioux Community, MN (Tribal Partnership Program PED)
- Big Sand Lake Shoreline Stabilization, WI (Tribal Partnership Program PED)

A portion of the funding was used to fund seven feasibility studies, two disposition studies, and four PED activities to completion, including:

- Murrieta Creek, CA (GRR)
- San Francisco Waterfront Storm Damage Reduction Study, CA
- Chicago Shoreline, IL (GRR)
- Minnesota River Bank Stabilization, Lower Sioux Community, MN (Tribal Partnership Program feasibility study)
- New Jersey Back Bays, NJ
- New York – New Jersey Harbor and Tributaries, NY & NJ
- City of El Paso, TX
- Los Angeles County Drainage Area (Channels), CA (disposition study)
- Optima Lake, OK (disposition study)
- Lowell Creek (Tunnel) Flood Diversion, AK (PED)
- Little Colorado River, Winslow, AZ- (PED)
- Upper Turkey Creek Basin Design, Merriam, KS (PED)
- Savan Gut Phase II, St. Thomas, VI (PED)

FY 2022 regular appropriations were also provided to continue one final assessment directed by section 403 of *Water Resources Development Act (WRDA)* of 2020 for studies done by non-federal interests under section 203 of WRDA 1986, as amended:

- Fort Pierce, St. Lucie County, FL

The following 22 feasibility studies, one validation study, and six PED activities to investigate means of reducing the risk from future floods and hurricanes were funded to initiate and complete or to complete using supplemental appropriations in FY 2022:

- San Diego County Shoreline (Oceanside) Mitigation, CA (Section 414)
- San Francisco Waterfront Storm Damage Reduction, CA
- South San Francisco Bay Shoreline, CA (Palo Alto)
- South San Francisco Bay Shoreline, CA (Sunnyvale)
- North and South Ponte Vedra, FL
- Chicago Shoreline, IL (GRR)
- Comite River Diversion, LA (GRR)
- Grand Isle and Vicinity, LA (GRR)
- Tangiapahoa Parish, LA
- West Shore, Lake Pontchartrain, LA (GRR)
- New Jersey Back Bays, NJ
- Rahway River Basin, NJ (Upper Basin)
- Raritan Bay and Sandy Hook Bay, Keansburg, East Keansburg and Laurence Harbor, NJ
- Raritan River Basin, Green Brook Sub-Basin, NJ (GRR)
- Sandy Hook to Barnegat Inlet, Sea Bright to Manasquan, NJ (GRR)
- Atlantic Coast of New York, South Shore of Long Island, NY
- New York – New Jersey Harbor and Tributaries, NY & NJ

- Westchester County Streams, Byram River, NY
- Middle Rio Grande Flood Protection, Bernalillo to Belen, NM
- City of El Paso, TX
- Virginia Beach and Vicinity Coastal Storm Risk Management, VA
- Kanawa River Basin, WV
- Pearl River, MS (validation study)
- Selma, AL (PED)
- Upper Barataria Basin, LA (PED)
- Peckman River Basin, NJ (PED)
- Rahway River Basin, NJ (Lower Basin) (PED)
- Raritan Bay and Sandy Hook Bay, Highlands, NJ (PED)
- Hashamomuck Cove, NY (PED)

Within the Dam Safety and Seepage/Stability Correction Program, \$38.1 million was provided to initiate or continue Dam Safety Modification Studies (DSMS) at Santa Ana River Basin (Prado Dam), CA; Garrison Dam (Lake Sakakawea), ND; Garrison Dam Snake Creek Embankment (Lake Audubon), ND; Keystone Dam, OK; Kinzua Dam, PA; and North Springfield Dam, VT; initiate or continue PED at Santa Ana River Basin (Prado Dam), CA; and Proctor Lake Dam, TX, as well as fund Issue Evaluation Studies to better understand risk for the USACE Dam Safety portfolio.

In FY 2022, \$39 million was provided for Planning Assistance to States and \$52 million was provided for Flood Plain Management Services (FPMS) – two programs focused on providing technical and planning assistance to communities to help them manage and reduce their flood risk.

217 FPMS technical assistance activities were initiated in support of State and local community flood risk and floodplain management priorities. 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 54 Silver Jackets teams in 50 states, the District of Columbia, Puerto Rico, and the territories of Guam and the U.S. Virgin Islands. This support 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 to reduce duplicative efforts and more efficiently respond to State and local community needs.

FY 2022 funds were also provided to continue the following studies:

- City of Boston Coastal Storm Risk Management, MA
- Bay Mills Shoreline Erosion, MI (Tribal Partnership Program feasibility study)
- Minnesota River Bank Stabilization, Upper Sioux Community, MN (Tribal Partnership Program feasibility study)
- Little Blue River Basin, Jackson County, MO
- Lower Missouri Basin – Brunswick L-246, MO
- Lower Missouri Basin – Holt County, MO & Doniphan County, KS
- Lower Missouri Basin – Jefferson City L-142, MO
- Shell Valley Aquifer Analysis, ND

### **Performance Results – Construction**

USACE physically completed the Alamogordo, NM flood and storm damage reduction project in FY 2022.

FY 2022 regular annual appropriations were provided to initiate construction on the following projects:

- San Clemente Shoreline, CA
- Great Egg Harbor Inlet to Townsend Inlet, NJ
- Townsends Inlet to Cape May Inlet, NJ

A portion of the funding was used to fund the following construction projects to completion:

- Santa Paula Creek, CA
- Whittier Narrows, CA (Dam Safety)
- Wood River Levee, Deficiency Correction and Reconstruction, IL
- Missouri River Levee System, Units L455 & R460-471, MO & KS
- Pipestem Lake, ND
- Great Egg Harbor Inlet to Townsend Inlet, NJ

The following construction projects were funded to initiate, continue, or complete using supplemental appropriations in FY 2022:

- Alaska Coastal Erosion, AK – Barrow
- Chena River Lakes, AK (Moose Creek Dam)
- Kenai River Bluff Erosion, AK
- Lowell Creek Flood Diversion, Seward, AK
- Red-Ouachita River Basin Levees, AR & LA
- Little Colorado River (Winslow), AZ
- Pajaro River at Watsonville, CA
- San Joaquin River Basin, Lower San Joaquin, CA

- San Diego County Shoreline (Encinitas-Solana), CA
- Adams and Denver Counties, CO
- Fairfield and New Haven Counties (Flooding), CT
- Washington, DC and Vicinity, DC
- Delaware Bay Coastline, Roosevelt Inlet to Lewes Beach, DE
- Delaware Coast, Bethany Beach to South Bethany Beach, DE
- Duval County, FL
- Pinellas County, FL (Long Key)
- Pinellas County, FL (Treasure Island)
- Iao Stream Flood Control, Maui, HI
- Upper Turkey Creek, KS
- New Orleans to Venice, LA (Hurricane Protection)
- Southeast Louisiana, LA
- Southwest Coastal Louisiana Hurricane Protection, LA
- Mississippi Coastal Improvement Program (MSCIP) Hancock, Harrison and Jackson Counties, MS
- Fargo, ND – Moorhead, MN Metro
- Souris River Basin, ND
- Cape May Inlet to Lower Township, NJ
- Manasquan Inlet to Barnegat Inlet, NJ
- Peckman River Basin, NJ
- Rahway River Basin (Tidal/Lower Basin), NJ
- Raritan Bay and Sandy Hook Bay, Highlands, NJ
- Raritan River Basin, Green Brook Sub-Basin, NJ
- Sandy Hook to Barnegat Inlet, Sea Bright to Manasquan, NJ
- WCS Mamaroneck / Sheldrake, NY
- Westchester County Streams (Byram River), NY
- Magnolia Levee, Bolivar Dam, OH
- Tulsa West Tulsa Levees, OK
- Wyoming Valley, PA (Levee Raising)

- Rio Culebrinas, PR
- Rio Grande de Manati, PR
- Central City, Upper Trinity, TX
- City of Norfolk, VA
- Savan Gut, Phase II, St. Thomas, VI
- Turpentine Run, St. Thomas, VI
- Howard Hanson Dam, WA

FY 2022 funds were also provided to continue construction on the following projects:

- American River Common Features, Natomas Basin, CA
- Murrieta Creek, CA
- San Joaquin River Basin, Lower San Joaquin, CA
- San Luis Rey River, CA
- Santa Ana River Mainstem, CA <sup>1/</sup>
- Santa Paula Creek, CA
- Surfside – Sunset – Newport Beach, CA
- West Sacramento, CA
- Delaware Coast Protection, DE
- Delaware Coast, Cape Henlopen to Fenwick Island, DE
- Delaware Coast, Rehoboth Beach to Dewey Beach, DE
- Fort Pierce Beach, FL
- McCook & Thornton Reservoirs, IL
- Indiana Shoreline Erosion, IN
- Kansas Citys, MO & KS (Fairfax Jersey Creek)
- Southwest Coastal Louisiana Hurricane Protection, LA
- Cumberland, MD and Ridgeley, WV
- Ecorse Creek, MI
- Monarch – Chesterfield, MO
- Carolina Beach and Vicinity, NC
- Delaware Bay Coastline, DE & NJ – Oakwood Beach, NJ
- Great Egg Harbor Inlet and Peck Beach, NJ

- Raritan River Basin, Green Brook Sub-Basin, NJ
- Fire Island Inlet to Montauk Point, NY
- Presque Isle Peninsula, PA (Permanent)
- Hunting Bayou, Houston, TX <sup>1/</sup>
- White Oak Bayou, TX <sup>1/</sup>
- Mount Saint Helens Sediment Control, WA

<sup>1/</sup>These projects received completion funds in the Bipartisan Budget Control Act (BBA) of 2018.

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 740 dams (including appurtenant structures) that USACE-CW owns. The USACE-CW completed dam safety studies and assessments on 69 of these dams in FY 2022. These studies and assessments led to a decision to lower the Dam Safety Action Classification (DSAC) rating of 36 dams, increase the DSAC rating of 8 dams, and leave unchanged the DSAC rating of 22 dams. The Corps also assigned DSAC ratings to 3 previously unrated Corps dams and or appurtenant structures this year. 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.



*(Photo courtesy of the U.S. Army Corps of Engineers)*



**Table 3a. Summary of Dam Portfolio Risk Assessment Studies Completed in FY 2022**

Dam Name	Project Name	State	New DSAC	Former DSAC	DSAC Change
Maxwell Lock and Dam	Maxwell Lock and Dam, PA	PA	5	4	Lower DSAC Priority
Mosquito Creek Dam	Mosquito Creek Dam, OH	OH	4	3	Lower DSAC Priority
Little Chute Lock and Dam	Little Chute Lock and Dam, WI	WI	5	2	Lower DSAC Priority
Whitney Point Dam	Whitney Point Dam, NY	NY	5	3	Lower DSAC Priority
East Sidney Dam	East Sidney Dam, NY	NY	5	4	Lower DSAC Priority
West Hill Dam and Dikes A, B, C, and D	West Hill Dam and Dikes A, B, C, and D, MA	MA	5	4	Lower DSAC Priority
Green River Lock and Dam 1	Green River Lock and Dam 1, KY	KY	5	4	Lower DSAC Priority
Copan Dam, Caney Levee	Copan Dam, Caney Levee, OK	OK	5	3	Lower DSAC Priority
Bayou Bodcau Dam	Bayou Bodcau Dam, LA	LA	5	3	Lower DSAC Priority
Grenada Dam	Grenada Dam, MS	MS	4	3	Lower DSAC Priority
Hillsdale Dam	Hillsdale Dam, KS	KS	5	4	Lower DSAC Priority
Nimrod Dam	Nimrod Dam, AR	AR	5	4	Lower DSAC Priority
Caesar Creek Lake Dam, Dikes A and B	Caesar Creek Lake Dam, Dikes A and B, OH	OH	4	5	Higher DSAC Priority
Caesar Creek Lake Dam,	Caesar Creek Lake Dam, OH	OH	3	4	Higher DSAC Priority
Glover Wilkins Lock and Dam	Glover Wilkins Lock and Dam, MS	MS	5	3	Lower DSAC Priority
Okatibbee Dam	Okatibbee Dam, MS	MS	5	4	Lower DSAC Priority
J.E. Roush Dam, Star of Hope	JE Roush Dam, Star of Hope, IN	IN	5	4	Lower DSAC Priority
Salomonie Lake Dam, Lancaster Levee and Dike	Salomonie Lake Dam, Lancaster Levee and Dike	IN	5	4	Lower DSAC Priority
Hildebrand Lock and Dam	Hildebrand Lock and Dam, WV	WV	5	3	Lower DSAC Priority
Caddo Dam	Caddo Dam, LA	LA	5	4	Lower DSAC Priority
Mississippi River Lock & Dam 11	Mississippi River Lock & Dam 11, IA	IA	5	2	Lower DSAC Priority
Little River Closure Dam	Little River Closure Dam, LA	LA	5	3	Lower DSAC Priority
Starved Rock Lock and Dam	Starved Rock Lock and Dam, IL	IL	4	3	Lower DSAC Priority
Prompton Dam	Prompton Dam, PA	PA	4	3	Lower DSAC Priority
Allegheny Lock and Dam 5	Allegheny Lock and Dam 5, PA	PA	5	3	Lower DSAC Priority
Allegheny Lock and Dam 6	Allegheny Lock and Dam 6, PA	PA	5	3	Lower DSAC Priority
Allegheny Lock and Dam 8	Allegheny Lock and Dam 8, PA	PA	5	3	Lower DSAC Priority
Allegheny Lock and Dam 9	Allegheny Lock and Dam 9, PA	PA	5	3	Lower DSAC Priority
Delaware Dam, Waldo Levee	Delaware Dam, Waldo Levee, OH	OH	5	3	Lower DSAC Priority
Lockport Lock & Dam	Lockport Lock & Dam, IL	IL	5	2	Lower DSAC Priority
Sutton Dam	Sutton Dam, WV (IES)	WV	4	3	Lower DSAC Priority
Mississippi River Lock & Dam 9	Mississippi River Lock & Dam 9, WI	WI	5	3	Lower DSAC Priority
Mississippi River Lock & Dam 3	Mississippi River Lock & Dam 3, MN	MN	5	2	Lower DSAC Priority
Prado Dam, California Institute for Women Dike	Santa Ana River Basin (Prado Dam, California Institute for Women Dike), CA (IES)	CA	5	N/A	Initial Classification
Prado Dam, Corona National Housing Dike	Santa Ana River Basin (Prado Dam, Corona National Housing Dike), CA (IES)	CA	5	4	Lower DSAC Priority
Stockton Dam	Stockton Dam, MO (Reallocation Study)	MO	4	3	Lower DSAC Priority
John Rankin Lock & Dam	John Rankin Lock & Dam, MS	MS	5	4	Lower DSAC Priority
Conemaugh Dam	Conemaugh Dam, PA	PA	3	4	Higher DSAC Priority
Painted Rock Dam & Saddle Dike	Painted Rock Dam & Saddle Dike, AZ	AZ	1	3	Higher DSAC Priority
Copan Dam	Copan Dam, OK	OK	3	4	Higher DSAC Priority
Carr Creek Sediment Dams 1, 2, 3	Carr Creek Sediment Dams 1, 2, 3, KY	KY	5	3	Lower DSAC Priority
Chatfield Dam	Chatfield Dam, CO	CO	2	4	Higher DSAC Priority
John Redmond Dam	John Redmond Dam, KS	KS	3	4	Higher DSAC Priority
Webber Falls Lock and Dam	Webber Falls Lock and Dam, OK	OK	3	4	Higher DSAC Priority
Olmsted Lock and Dam	Olmsted Lock and Dam, IL	IL	4	N/A	Initial Classification
Grenada Dam, Coffeerville Levee	Grenada Dam, Coffeerville Levee	MS	5	N/A	Initial Classification
Prado Dam, Sewage Treatment Plant Dike	Santa Ana River Basin (Prado Dam, Sewage Treatment Plant Dike), CA (IES)	CA	5	4	Lower DSAC Priority
Bowman-Haley Dam	Bowman-Haley Dam, ND	ND	4	4	No Change
Fort Randall Dam	Fort Randall Dam, SD	SD	3	3	No Change
Rend Dam	Rend Dam, IL	IL	4	4	No Change
Blue Mountain Dam	Blue Mountain Dam, AR	AR	4	4	No Change
Ozarks Lock and Dam	Ozarks Lock and Dam, AR	AR	4	4	No Change
Town Bluff Dam	Town Bluff Dam, TX	TX	4	4	No Change
Wister Dam	Wister Dam, OK	OK	3	3	No Change
Waurika Dam	Waurika Dam, OK	OK	4	4	No Change
Melvorn Dam	Melvorn Dam, KS	KS	4	4	No Change
Wappapello Dam	Wappapello Dam, MO (IES)	MO	3	3	No Change
Wappapello Dam, Saddle Dikes 1 and 3	Wappapello Dam, Saddle Dikes 1 and 3, MO (IES)	MO	3	3	No Change

Dam Name	Project Name	State	New DSAC	Former DSAC	DSAC Change
Wappapello Dam, Saddle Dike 2	Wappapello Main Dam, Saddle Dike 2, MO (IES)	MO	4	4	No Change
Spring Gulch Dam	Spring Gulch Dam, CO	CO	4	4	No Change
Lower Granite Lock and Dam	Lower Granite Lock and Dam, WA	WA	3	3	No Change
San Antonio Dam	San Antonio Dam, CA	CA	4	4	No Change
Hansen Dam	Hansen Dam, CA	CA	3	3	No Change
Northfield Brook Dam	Northfield Brook Dam, CT	CT	4	4	No Change
Almond Dam	Almond Dam, NY	NY	4	4	No Change
Arkabutla Dam	Arkabutla Dam, MS (IES)	MS	3	3	No Change
North Fork of Pound Dam	North Fork of Pound Dam, VA	VA	4	4	No Change
Hopkinton Dam	Hopkinton Dam, NH	NH	4	4	No Change
John Redmond Dam - Hartford Levee	John Redmond Dam - Hartford Levee, KS	KS	4	4	No Change

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

	FY 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
Number of dam safety action classifications revised to lower priority	28	35	11	10	57

**Performance Results – Operation and Maintenance**

In a large watershed, the systematic and coordinated operation of a series of projects can help reduce flood risks, by informing decisions on the release of more water before the flood or on holding water back during the flood. For example, the USACE-CW was able successfully to operate multiple projects in this manner in the Missouri River and the Mississippi River watersheds when these watersheds experienced flooding in FY 2022.

The FY 2022 FRM program funded the operation and maintenance of 353 projects with flood storage, including those funded in the Mississippi River and Tributaries account, to support their flood risk management purpose.

In FY 2022, the USACE-CW completed five higher-level risk assessments of locally owned levee systems and initiated five other higher-level risk assessments of locally owned levee systems. These assessments provide additional information on system performance risks, inform development of potential interim risk reduction measures and/or long-term risk management measures, where appropriate, and help to support public awareness of the risks associated with these locally owned levee systems. In FY 2022, the Corps also completed 51 levee screenings with 37 of those on USACE-CW owned levees.

In FY 2021, USACE-CW finished levee screenings for all levee segments subject to this process (Table 4). As such, FY 2022 marks the first year in which routine levee safety activities began the process of periodically reassessing risks on levee systems. The 37 levee screenings on USACE-CW owned levees were completed as part of this process.

The number of levee segments in the levee systems that USACE-CW reviews is changing as information is updated. The number of these levee segments is now 2,844 segments, down from the 3,165 reported in FY 2021. For example, when the Corps reevaluates a levee system, it may determine that a segment previously thought to be an integral component of the levee system is in fact not critical to the functionality of that levee system. This is an ongoing process, and the number of such segments could fluctuate further, as projects are reevaluated and updated periodically.

**Table 4. Flood Risk Management – Operation and Maintenance**

	FY 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
Percentage of Levee Safety Action Classifications (LSAC) Completed with MSC approval	100%	90%	100%	100%	100%
Percentage of Levee Safety Action Classifications (LSAC) Completed with HQ Levee Safety Officer approval	73%	80%	100%	100%	100%

**EMERGENCY MANAGEMENT**

Although the work of USACE-CW in disaster preparedness and response largely involves assisting communities before and during floods and coastal storms, the Corps also uses these capabilities, when requested by FEMA, to help as part of the Federal response to a broad range of natural disasters and national emergencies.

**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 primary measures listed in Table 5 assist in determining progress toward meeting the USACE-CW emergency management objectives. Indicators are explained below.

- 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 (i.e. - Federal Emergency Management Agency (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 2022, the USACE-CW responded to 23 events, with over 1,500 personnel deployed or engaged. The Corps spent over \$10 million of its FCCE funding on response activities during these events, which included 10 named storms of which 3 were hurricanes; catastrophic wildfires in California, monsoonal rain events in New Mexico and Arizona; as well as spring flooding in several river basins. In addition, FEMA provided the Corps roughly \$140 million for mission assigned tasks as part of the overall Federal response in some of these events.



(USACE photo by Army Staff Sgt. Eric Jones)



**Table 5. Emergency Management**

	FY 2019	FY 2020	FY 2021	FY 2022	
				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	90%	100%	100%	85%	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)	52	53	54	50	54

Note 1: This measure is considered completed.

**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 6 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 2022 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 studies in FY 2022:

- Port of Long Beach Navigation Improvements, CA
- Brunswick Harbor, GA
- New York and New Jersey Harbor Deepening Channel Improvements, NY & NJ
- Tacoma Harbor, WA

FY 2022 regular annual appropriations were provided to initiate five new feasibility studies, two new disposition studies and two new PED activities:

- Tennessee Tombigbee and Black Warrior and Tombigbee Rivers Deepening Study, AL & MS
- Honolulu Harbor Modification Feasibility Study, HI
- Menominee River Deepening, MI & WI
- Little Narragansett Bay, RI
- Columbia River Turning Basin Navigation Improvements, WA & OR
- Altamaha River, Oconee River and Ocmulgee Rivers, Bellville Point Harbor, Darien Harbor, Fancy Bluff Creek, Sapelo Harbor, Satilla River and St. Marys River Waterways, MI (disposition study)
- Port Royal Harbor, SC (disposition study)

- Elim Subsistence Harbor, AK (PED)
- New York and New Jersey Harbor Anchorages, NY & NJ (PED)

FY 2022 regular appropriations were provided to initiate three final assessments directed by section 403 of Water Resources Development Act (WRDA) of 2020 for studies done by non-federal interests under section 203 of WRDA 1986, as amended:

- Houma Navigation Canal, LA
- Port Fourchon Belle Pass Channel, LA
- Wilmington Harbor Navigation Improvements, NC

FY 2022 regular appropriations were provided to fund three feasibility studies, one validation study, one disposition study, and three PED activities to completion:

- Akutan Harbor Navigation Improvements, AK (Tribal Partnership Program feasibility study)
- Honolulu Harbor Modification Feasibility Study, HI
- Inner Harbor Navigation Canal Lock Replacement, LA (GRR)
- Port of Iberia, LA (validation study)
- Altamaha River, Oconee River and Ocmulgee Rivers, Bellville Point Harbor, Darien Harbor, Fancy Bluff Creek, Sapelo Harbor, Satilla River and St. Marys River Waterways, MI (disposition study)
- Craig Harbor, AK (PED)
- Elim Subsistence Harbor, AK (PED)
- GIWW – Brazos River Floodgates & Colorado River Locks, TX (PED)

The following three feasibility studies and three PED activities were funded to initiate and complete or to complete using supplemental appropriations in FY 2022:

- Miami Harbor Improvements, FL
- Tampa Harbor, FL (GRR)



- Honolulu Harbor Modification (Basin and Channel), Oahu, HI
- Elim Subsistence Harbor, AK (PED)
- Port of Long Beach Navigation Improvements, CA (PED)
- Delaware River, Philadelphia to the Sea, NJ, PA & DE (PED)

In addition, the projects below were funded to continue two feasibility studies and one disposition study using regular appropriations:

- Atka Navigation Improvements, AK (Tribal Partnership Program feasibility study)
- Lower Missouri River Basin, KS, MO & IA
- Lower St. Anthony Falls, Mississippi River, MN (disposition study)

### Performance Results – Construction

USACE did not physically and fiscally complete any navigation construction projects in FY 2022.

FY 2022 regular annual appropriations were provided on inland waterways to:

- (1) Complete construction and physically and fiscally close out the Atlantic Intercoastal Waterway (AIWW), Bridges at Deep Creek, Chesapeake, VA and Willamette River at Willamette Falls, OR (Disposition Preparation) projects;
- (2) Continue construction of the J Bennett Johnston Waterway, LA; Upper Miss River – Illinois Waterway System, IL, IA, MN, MO, & WI (NESP); and Upper Ohio Navigation, PA projects; and
- (3) Initiate construction on the McClellan-Kerr Arkansas River Navigation System, Three Rivers, AR project.

FY 2022 regular annual appropriations were provided on coastal navigation projects to:

- (1) Complete and fiscally close out the Columbia River at the Mouth, OR & WA project;

- (2) Continue construction of the Savannah Harbor Expansion, GA; Sault Sainte Marie (Replacement Lock), MI; and Freeport Harbor, TX projects;
- (3) Initiate construction of the Norfolk Harbor and Channels, VA project;
- (4) Complete construction of confined disposal facilities for the Savannah Harbor Expansion, GA project;
- (5) Complete construction of two dredged material disposal facilities: Calumet Harbor and River, IL & IN and Indiana Harbor, Confined Disposal Facility, IN;
- (6) Continue construction of two dredged material disposal facilities: Calcasieu River and Pass, LA; and Wilmington Harbor, NC projects;
- (7) Mitigate for sand losses at the Surfside – Sunset – Newport Beach, CA and Fort Pierce Beach, FL projects.

FY 2022 regular appropriations were provided for two Section 1122 of WRDA 2016 Beneficial Use of Dredged Material Pilot Programs:

- (1) San Francisco, CA project (to complete strategic placement of dredged materials adjacent to a tidal wetland)
- (2) Haleiwa, HI project (to complete PED)

FY 2022 supplemental appropriations were provided on inland waterways to:

- (1) Initiate construction of the Arkansas River Navigation Study, AR & OK (MKARNS 12-FT Deepening);
- (2) Physically complete and fiscally close out the McClellan-Kerr Arkansas River Navigation System, Three Rivers, AR; TJ O'Brien Lock and Dam, Illinois Waterway (Major Rehabilitation), IL; Kentucky Lock and Dam, Tennessee River, KY projects;
- (3) Complete design and construction of Lock and Dam 25 lock replacement on the

Upper Mississippi River – Illinois Waterway System, IL, IA, MN, MO & WI project;

- (4) Physically complete the Montgomery Lock and Dam work on the Upper Ohio, Allegheny and Beaver Counties, PA project; and
- (5) Initiate and complete design and physically complete construction of the Emsworth Lock and Dam on the Upper Ohio, Allegheny and Beaver Counties, PA project.

FY 2022 supplemental appropriations were provided on coastal navigation projects to:

- (1) Initiate, physically complete and fiscally close out the New Haven Harbor Deepening, CT; San Juan Harbor Improvement, PR; Brazos Island Harbor, TX; and Galveston Harbor Channel Extension, Houston – Galveston Navigation Channels, TX projects;
- (2) Physically complete and fiscally close out the St. Marys River, Soo Locks (Major Rehabilitation) MI; Sault Sainte Marie (Replacement Lock), MI; and Norfolk Harbor and Channels, VA (Deepening) projects;
- (3) Initiate and complete the West Causeway Extension of the Alaska Regional Ports (Port of Nome Modification), AK project;
- (4) Initiate and complete the Barbour’s Cut Channel (segment 3) of the Houston Ship Channel, TX project; and

- (5) Fully fund environmental monitoring of the Savannah Harbor Expansion, GA project.

### **Performance Results – Operation and Maintenance**

The Operation and Maintenance (O&M) and the Mississippi River and Tributaries 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 continues to improve. 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 continued to trend downward since FY 2010. However, some of the lock closures that do occur can result in substantial delays to shippers, carriers, and users, and are a factor in the cost of shipping commodities on these waterways.



*(USACE photo by Stephen Baack)*

**Table 6.** Navigation – Operation and Maintenance

		FY 2019	FY 2020	FY 2021	FY 2022	
					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	29	34	38	<30	26
	Measure 3.1.b: The number of instances where mechanically driven failure at locks results in delays of more than one week	15	16	18	<20	15

**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 7.

- 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**

The USACE completed the following feasibility study in FY 2022:

- Three Forks of Beargrass Creek, KY

FY 2022 regular annual appropriations were provided to initiate eight feasibility studies, one disposition study and six PED activities;

- Rio Salado Oeste, Salt River, AZ (GRR)
- Cahuilla Hot Springs Restoration, CA (Tribal Partnership Program feasibility study)
- Imperial Streams Salton Sea, CA
- Yurok Blue Creek Restoration, CA (Tribal Partnership Program feasibility study)
- Pottery Mounds Cultural Preservation, NM (Tribal Partnership Program feasibility study)
- Pueblo of Santa Ana – Ancestral Village Cultural Preservation, NM (Tribal Partnership Program feasibility study)
- Spring Creek South, Jamaica Bay (Howard Beach), Queens, NY
- Little Goose Creek, Sheridan, WY
- Estelline Springs Experimental Project, TX (disposition study)
- Clear Creek Ecosystem Restoration, CA (Tribal Partnership Program PED)
- Adams and Denver Counties, South Platte River, CO (PED)
- Hudson – Raritan Estuary Ecosystem Restoration, NY & NJ (PED)





- Willamette River, OR (PED)
- Lower Brule Ecosystem Restoration Northeast, SD (Tribal Partnership Program PED)
- Westside Creeks Ecosystem Restoration, San Antonio, TX (PED)

FY 2022 funds were used to fund the completion of three feasibility studies and seven PED activities.

- Imperial Streams Salton Sea, CA
- IL River 519 Fox River Dams Restoration, IL
- Spring Creek South, Jamaica Bay (Howard Beach), Queens, NY
- Los Angeles River Ecosystem Restoration, CA (PED)
- Adams and Denver Counties, South Platte River, CO (PED)
- Brandon Road Lock and Dam, Aquatic Nuisance Control Species Barrier, IL (Great Lakes and Mississippi River Interbasin Study) (PED)
- Hudson – Raritan Estuary Ecosystem Restoration, NY & NJ (PED)
- Cano Martin Pena Ecosystem Restoration, PR (PED)
- Jefferson County Shore Protection, TX (PED)
- Westside Creeks Ecosystem Restoration, San Antonio, TX (PED)

The following two feasibility studies and one PED activity were funded to initiate and complete or to complete using supplemental appropriations in FY 2022:

- Imperial Streams Salton Sea, CA
- Spring Creek South Jamaica Bay (Howard Beach), Queens, NY
- Espanola Valley, Rio Grande and Tributaries, NM (PED)

FY 2022 funds were also provided to continue five feasibility studies and one PED activity:

- Claiborne and Millers Ferry Locks and Dams (Fish Passage), Lower Alabama River, AL
- Half Moon Cover, Passamaquoddy, ME (Tribal Partnership Program feasibility study)
- Red Lake River Fish Passage and Marsh Restoration, MN (Tribal Partnership Program feasibility study)
- Hatchie/Loosahatchie, Mississippi River Mile 775-736 Habitat Restoration, TN & AR
- Otter Creek Watershed Wetland Restoration, WI (Tribal Partnership Program feasibility study)
- Arkansas River Corridor, OK (PED)

### Performance Results – Construction

USACE did not physically or fiscally complete any aquatic ecosystem restoration projects in FY 2022.

FY 2022 regular annual appropriations were provided to initiate construction on the following projects:

- Tres Rios, AZ
- Anacostia Watershed Restoration, Prince George's County, MD

FY 2022 funds were also provided to physically complete and fiscally close out the following projects:

- Anacostia Watershed Restoration, Prince George's County, MD
- Sand Creek Watershed, Saunders County, NE

FY 2022 funds were also provided to continue work on the following programs and projects:

- Hamilton Airfield Wetlands Restoration, CA
- South Florida Ecosystem Restoration, FL
- Missouri River Fish and Wildlife Recovery, IA, KS MO, MT, NE, ND & SD (Biological Opinion)

- Great Lakes Fisheries and Ecosystem Restoration, IL, IN, MN, OH & PA
- Upper Mississippi River Restoration, IL, IA, MN, MO & WI
- Louisiana Coastal Area Ecosystem Restoration, LA
- Assateague, MD
- Chesapeake Bay Environmental Restoration and Protection, MD, VA & PA
- Chesapeake Bay Oyster Recovery, MD & VA
- Poplar Island, MD
- Columbia River Fish Mitigation, WA, OR & ID (Biological Opinion)
- Mud Mountain Dam, WA
- Puget Sound and Adjacent Waters Restoration, WA

FY 2022 supplemental appropriations were provided to initiate construction on the following projects:

- Los Angeles River Ecosystem Restoration, CA
- Brandon Road Lock and Dam, Aquatic Nuisance Species Barrier, IL
- Eastern Shore, Mid Chesapeake Bay Island, MD
- Hudson-Raritan Estuary, NY & NJ (HRE-Stoney Creek Marsh Island)
- Espanola Valley, Rio Grande and Tributaries, NM
- Westside Creeks Ecosystem Restoration, San Antonio, TX

FY 2022 supplemental funds were also provided to physically complete and fiscally close out the following projects:

- Hudson-Raritan Estuary, NY & NJ (HRE-Stoney Creek Marsh Island)
- Cano Martin Pena Ecosystem Restoration, PR
- Westside Creeks Ecosystem Restoration, San Antonio, TX
- Espanola Valley, Rio Grande and Tributaries, NM

FY 2022 supplemental funds were also provided to continue work on the following programs and projects:

- South Florida Ecosystem Restoration, FL
- Upper Mississippi River – Illinois Waterway System, IL, IA, MN, MO, & WI
- Columbia River Fish Mitigation, WA, OR & ID

Within the South Florida Ecosystem Restoration Program, there was continued significant progress on projects in accordance with the Integrated Delivery Schedule including construction completion of the Indian River Lagoon – South, Canal -44 Reservoir and Stormwater Treatment area, continued clearing and plugging of roads and canals and construction of the Southwest Protection features that will facilitate full hydrologic restoration of the Picayune Strand Restoration Project; and continued construction on the South Phase and Everglades Agricultural Area (EAA) Phase of the Central Everglades Planning Project (CEPP). Meeting the requirements of biological opinions affecting various projects on the Columbia River system and the Missouri River continues to be a priority. Beneficial use of dredged material projects at Assateague Island and Polar Island – capitalized on the periodic dredging of navigation channels. Continued restoration of Chesapeake Bay through the environmental restoration and oyster recovery projects.

**Table 7. Aquatic Ecosystem Restoration**

	FY 2019	FY 2020 <sup>2</sup>	FY 2021	FY 2022	
				Target	Actual
Acres of habitat restored, created, improved, or protected (annual) <sup>1</sup>	108,362	2,210	115,657	27,120	31,907

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).

Note 2: In FY 2020, restoration efforts in both the Puget Sound and Everglades were delayed by COVID-19 and high water.

**REGULATORY**

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

**Performance Indicators:** Table 8 displays the measure that is a performance indicator in determining progress in meeting this objective.

- Measure 4.2: Percent of general permit decisions reached within 60 days.

**Performance Results**

The Regulatory Program reviewed approximately 60,000 actions and 20,000 jurisdictional determinations in FY 2022. The majority of the 42,400 issued/verified permits (94%) were evaluated using streamlined general permit processes, where 75% were verified in 60 days or less.

The target for general permit application decisions made within 60 days is 85% and in FY 2022, the national percentage was 75%. 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 decisions made in 120 days or less from the receipt of a complete application is 70% and in FY 2021, the national percentage was 49%. 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, based on sound science, legally defensible, and transparent. 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 8. Regulatory**

	FY 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
Percentage of general permit application decisions made within 60 days	81%	80%	85%	85%	75%
Percentage of individual permit application decisions made within 120 days of receipt of a complete application	58%	57%	70%	70%	49%

## ENVIRONMENTAL REMEDIATION (FORMERLY UTILIZED SITES REMEDIAL ACTION PROGRAM)

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

**Performance Indicators:** The performance measure listed in Table 9 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 2022, 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. Two Record of Decisions were signed for the Middlesex Municipal Landfill, New Jersey and for the Balance of Plant Operable Unit (Niagara Falls Storage Site), Lewiston, New York.

Approximately 108,600 cubic yards of contaminated material were removed. Of this amount, 36,300 cubic yards was from the Luckey Site. Seventy (468 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 9.** Formerly Used Sites Remedial Action Program

	FY 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
Number of individual properties returned to beneficial use	60	54	83	50	70

## 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 10.

- 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.

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.

### Performance Results

The number of master plans updated in accordance with current regulations continues to increase. The master plans enable the USACE-CW to adequately plan for and adjust to increasing pressures by rising population growth and land use demands. These plans inform important land use decisions and protections.

**Table 10. Environmental Stewardship**

	FY 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
Percent of USACE-CW fee-owned and/or administered lands and waters that have achieved desired natural resource conditions	89%	89%	89%	86%	Note 1

Note 1: Final data will not be available until January 2023 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 11 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 11. Recreation**

	FY 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
PSA Compliance with facility condition standards	87%	88%	89%	96%	90%
PSA Compliance with efficiency standards	68%	68%	68%	75%	69%
PSA compliance with health and safety standards	57%	58%	59%	63%	60%

Note 1: FY 2022 actual is estimated performance. Final data will not be available until January 2023 after field submittal and quality assurance is complete.

**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 12 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)/Gross Square Feet (GSF)). 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 gross square feet (GSF) with a target of 20% reduction relative to FY 2007 and annual incremental reductions thereafter.

**Performance Results**

At the end of FY 2021, USACE-CW did not meet the federal petroleum reduction goal of 20%. USACE-CW saw a 30.8% decrease in petroleum fuel relative to the FY 2005 baseline. Petroleum fuel consumption was the same in FY 2021 and FY 2020. Official FY 2022 data for this measure will not be available until January 31, 2023.

At the end of FY 2021, USACE reported a 36.5% reduction relative to the FY 2003 baseline. USACE lost ground in FY 2021 by giving up 3.1% in gains from FY 2020; however, FY 2020 was anomalous year due to COVID-19 shutdowns. Official FY 2022 data for this measure will not be available until January 31, 2023.

At the end of FY 2021, USACE decreased water consumption by 1.6% from FY 2020 while maintaining a net reduction of 17.7% relative to the FY 2007 baseline. USACE continues to encourage water line and water valve replacement to meet the target reduction. Official FY 2022 data for this measure will not be available until January 31, 2023.

**Table 12.** Sustainability and Energy

	FY 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
Percent Reduction in Non-tactical Vehicle (NTV) Petroleum Use	22.3%	-15.4%	30.8%	20%	Note 1
Percent reduction in Goal Subject Facility Energy Intensity	35%	39.6%	36.5%	30%	
Percent reduction of potable water in USACE facilities	13%	16.4%	17.7%	20%	

Note 1: Data for FY 2022 will not be available until January 2023.

**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 2022, the USACE continued an enterprise-wide collection of minimum required maintenance data that will allow the development of the baseline Preventive Maintenance reporting. FY 2022 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 13 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 2022 annual appropriations were used to accomplish critical routine operation and maintenance 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 13.

During FY 2022 the USACE-CW signed 29 new sub-agreements and modified 17 existing sub-agreements resulting in an additional \$231 million for non-routine work at USACE-CW power plants outside of the Pacific Northwest.

Compared to the previous year, there was a 1% increase in the amount of time hydropower generating units were available to produce power during peak demand periods. This increase resulted from a decrease in scheduled equipment outage time. The target for peak availability was 87%, and this target was not met. The industry standard for peak availability is 95%. The forced outage rate was unchanged from the previous year.

**Table 13.** Hydropower

	FY 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
Peak unit availability (percentage of time generating units are available during periods of peak demand)	87%	85%	84%	87%	85%
Percentage of time units are out of service due to unplanned outages	7%	7%	6%	3%	6%

## 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 14.

- 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 10.6 million acre-feet of specifically authorized Municipal and Industrial water supply storage to users that have contracted for that storage. The cost

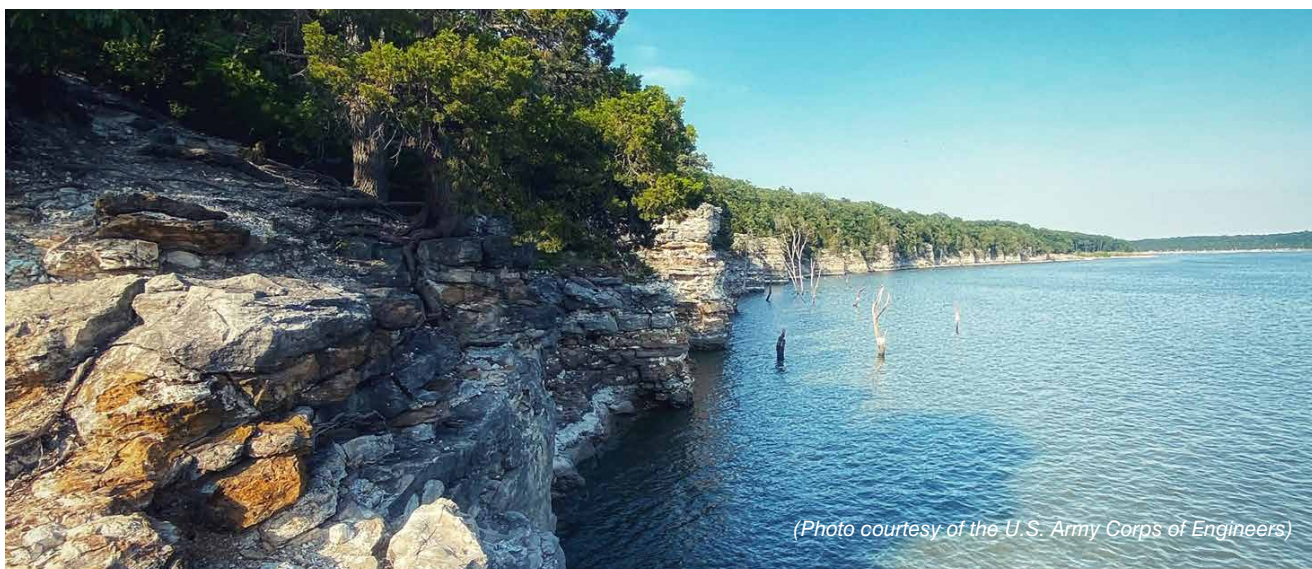


associated with the storage, including the cost to operate and maintain the storage, are returned as revenues to the United States Treasury according to the terms of contracts. Over the last ten years, an average of \$67 million per year has been returned.

FY 2022 funds were provided to continue the operation and maintenance of the water supply functions at multi-purpose USACE-CW projects and for continuation of one reallocation study at Laurel River Lake, KY. FY 2022 funds were used to provide direction, review and training for a new water supply business line data database that became operational in February 2022 and incorporates quality control lessons learned as a result of GAO Report 17-500, *Better Data Needed on Water Storage Pricing*.

**Table 14.** Water Storage for Water Supply

	FY 2019	FY 2020	FY 2021	FY 2022	
				Target	Actual
Percentage of available acre-feet under contract	96%	96%	96%	96%	96%
Percentage of investment costs recovered	59%	60%	69%	69%	69%



*(Photo courtesy of the U.S. Army Corps of Engineers)*

## 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, and hydropower plants with generating units. While USACE-CW constructed much of this infrastructure in the first half of the twentieth century, we have rehabilitated many of the component systems of this water resource infrastructure since then, with emphasis on 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 by, or on behalf of, the Corps of Engineers.

## **FLOOD RISK MANAGEMENT**

The Flood Risk Management business line helps communities to reduce their flood risk, which 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 2,000 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.

## **NAVIGATION**

The USACE-CW is working to maintain the reliability of our principal inland waterways and coastal ports. Many of the locks and dams on the 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 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.

## **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.



## ANALYSIS OF FINANCIAL STATEMENTS

USACE-CW prepares annual financial statements in conformity with Generally Accepted Accounting Principles 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 subject to an independent audit to provide reasonable assurance they are free from material misstatements. USACE-CW management is responsible for the integrity and objectivity of the financial information presented in these financial statements.

The USACE-CW Consolidated Balance Sheets, Consolidated Statements of Net Cost, Consolidated Statements of Changes in Net Position, and Combined Statements 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 and significant fluctuations from FY 2021 to FY 2022. The charts presented in this analysis are “in millions” unless otherwise noted.

### Consolidated Balance Sheets

The USACE-CW Consolidated Balance Sheets present 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 Comparison as of September 30, 2022, and 2021. Total assets amounted to \$101,781 million in FY 2022 and \$82,332 million in FY 2021, a 23.62% increase. USACE received funds totaling \$20.7 billion from Public Law 117-58, the Bi-Partisan Infrastructure Law, and from Public Law 117-43, the *Disaster Relief Supplemental Appropriations Act*.

**Figure 3. Assets Comparison**

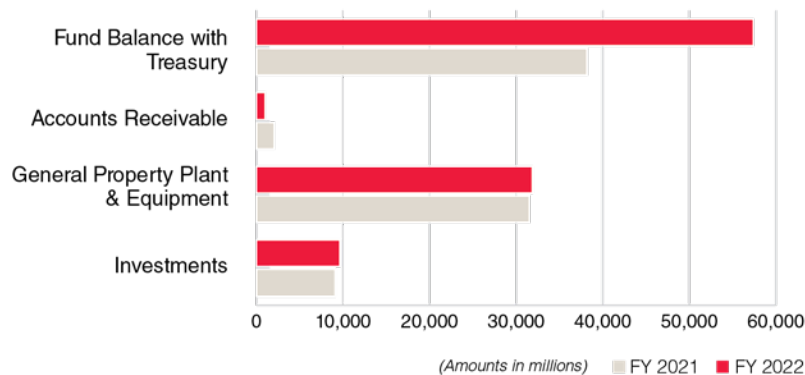
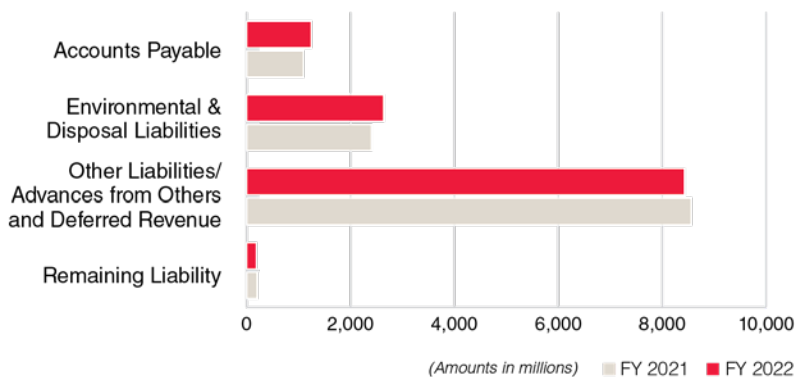


Figure 4 shows the USACE-CW Liabilities Comparison as of September 30, 2022, and 2021. Total liabilities amounted to \$12,502 million in FY 2022 and \$12,275 million in FY 2021, a 1.85% increase. Environmental and Disposal Liabilities increased \$231.1 million or 9.60% due to an increase in Formerly Utilized Sites Remedial Action Program (FUSRAP) and USACE Pollution Control & Abatement.





**Figure 4. Liabilities Comparison**



### Consolidated Statements 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 Consolidated Statements of Net Cost include gross costs totaling \$12,935 million in FY 2022 and \$12,963 million in FY 2021 and earned revenue amounting to \$3,458 million in FY 2022 and \$3,778 million in FY 2021. Both elements are comprised of intra-governmental and public costs. Total net cost of operations increased by \$291 million, or 3.17%, which is attributed to the factor below.

Total Earned Revenue decreased by \$319.8 million or 8.46%. The decrease in earned revenue is attributed to USACE receiving less unfilled customer orders (UCOs) in FY 2022 compared to the prior year. The primary reason for the decrease in UCOs was due to a reduction in obligations with the Customs and Border Protection for the construction of the border barrier systems.

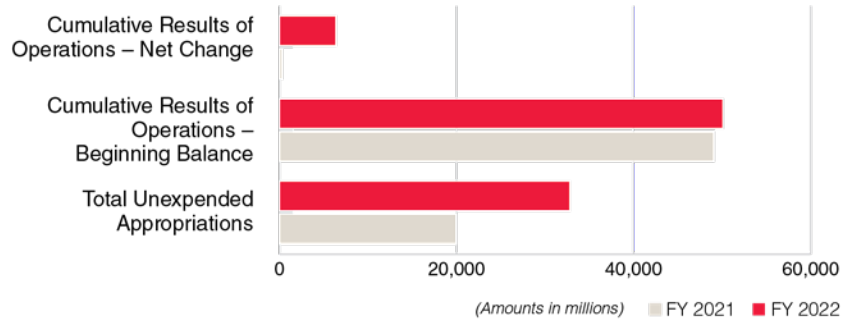
### Consolidated Statements of Changes in Net Position

The Consolidated Statements 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 2022 and FY 2021. Total net position amounted to \$89,279 million in FY 2022 and \$70,057 million in FY 2021, a 27.44% increase. The increase in total net position is attributed to the increase in appropriations received (\$20.7 billion) during 1st and 2nd Quarters of FY 2022. USACE received funds totaling \$20.7 billion from Public Law 117-58, the Bi-Partisan Infrastructure Law, and from Public Law 117-43, the *Disaster Relief Supplemental Appropriations Act*.



**Figure 5. Net Position**

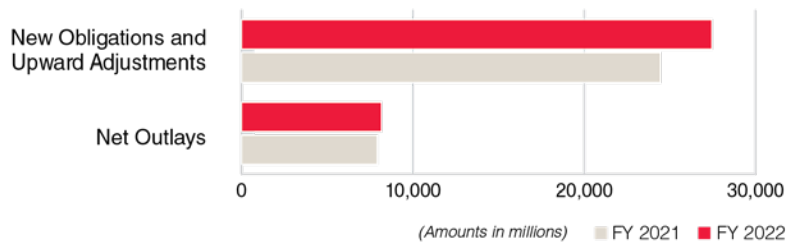


### Combined Statements of Budgetary Resources

The Combined Statements of Budgetary Resources provide information on the budgetary resources that were made available to the USACE-CW as of September 30, 2022, and 2021, 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 a comparison of new obligations and upward adjustments and net outlays in FY 2022 and FY 2021. New obligations and upward adjustments amounted to \$27,458 million as of September 30, 2022, and \$24,461 million as of September 30, 2021, a 12.25% increase. Net outlays amounted to \$8,177 million of September 30, 2022, and \$7,927 million as of September 30, 2021, a 3.16% increase. The increase in new obligations and upward adjustments is attributed to the increase in appropriations received (\$20.7 billion) during 1st and 2nd Quarters, FY 2022. USACE-CW received funds totaling \$20.7 billion from Public Law 117-58, the Infrastructure Investment and Jobs Appropriations Act and from Public Law 117-43, the *Disaster Relief Supplemental Appropriations Act*.

**Figure 6. Budgetary Resources**





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## STATEMENT OF ASSURANCE

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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, 2022.

USACE Civil Works 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 Civil Works can provide reasonable assurance that its internal control over financial reporting as of September 30, 2022 was operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

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, 2022.

**EDWARD E. BELK JR., P.E.**  
*Director, Civil Works*

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## ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

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### **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 2022 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:

- Upgraded the Oracle database server to the Oracle 19c in FY 2021
- Upgraded Oracle WebLogic application server and Oracle Forms and Reports to 12.2.1.3 in FY 2021
- Upgraded to Oracle Business Intelligence Enterprise Edition version 12.2.1.4 in FY 2022

- Upgraded to Oracle APEX version 21.2 in FY 2022
- Continues to monitor, install, and test quarterly Information Assurance Vulnerability Alert (IAVA) updates to all component software
- Completes a Continuity of Operations Plan (COOP) test 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 triennial Assessment and Authorization of the application in accordance with the Risk Management Framework

## **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 2022 did not identify any material weaknesses as of or after September 30, 2022.

## **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 provide 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 fourteen 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 Improper Payments Information Act (IPIA), 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 2022 *Improper Payments Elimination and Recovery Improvement Act* (IPERIA) compliance, the USACE-CW Program is not susceptible to significant improper payments.



### Summary

Although USACE-CW has no material weaknesses to report as a result of the above internal control evaluations, management remains committed to addressing the significant deficiencies identified as a result 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 as a result of the independent audits of Civil Works financial statements from FY 2018 through FY 2022:

Fiscal Year End	Number of Material Weaknesses	Number of Significant Deficiencies	Number of Legal Requirements Not in Compliance
2018	2	1	2
2019	2	1	2
2020	2	1	2
2021	2	1	2
2022	2	1	2



### **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, 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.

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US Army Corps of Engineers – Civil Works  
**Consolidated Balance Sheets**

As of September 30, 2022 and 2021

(in thousands)

	2022	2021
<b>ASSETS (Note 2)</b>		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 57,390,547	\$ 38,197,147
Investments, Net (Note 4)	9,635,486	9,493,956
Accounts Receivable, Net (Note 5)	735,598	767,494
Total Intragovernmental	\$ 67,761,631	\$ 48,458,597
Other Than Intragovernmental:		
Cash and Other Monetary Assets	305	421
Accounts Receivable, Net (Note 5)	2,038,374	2,054,380
Inventory and Related Property, Net (Note 6)	50,886	41,377
General Property, Plant and Equipment, Net (Note 7)	31,866,041	31,741,504
Advances and Prepayments	64,061	35,903
Total Other Than Intragovernmental	34,019,667	33,873,585
<b>TOTAL ASSETS</b>	<b>\$ 101,781,298</b>	<b>\$ 82,332,182</b>
<b>Stewardship PP&amp;E (Note 8)</b>		
<b>LIABILITIES (Note 9)</b>		
Intragovernmental:		
Accounts Payable	\$ 119,473	\$ 96,653
Advances from Others and Deferred Revenue	2,383,118	2,593,885
Other Liabilities (Notes 11 and 13)	2,560,572	2,564,975
Total Intragovernmental	\$ 5,063,163	\$ 5,255,513
Other Than Intragovernmental:		
Accounts Payable	1,125,713	1,002,360
Federal Employee and Veteran Benefits Payable (Note 9)	188,363	207,129
Environmental and Disposal Liabilities (Note 10)	2,637,676	2,406,600
Advances from Others and Deferred Revenue	2,991,634	2,821,243
Other Liabilities (Notes 11 and 13)	495,910	582,458
Total Other Than Intragovernmental	7,439,296	7,019,790
<b>TOTAL LIABILITIES</b>	<b>\$ 12,502,459</b>	<b>\$ 12,275,303</b>
<b>Commitments and Contingencies (Note 13)</b>		
<b>NET POSITION</b>		
Unexpended Appropriations - Funds from Dedicated Collections (Note 14)	\$ -	\$ -
Unexpended Appropriations - Funds from Other than Dedicated Collections	32,799,057	19,952,373
Total Unexpended Appropriations (Consolidated)	32,799,057	19,952,373
Cumulative Results of Operations - Funds from Dedicated Collections (Note 14)	31,776,078	29,443,738
Cumulative Results of Operations - Funds from Other than Dedicated Collections	24,703,704	20,660,768
Total Cumulative Results of Operations (Consolidated)	56,479,782	50,104,506
<b>TOTAL NET POSITION</b>	<b>\$ 89,278,839</b>	<b>\$ 70,056,879</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 101,781,298</b>	<b>\$ 82,332,182</b>

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 years ended September 30, 2022 and 2021*

*(in thousands)*

	2022		2021
<b>Program Costs</b>			
Gross Costs (Note 15)	\$ 12,934,538	\$	12,963,262
(Less: Earned Revenue)	(3,457,933)		(3,777,687)
<b>Net Cost of Operations</b>	\$ 9,476,605	\$	9,185,575

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

**Consolidated Statement of Changes in Net Position**

For the year ended September 30, 2022

*(in thousands)*

	Funds from Dedicated Collections (Note 14)	Funds from Other than Dedicated Collections	Eliminations	Consolidated Total
<b>UNEXPENDED APPROPRIATIONS</b>				
Beginning Balance	\$ -	\$ 19,952,373	\$ -	\$ 19,952,373
Appropriations received	-	26,000,594	-	26,000,594
Other adjustments	-	(935)	-	(935)
Appropriations used	-	(13,152,975)	-	(13,152,975)
Net Change in Unexpended Appropriations	-	12,846,684	-	12,846,684
<b>Total Unexpended Appropriations</b>	-	32,799,057	-	32,799,057
<b>CUMULATIVE RESULTS OF OPERATIONS</b>				
Beginning Balance	\$ 29,443,651	\$ 20,660,768	\$ -	\$ 50,104,419
Appropriations used	-	13,152,975	-	13,152,975
Nonexchange revenue	2,156,226	(19,783)	-	2,136,443
Transfers-in/out without reimbursement	48,746	163,586	-	212,332
Donations and forfeitures of property	-	58	-	58
Imputed financing	1,967	278,795	-	280,762
Other	92,376	(22,978)	-	69,398
Net Cost of Operations	(33,112)	9,509,717	-	9,476,605
Net Change in Cumulative Results of Operations	2,332,427	4,042,936	-	6,375,363
<b>Total Cumulative Results of Operations</b>	31,776,078	24,703,704	-	56,479,782
<b>Net Position</b>	\$ 31,776,078	\$ 57,502,761	\$ -	\$ 89,278,839

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

**Consolidated Statement of Changes in Net Position**

For the year ended September 30, 2021

*(in thousands)*

	Funds from Dedicated Collections (Note 14)	Funds from Other than Dedicated Collections	Eliminations	Consolidated Total
<b>UNEXPENDED APPROPRIATIONS</b>				
Beginning Balance	\$ -	\$ 20,853,660	\$ -	\$ 20,853,660
Appropriations received	-	6,243,286	-	6,243,286
Other adjustments	-	(2,099)	-	(2,099)
Appropriations used	-	(7,142,474)	-	(7,142,474)
Net Change in Unexpended Appropriations	-	(901,287)	-	(901,287)
<b>Total Unexpended Appropriations</b>	-	19,952,373	-	19,952,373
<b>CUMULATIVE RESULTS OF OPERATIONS</b>				
Beginning Balance	\$ 27,411,468	\$ 22,360,592	\$ -	\$ 49,772,060
Appropriations used	-	7,142,474	-	7,142,474
Nonexchange revenue	1,738,038	23,859	-	1,761,897
Transfers-in/out without reimbursement	53,007	169,614	-	222,621
Donations and forfeitures of property	-	167	-	167
Imputed financing	7,402	319,933	-	327,335
Other	85,338	(21,811)	-	63,527
Net Cost of Operations	(148,485)	9,334,060	-	9,185,575
Net Change in Cumulative Results of Operations	2,032,270	(1,699,824)	-	332,446
<b>Total Cumulative Results of Operations</b>	29,443,738	20,660,768	-	50,104,506
<b>Net Position</b>	\$ 29,443,738	\$ 40,613,141	\$ -	\$ 70,056,879

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 years ended September 30, 2022 and 2021

(in thousands)

	2022	2021
<b>Budgetary Resources</b>		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 30,603,741	\$ 33,444,623
Appropriations (discretionary and mandatory)	29,882,579	8,654,625
Spending Authority from offsetting collections (discretionary and mandatory)	14,528,462	10,939,590
<b>Total Budgetary Resources</b>	<b>\$ 75,014,782</b>	<b>\$ 53,038,838</b>
<b>Status of Budgetary Resources:</b>		
New obligations and upward adjustments (total)	\$ 27,458,304	\$ 24,461,232
Unobligated balance, end of year		
Apportioned, unexpired accounts	47,501,558	28,536,503
Exempt from Apportionment, unexpired accounts	45,635	36,325
Unapportioned, unexpired accounts	145	173
Unexpired unobligated balance, end of year	47,547,338	28,573,001
Expired unobligated balance, end of year	9,140	4,605
Unobligated balance, end of year (total)	47,556,478	28,577,606
<b>Total Budgetary Resources</b>	<b>\$ 75,014,782</b>	<b>\$ 53,038,838</b>
<b>Outlays, Net:</b>		
Outlays, net (total) (discretionary and mandatory)	9,641,600	9,295,044
Distributed offsetting receipts (-)	(1,464,728)	(1,368,502)
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b>\$ 8,176,872</b>	<b>\$ 7,926,542</b>

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

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## NOTES TO THE FINANCIAL STATEMENTS

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### 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 - Civil Works Program (USACE) includes water resource development activities, including flood risk management, navigation, recreation, and infrastructure and environmental stewardship. 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 books and records of USACE in accordance with the U.S. generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget (OMB) Circular Number (No.) A-136, *Financial Reporting Requirements*. The accompanying financial statements account for all Civil Works resources for which USACE is responsible.

Accounting standards require all reporting entities to disclose that 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 of the 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 has presented comparative financial statements for the Consolidated Balance Sheet, Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, and Combined Statement of Budgetary Resources, in accordance with OMB financial statement reporting guidelines.

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

The presentation of the Balance Sheet has changed for line items "Accounts Payable" and "Other Liabilities" in the Intragovernmental section in accordance with the Treasury Financial Manual (TFM). This change does not affect totals for assets, liabilities, or net position. The presentation of the fiscal year (FY) 2021 Balance Sheet was modified to be consistent with the FY 2022 presentation.

Note 14, *Funds from Dedicated Collections*, also reflects a change in the Balance Sheet section of the note. "Advances from Others and Deferred Revenue" is now shown on a separate line item, rather than reporting in the "Other Liabilities" line. OMB Circular A-136 also directs specific line items on Note 14 should support line items with the same title in financial reports, as well as the note being presented on a combined and consolidated basis utilizing a new column, "Eliminations between Dedicated Collections".

## 1.C. Fund Types

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, land lease proceeds, fines and penalties that are deposited in the U.S. Treasury.

*A summary of USACE funds follows:*

### General Funds

096X3112	Mississippi River and Tributaries	096X3128	Washington Aqueduct Capital Improvements
096X3121	Investigations	096X3130	Formerly Utilized Sites Remedial Action Program
096X3122	Construction	096X3132	Office of Assistant Secretary of the Army
096X3123	Operation and Maintenance	096 3132	Office of Assistant Secretary of the Army (fiscal year)
096 3123	Operation and Maintenance (fiscal year)	096X3139	Water Infrastructure Finance and Innovation Program Account
096X3124	Expenses	096 3139	Water Infrastructure Finance and Innovation Program Account (fiscal year)
096 3124	Expenses (fiscal year)		
096X3125	Flood Control and Coastal Emergencies		
096X3126	Regulatory Program		
096 3126	Regulatory Program (fiscal year)		

### Revolving Funds

096X4902 Revolving Fund

### Special Funds

096X5007	Special Recreation Use Fees	096X5090	Payments to States, Flood Control Act of 1954
096X5066	Hydraulic Mining in California, Debris		

096X5125	Maintenance and Operation of Dams and Other Improvements of Navigable Waters	096X5570	Interagency America the Beautiful Pass Revenues
096X5493	Fund for Nonfederal Use of Disposal Facilities	096X5607	Special Use Permit Fees

**Trust Funds**

096X8217	South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund	096X8861	Inland Waterways Trust Fund
096X8333	Coastal Wetlands Restoration Trust Fund	096X8863	Harbor Maintenance Trust Fund

**Trust Funds (Contributed)**

096X8862	Rivers and Harbors Contributed and Advance Funds
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**Deposit Funds**

096X6094	Advances from the District of Columbia	096X6501	Small Escrow Amounts
096X6500	Advances Without Orders from Non-Federal Sources	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	096R5007	Special Recreation Use Fees
096R1060	Forfeitures of Unclaimed Money and Property	096R5066	Hydraulic Mining in California
096R1099	Fines, Penalties, and Forfeitures, Not Otherwise Classified	096R5090	Receipts from Leases of Lands Acquired for Flood Control, Navigation, and Allied Purposes
096R1435	General Fund Proprietary Interest, Not Otherwise Classified	096R5125	Licenses under Federal Power Act, Improvements of Navigable Waters, Maintenance and Operation of Dams, etc.
096R3220	General Fund Proprietary Receipts, Not Otherwise Classified, All Other	096R5493	User Fees, Fund for Nonfederal Use of Disposal Facilities

**1.D. Financing Sources**

USACE receives Federal funding through the annual Energy and Water Development Appropriations Act. 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 receives its appropriations and funds as general, revolving, special, trust, and deposit funds. USACE uses these appropriations and funds to execute its mission and subsequently report on resource usage.

USACE received borrowing authority from the U.S. Treasury to finance capital improvements to the Washington Aqueduct.

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 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 No. 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.

During FY 2020, USACE received supplemental funds in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, 2020 (Public Law 116-136). These funds are used to continue operations of USACE projects, support remote access, teleworking, and leave requirements related to coronavirus prevention, preparation, and response. USACE did not receive any funds in FY 2021 or FY 2022 related to the CARES Act.

### *1.E. Use of Estimates*

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.F. 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.G. Accounting for Intragovernmental Activities*

USACE eliminates transactions within USACE in these consolidated financial statements. Accounting standards require that an entity eliminate intra-entity activity and balances from consolidated financial statements in order to prevent overstatement for business with itself.

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

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 U.S. Treasury does not allocate such costs to USACE.

In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 4, *Managerial Cost Accounting Concepts and Standards*, USACE recognizes imputed financing and cost for unreimbursed goods and services provided by others. These costs include interest during construction, Judgment Fund payments on behalf of USACE, and employee benefits.

## *1.H. Entity and Nonentity Assets*

The assets are categorized as entity or nonentity. 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. Nonentity assets consist of resources for which USACE maintains stewardship accountability and responsibility to report but are not available for USACE operations.

### *1.I. Funds with the U.S. Treasury*

USACE's monetary financial resources are maintained in U.S. 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 the U.S. Treasury, by appropriation, on interagency transfers, collections received, and disbursements issued. The U.S. Treasury records this information to the applicable Fund Balance with Treasury (FBwT) account. Differences between USACE's recorded balance in FBwT accounts and U.S. Treasury's FBwT accounts sometimes result and are subsequently reconciled on a monthly basis.

### *1.J. Investments*

USACE reports investments in U.S. 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, a provision is not 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.K. 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.

Technical Bulletin 2020-1: *Loss Allowance for Intragovernmental Receivables*, clarified existing standards regarding accounts receivable and related standards for reporting. This Bulletin states that recognition of losses applied to both Federal and public receivables, and therefore an estimated loss should be calculated for both.

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.L. Operating Materials and Supplies*

USACE operating materials and supplies are stated at historical cost under the moving average cost method and are adjusted for the results of physical inventories. Operating materials and supplies are expensed when consumed.

### *1.M. General Property, Plant and Equipment*

USACE General 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 \$25 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 \$500 thousand. 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 No. 6, *Accounting for Property, Plant and Equipment*, and SFFAS No. 23, *Eliminating the Category National Defense 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.N. Leases***

Lease payments for operating facilities are classified as operating leases. An operating lease does not substantially transfer all the benefits and risk of ownership. Payments for operating leases are charged to expense over the lease term as it becomes payable.

### ***1.O. Other Assets***

Other assets include travel advances that are not reported elsewhere on USACE's Balance Sheet.

### ***1.P. Accounts Payable***

Accounts payable are the amounts owed, but not yet paid, by USACE for goods and services received from other entities, progress in contract performance made by other entities, and rents due to other entities.

### ***1.Q. Due to Treasury – General Fund***

USACE reported an offsetting custodial liability for amounts Due to Treasury – General Fund for interest and accounts receivable which, when collected, will be deposited in the U.S. Treasury.

### ***1.R. Federal Employee and Veterans Benefits Payable***

The Federal Employees and Veterans Benefits Payable liability consists of the actuarial liability for Federal Employees Compensation Act 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 U.S. Treasury notes and bonds.

### ***1.S. Other Liabilities***

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.T. Commitments and Contingencies***

The SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, as amended by SFFAS No. 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.U. Environmental and Disposal Liabilities*

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.V. Liabilities Not Covered by Budgetary Resources*

Liabilities not covered by budgetary resources are those liabilities for which Congressional action is needed before budgetary resources can be provided.

### *1.W. 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.X. Allocation Transfers*

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 in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations and budget apportionments are derived. Exceptions to this general rule affecting USACE include certain U.S. 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 U.S. 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. The U.S. 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 received allocation transfers, as the child, from the Appalachian Regional Commission and Departments of Agriculture, Interior, Transportation, and Energy.



## Note 2. Nonentity Assets

As of September 30 (\$ in thousands)	2022	2021
<b>Intragovernmental Assets</b>		
Fund Balance with Treasury	\$ 29,506	\$ 23,924
<b>Total Intragovernmental Assets</b>	29,506	23,924
Cash and Other Monetary Assets	305	421
Accounts Receivable	1,965,619	1,980,397
<b>Total Nonentity Assets</b>	1,995,430	2,004,742
<b>Total Entity Assets</b>	99,785,868	80,327,440
<b>Total Assets</b>	\$ 101,781,298	\$ 82,332,182

Intragovernmental Nonentity 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.

Cash and Other Monetary Assets reflect the Disbursing Officer's accountability which is comprised of foreign currency. The Disbursing Officer acts as an agent for the U.S. Treasury.

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.K, *Accounts Receivable*, Note 5, *Accounts Receivable, Net*, and Note 11, *Due to Treasury – General Fund and Other Liabilities*, provide additional information related to long-term water storage agreements.

## Note 3. Fund Balance with Treasury

As of September 30 (\$ in thousands)	2022	2021
<b>Status of Fund Balance with Treasury</b>		
<b>Unobligated Balance</b>		
Available	\$ 47,547,193	\$ 28,572,828
Unavailable	8,721,701	9,614,741
<b>Total Unobligated Balance</b>	56,268,894	38,187,569
<b>Obligated Balance not yet Disbursed</b>	17,324,529	14,598,865
<b>Nonbudgetary FBwT</b>		
Clearing accounts	(30)	(476)
Non-entity and other	147,345	130,162
<b>Total Nonbudgetary FBwT</b>	147,315	129,686
<b>Non FBwT Budgetary Accounts</b>		
Investments-Treasury Securities	(9,589,899)	(9,445,563)
Unfilled Customer Order without Advance	(4,936,149)	(4,473,772)
Receivables and Other	(1,824,143)	(799,638)
<b>Total Non-FBwT Budgetary Accounts</b>	(16,350,191)	(14,718,973)
<b>Total FBwT</b>	\$ 57,390,547	\$ 38,197,147

The Status of Fund Balance with Treasury 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 unavailable balance consists primarily of funds invested in U.S. 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.

See Note 19, *COVID-19 Activity*, for COVID-19 related disclosures.

## Note 4. Investments

As of September 30 (\$ in thousands)	2022						
	Cost/Acquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Net Investments	Unrealized Gain/ (Loss)	Market Value
<b>Intragovernmental Investments</b>							
Nonmarketable, Par Value	\$ 1,494,288	Not Applicable	-	-	1,494,288	-	1,494,288
Nonmarketable, Market-Based	8,121,961	Effective Interest	9,814	9,423	8,141,198	-	8,085,423
<b>Total Intragovernmental Investments</b>	<b>\$ 9,616,249</b>		<b>9,814</b>	<b>9,423</b>	<b>9,635,486</b>	<b>-</b>	<b>9,579,711</b>

As of September 30 (\$ in thousands)	2021						
	Cost/Acquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Net Investments	Unrealized Gain/ (Loss)	Market Value
<b>Intragovernmental Investments</b>							
Nonmarketable, Par Value	\$ 1,357,008	Not Applicable	-	-	1,357,008	-	1,357,008
Nonmarketable, Market-Based	8,146,319	Effective Interest	(28,596)	19,225	8,136,948	-	8,122,103
<b>Total Intragovernmental Investments</b>	<b>\$ 9,503,327</b>		<b>(28,596)</b>	<b>19,225</b>	<b>9,493,956</b>	<b>-</b>	<b>9,479,111</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 U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to USACE as evidence of its receipts. Treasury securities are assets to USACE and liabilities to the U.S. Treasury. Because USACE and the U.S. 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. Government-wide financial statements.

Treasury securities provide USACE with authority to draw upon the U.S. Treasury 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 \$9.3 billion and \$9.2 billion for FY 2022 and FY 2021, respectively. Total net investments among the Inland Waterways Trust Fund are \$200 million for FY 2022 and FY 2021. Refer to Note 14, *Funds from Dedicated Collections*, for additional information about the trust funds.

The U.S. Treasury also provides the investment market value based on the bid price provided by the Federal Reserve Bank of New York on September 30, 2022 and September 30, 2021, respectively.

## Note 5. Accounts Receivable, Net

As of September 30 (\$ in thousands)	2022		
	Gross Amount Due	Allowance For Estimated Uncollectibles	Accounts Receivable, Net
Intragovernmental Receivables	\$ 736,290	(692)	735,598
Nonfederal Receivables (From the Public)	2,044,298	(5,924)	2,038,374
<b>Total Accounts Receivable</b>	<b>\$ 2,780,588</b>	<b>(6,616)</b>	<b>2,773,972</b>

As of September 30 (\$ in thousands)	2021		
	Gross Amount Due	Allowance For Estimated Uncollectibles	Accounts Receivable, Net
Intragovernmental Receivables	\$ 767,494	N/A	767,494
Nonfederal Receivables (From the Public)	2,058,738	(4,358)	2,054,380
<b>Total Accounts Receivable</b>	<b>\$ 2,826,232</b>	<b>(4,358)</b>	<b>2,821,874</b>

As of September 30, 2022 and 2021, Accounts Receivable Intragovernmental includes \$589.2 million and \$568.2 million, respectively, for amounts received from the Coastal Wetlands Restoration Trust Fund for projects in the New Orleans District.

As of September 30, 2022 and 2021, 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 U.S. Treasury effective rate at the time of the agreement.

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.K, *Accounts Receivable*, for additional details and disclosures.

## Note 6. Inventory and Related Property, Net

As of September 30 (\$ in thousands)	2022		2021	
Inventory, Net	\$	13,396	\$	121
Operating Material & Supplies, Net		37,490		41,256
<b>Total Inventory and Related Property, Net</b>	<b>\$</b>	<b>50,886</b>	<b>\$</b>	<b>41,377</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. The WIP inventory valuation method is based on a moving weighted average based on actual cost divided by quantity (Moving Average Cost or MAC). A perpetual record of inventory is maintained to allow for recomputation of the average unit cost as new receipts are recorded. There are no restrictions on the use, sale, or disposition of WIP inventory.

Operating materials and supplies, Net (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. USACE applies moving average cost flow assumptions to arrive at the historical cost of the ending OM&S and cost of goods consumed. There are no restrictions on the use of OM&S.

As of September 30, 2022 and 2021, there were no differences between the carrying amount and the net realizable value of OM&S.

## Note 7. General Property, Plant & Equipment, Net

As of September 30 (\$ in thousands)	2022				
	Depreciation/ Amortization Method	Service Life (yrs)	Acquisition Value	(Accumulated Depreciation/ Amortization)	Net Book Value
<b>Major Asset Classes</b>					
Land	N/A	N/A	\$ 9,136,219	\$ N/A	\$ 9,136,219
Buildings, Structures, and Facilities	S/L	20 - 100	40,303,043	(21,671,779)	18,631,264
Leasehold Improvements	S/L	Lease term	80,951	(65,962)	14,989
Software	S/L	5	152,664	(139,505)	13,159
General Equipment	S/L	5 - 50	2,452,613	(1,513,614)	938,999
Construction-in-Progress	N/A	N/A	3,126,563	N/A	3,126,563
Other	S/L	10 - 99	6,189	(1,341)	4,848
<b>Total General PP&amp;E</b>			<b>\$ 55,258,242</b>	<b>\$ (23,392,201)</b>	<b>\$ 31,866,041</b>

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

As of September 30 (\$ in thousands)	2021				
	Depreciation/ Amortization Method	Service Life (yrs)	Acquisition Value	(Accumulated Depreciation/ Amortization)	Net Book Value
<b>Major Asset Classes</b>					
Land	N/A	N/A	\$ 9,110,049	\$ N/A	\$ 9,110,049
Buildings, Structures, and Facilities	S/L	20 - 100	39,829,622	(20,992,806)	18,836,816
Leasehold Improvements	S/L	Lease term	81,091	(61,298)	19,793
Software	S/L	5	150,152	(136,216)	13,936
General Equipment	S/L	5 - 50	2,406,106	(1,444,267)	961,839
Construction-in-Progress	N/A	N/A	2,793,810	N/A	2,793,810
Other	S/L	10-99	6,189	(928)	5,261
<b>Total General PP&amp;E</b>			<b>\$ 54,377,019</b>	<b>\$ (22,635,515)</b>	<b>\$ 31,741,504</b>

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

As of September 30 (\$ in thousands)	2022	
	Net PP&E	
<b>General PP&amp;E, Net beginning of year</b>	\$	31,741,504
Capitalized Acquisitions		743,149
Dispositions		(4,372)
Revaluations		9,859
Depreciation Expense		(787,764)
Donations		58
Transfers in/out without reimbursement		163,607
<b>General PP&amp;E, Net end of year</b>	<b>\$</b>	<b>31,866,041</b>
<hr/>		
As of September 30 (\$ in thousands)	2021	
	Net PP&E	
<b>General PP&amp;E, Net beginning of year</b>	\$	31,653,492
Capitalized Acquisitions		643,343
Dispositions		(7,748)
Revaluations		15,934
Depreciation Expense		(733,136)
Transfers in/out without reimbursement		169,619
<b>General PP&amp;E, Net end of year</b>	<b>\$</b>	<b>31,741,504</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.

The "Other" assets represent in-service acquisition cost on property associated with habitat restoration and improvements.



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

There are no restrictions on the use or convertibility of General 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 General PP&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 General PP&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 398 heritage assets in this category which reflects a net increase of 4 buildings and structures from the prior fiscal yearend report. Additionally, USACE has 264 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 1,027 archaeological sites in this category which reflects a net increase of 26 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. USACE showed no change to the Museum Collection Items for FY 2022.

## Heritage Assets

	As of 10/1/20	Increase	Decrease	As of 9/30/21	Increase	Decrease	As of 9/30/22
Buildings and Structures	398	15	(19)	394	11	(7)	398
Archaeological Sites	1,038	32	(69)	1,001	26	-	1,027
Museum Collection Items	238	2	(3)	237	-	-	237

## Acquisition and Withdrawal of Heritage Assets

USACE had a net increase of 30 heritage assets during FY 2022 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)	2022	2021
<b>Intragovernmental Liabilities</b>		
Due to Treasury – General Fund	\$ 1,965,167	\$ 1,980,516
Other	544,970	540,794
<b>Total Intragovernmental Liabilities</b>	\$ 2,510,137	\$ 2,521,310
Federal Employee and Veterans' Benefits Payable	188,363	207,129
Environmental and Disposal Liabilities	2,637,676	2,406,600
Contingent Liabilities	196,105	189,835
Other Liabilities without Related Budgetary Obligations	33	-
	3,022,177	2,803,564
<b>Total Liabilities Not Covered by Budgetary Resources</b>	\$ 5,532,314	\$ 5,324,874
<b>Total Liabilities Covered by Budgetary Resources</b>	\$ 6,939,911	\$ 6,926,679
<b>Total Liabilities Not Requiring Budgetary Resources</b>	\$ 30,234	\$ 23,750
<b>Total Liabilities</b>	\$ 12,502,459	\$ 12,275,303

Intragovernmental Liabilities – Other includes Judgment Fund Liabilities – Contract Dispute Act (CDA) and Notification and Federal Anti-discrimination and Retaliation (NoFEAR) Act claims, as well as workmen’s compensation liabilities under the Federal

Employees Compensation Act (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, *Due to Treasury – General Fund and 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, *Due to Treasury – General Fund and 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)

	2022	2021
Formerly Utilized Sites Remedial Action Program (FUSRAP)	\$ 2,627,651	\$ 2,398,938
Other	10,025	7,662
<b>Total Environmental and Disposal Liabilities</b>	<b>\$ 2,637,676</b>	<b>\$ 2,406,600</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, 2022 and 2021 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 includes Asbestos-Related Cleanup Costs.

## Note 11. Due to Treasury – General Fund and Other Liabilities

As of September 30 (\$ in thousands)	2022		
	Current Liability	Noncurrent Liability	Total
<b>Intragovernmental</b>			
Due to Treasury – General Fund	\$ 27,097	\$ 1,937,765	\$ 1,964,862
Judgment Fund	513,458	-	513,458
Employer Contributions & Benefits	64,404	17,573	81,977
Deposit Funds and Suspense Account Liabilities	(30)	-	(30)
Disbursing Officer Cash	305	-	305
<b>Total Intragovernmental</b>	<b>\$ 605,234</b>	<b>\$ 1,955,338</b>	<b>\$ 2,560,572</b>
<b>Other than Intragovernmental</b>			
Accrued Funded Payroll and Benefits	\$ 165,128	\$ -	\$ 165,128
Deposit Funds and Suspense Accounts	30,264	-	30,264
Contract Holdbacks	104,380	-	104,380
Contingent Liabilities	196,105	-	196,105
Other Liabilities without Related Budgetary Obligations	33	-	33
<b>Total Other than Intragovernmental</b>	<b>\$ 495,910</b>	<b>\$ -</b>	<b>\$ 495,910</b>
<b>Total Other Liabilities</b>	<b>\$ 1,101,144</b>	<b>\$ 1,955,338</b>	<b>\$ 3,056,482</b>
<b>As of September 30</b> (\$ in thousands)	<b>2021</b>		
	Current Liability	Noncurrent Liability	Total
<b>Intragovernmental</b>			
Due to Treasury – General Fund	\$ 42,831	\$ 1,937,263	\$ 1,980,094
Judgment Fund	508,658	-	508,658
Employer Contributions & Benefits	58,758	17,520	76,278
Deposit Funds and Suspense Account Liabilities	(476)	-	(476)
Disbursing Officer Cash	421	-	421
<b>Total Intragovernmental</b>	<b>\$ 610,192</b>	<b>\$ 1,954,783</b>	<b>\$ 2,564,975</b>
<b>Other than Intragovernmental</b>			
Accrued Funded Payroll and Benefits	\$ 274,762	\$ -	\$ 274,762
Deposit Funds and Suspense Accounts	24,227	-	24,227
Contract Holdbacks	93,634	-	93,634
Contingent Liabilities	189,835	-	189,835
<b>Total Other than Intragovernmental</b>	<b>\$ 582,458</b>	<b>\$ -</b>	<b>\$ 582,458</b>
<b>Total Other Liabilities</b>	<b>\$ 1,192,650</b>	<b>\$ 1,954,783</b>	<b>\$ 3,147,433</b>



Intragovernmental – Due to Treasury – General Fund is the custodial liability held with U.S. Treasury for repayment of interest and accounts receivable which, when collected, will be deposited in the U.S. Treasury. USACE records a custodial 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.

## Note 12. Leases

As of September 30 (\$ in thousands)	2022 Asset Category			
	Land and Buildings	Other	Total Federal	Total Nonfederal
<b>USACE as Lessee</b>				
<b>Operating Leases</b>				
Future Payments Due for Non-Cancelable Operating Leases				
Fiscal Year				
2023	102,243	58	97,493	4,750
2024	108,711	55	105,488	3,223
2025	116,812	24	114,138	2,674
2026	125,335	12	123,497	1,838
2027	134,921	6	133,624	1,297
After 2027	855,896	4	851,587	4,309
<b>Total Future Lease Payments</b>	<b>\$ 1,443,918</b>	<b>\$ 159</b>	<b>\$ 1,425,827</b>	<b>\$ 18,091</b>

As of September 2022, USACE has various non-cancelable operating leases as the lessee, mainly for office space and storage facilities maintained by many USACE districts. Many of these leases contain clauses to reflect inflation and renewal options. USACE has no assets under capital lease.

As of September 30 (\$ in thousands)	2022 Asset Category		
	Easements	Total Federal	Total Nonfederal
<b>USACE as Lessor</b>			
<b>Operating Leases</b>			
Future Projected Receipts			
Fiscal Year			
2023	9,271	101	9,170
2024	7,809	101	7,708
2025	6,523	101	6,422
2026	5,493	-	5,493
2027	4,535	-	4,535
After 2027	20,082	-	20,082
<b>Total Future Projected Receipts for Operating Leases</b>	<b>\$ 53,713</b>	<b>\$ 303</b>	<b>\$ 53,410</b>

USACE also has a small volume of operating leases as the lessor for easements. Private companies and individuals lease easements from USACE to operate marinas, restaurants, and other businesses on USACE lands. USACE also permits a small number of federal entities to use its office spaces on a break-even basis.

## 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 U.S. Treasury Judgment Fund. USACE records contingent liabilities in Note 11, *Due to Treasury – General Fund and Other Liabilities*.

Within certain monetary threshold, 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. With the exception of CDA settlements disclosed in Note 11, *Due to Treasury – General Funds and Other Liabilities*, amounts that are paid by the Judgment Fund are recorded as expenses and imputed financing sources.

USACE has a total of 16 cases, as of September 30, 2022, above the materiality threshold of \$21.4 million. The USACE Office of the Chief Counsel has determined that 6 cases are probable, 9 cases are reasonably possible, and 1 case is remote.

### Probable Likelihood of an Adverse Outcome

USACE is subject to potential liabilities where adverse outcomes are probable and the estimated loss is approximately \$196.1 million to \$973.4 million and \$189.8 million to \$989.9 million as of September 30, 2022 and 2021, respectively. The 2022 lower range of loss was determined by adding the total amount of probable unfavorable outcome of \$173.1 million to the historical percentage payout of \$23 million for the under-threshold cases. The contingent liabilities were included in Note 11, *Due to Treasury – General Fund and Other Liabilities*.

### 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 \$9.7 billion and \$0 to \$9.3 billion as of September 30, 2022 and 2021, respectively.

### Hurricane Harvey-Related Claims and Litigation

Nearly 200 claims from almost 1500 plaintiffs have been filed in the U.S. Court of Federal Claims (COFC) relating to flooding in the aftermath of Hurricane Harvey. All of 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, with trial proceedings continuing through September 2022. The Addicks and Barker Flood-Control Reservoirs cases are listed as reasonably possible and are disclosed.

### 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

(\$ in thousands)

BALANCE SHEET As of September 30	FY 2022					
	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	\$ 175,493	\$ 2,447,788	\$ 169,138	\$ 2,792,419	\$ -	\$ 2,792,419
Investments, Net	9,516,352	-	-	9,516,352	-	9,516,352
Accounts Receivable, Net	1,650,359	-	6	1,650,365	(1,061,084)	589,281
Total Intragovernmental Assets	\$ 11,342,204	\$ 2,447,788	\$ 169,144	\$ 13,959,136	\$ (1,061,084)	\$ 12,898,052
Other than Intragovernmental:						
Accounts Receivable, Net	-	61,479	1,472	62,951	-	62,951
General property, plant, and equipment, net	123,376	218,171	1,099	342,646	-	342,646
Total Other than Intragovernmental	123,376	279,650	2,571	405,597	-	405,597
Total Assets	\$ 11,465,580	\$ 2,727,438	\$ 171,715	\$ 14,364,733	\$ (1,061,084)	\$ 13,303,649

(\$ in thousands)

**BALANCE SHEET**  
As of September 30

**LIABILITIES and NET POSITION**

	FY 2022					
	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)
Intragovernmental:						
Accounts Payable	\$ 2,122,698	\$ 107	\$ -	\$ 2,122,805	\$ (1,061,084)	\$ 1,061,721
Other Liabilities	6,000	12,931	-	18,931	-	18,931
Total Intragovernmental Liabilities	\$ 2,128,698	\$ 13,038	\$ -	\$ 2,141,736	\$ (1,061,084)	\$ 1,080,652
Other than Intragovernmental:						
Accounts Payable	\$ 152	\$ 41,443	\$ 1,222	\$ 42,817	\$ -	\$ 42,817
Advances from Others & Deferred Revenue	-	2,418,545	-	2,418,545	-	2,418,545
Other Liabilities	-	9,176	-	9,176	-	9,176
Total Other than Intragovernmental	\$ 152	\$ 2,469,164	\$ 1,222	\$ 2,470,538	\$ -	\$ 2,470,538
Total Liabilities	\$ 2,128,850	\$ 2,482,202	\$ 1,222	\$ 4,612,274	\$ (1,061,084)	\$ 3,551,190
Cumulative Results of Operations	\$ 9,336,730	\$ 245,236	\$ 170,493	\$ 9,752,459	\$ -	\$ 9,752,459*
Total Liabilities and Net Position	\$ 11,465,580	\$ 2,727,438	\$ 171,715	\$ 14,364,733	\$ (1,061,084)	\$ 13,303,649

**STATEMENT OF NET COST**

Year ended September 30

Program Costs	\$ 62,348	\$ 353,375	\$ 23,198	438,921	\$ (1)	\$ 438,920
Less: Earned Revenue	-	(472,033)	-	(472,033)	1	(472,032)
Net Program Costs	\$ 62,348	\$ (118,658)	\$ 23,198	\$ (33,112)	\$ -	\$ (33,112)
Net Cost of Operations	\$ 62,348	\$ (118,658)	\$ 23,198	\$ (33,112)	\$ -	\$ (33,112)

**STATEMENT OF CHANGES IN NET POSITION**

Year ended September 30

Cumulative Results of Operations:						
Beginning Balance	\$ 10,210,507	\$ 277,019	\$ 152,097	\$ 10,639,623	\$ -	\$ 10,639,623
Intragovernmental nonexchange revenue	2,093,573	-	13,681	2,107,254	-	2,107,254**
Other than Intragovernmental nonexchange revenue	-	-	4,194	4,194	-	4,194**
Transfers-in/out without reimbursement	(2,905,001)	(152,409)	(68,657)	(3,126,067)	-	(3,126,067)***
Imputed Financing	-	1,967	-	1,967	-	1,967
Other	-	-	92,376	92,376	-	92,376
Less: Net cost of operations	62,348	(118,658)	23,198	(33,112)	-	(33,112)
Net Change in Cumulative Results of Operations	(873,776)	(31,784)	18,396	(887,164)	-	(887,164)
Cumulative Results of Operations:						
Ending	9,336,731	245,235	170,493	9,752,459	-	9,752,459*
Net Position End of Period	\$ 9,336,731	\$ 245,235	\$ 170,493	\$ 9,752,459	\$ -	\$ 9,752,459*

(\$ in thousands)

**BALANCE SHEET**  
As of September 30

**ASSETS**

Intragovernmental:

	FY 2021					
	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)
Fund balance with Treasury Investments, Net	\$ 146,271	\$ 2,184,566	\$ 149,724	\$ 2,480,561	\$ -	\$ 2,480,561
Accounts Receivable, Net	9,376,857	-	-	9,376,857	-	9,376,857
Total Intragovernmental Assets	\$ 10,091,303	\$ 2,184,566	\$ 149,745	\$ 12,425,614	\$ -	\$ 12,425,614
Other than Intragovernmental:						
Accounts Receivable, Net	-	61,756	1,981	63,737	-	63,737
General property, plant, and equipment, net	125,345	252,464	744	378,553	-	378,553
Total Other than Intragovernmental	125,345	314,220	2,725	442,290	-	442,290
Total Assets	\$ 10,216,648	\$ 2,498,786	\$ 152,470	\$ 12,867,904	\$ -	\$ 12,867,904

**LIABILITIES and NET POSITION**

Intragovernmental:

Accounts Payable	\$ -	\$ 135	\$ 3	138	\$ -	\$ 138
Other Liabilities	6,000	12,931	-	18,931	-	18,931
Total Intragovernmental Liabilities	\$ 6,000	\$ 13,066	\$ 3	\$ 19,069	\$ -	\$ 19,069

(\$ in thousands)

**BALANCE SHEET**  
As of September 30

	FY 2021					
	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)
Other than Intragovernmental:						
Account Payable	\$ 141	\$ 42,750	\$ 253	\$ 43,144	\$ -	\$ 43,144
Advances from Others & Deferred Revenue	-	2,154,679	-	2,154,679	-	2,154,679
Other Liabilities	-	11,271	29	11,300	-	11,300
Total Other than Intragovernmental	\$ 141	\$ 2,208,700	\$ 282	\$ 2,209,123	\$ -	\$ 2,209,123
Total Liabilities	\$ 6,141	\$ 2,221,766	\$ 285	\$ 2,228,192	\$ -	\$ 2,228,192
Cumulative Results of Operations	\$ 10,210,507	\$ 277,020	\$ 152,185	\$ 10,639,712	\$ -	\$ 10,639,712*
Total Liabilities and Net Position	\$ 10,216,648	\$ 2,498,786	\$ 152,470	\$ 12,867,904	\$ -	\$ 12,867,904

**STATEMENT OF NET COST**

Year ended September 30

Program Costs	\$ 67,384	\$ 324,401	\$ 26,081	\$ 417,866	\$ (3)	\$ 417,863
Less: Earned Revenue	-	(519,851)	-	(519,851)	3	(519,848)
Net Program Costs	\$ 67,384	\$ (195,450)	\$ 26,081	\$ (101,985)	\$ -	\$ (101,985)
Net Cost of Operations	\$ 67,384	\$ (195,450)	\$ 26,081	\$ (101,985)	\$ -	\$ (101,985)

**STATEMENT OF CHANGES IN NET POSITION**

Year ended September 30

Cumulative Results of Operations:						
Beginning Balance	\$ 10,007,266	\$ 245,778	\$ 122,810	\$ 10,375,854	-	\$ 10,375,854
Intragovernmental nonexchange revenue	1,725,842	-	11,467	1,737,309	-	1,737,309
Other than Intragovernmental nonexchange revenue	-	-	729	729	-	729
Transfers-in/out without reimbursement	(1,455,217)	(171,611)	(42,079)	(1,668,907)	-	(1,668,907)***
Imputed Financing	-	7,402	-	7,402	-	7,402
Other	-	-	85,339	85,339	-	85,339
Less: Net Cost of Operations	67,384	(195,451)	26,081	(101,986)	-	(101,986)****
Net Change in Cumulative Results of Operations	203,241	31,242	29,375	263,858	-	263,858
Cumulative Results of Operations:						
Ending	10,210,507	277,019	152,185	10,639,711	-	10,639,711*
Net Position End of Period	\$ 10,210,507	\$ 277,019	\$ 152,185	\$ 10,639,711	\$ -	\$ 10,639,711*

**Other Disclosures**

USACE funds from dedicated collections are presented by fund type versus individual fund due to the volume of individual funds from dedicated collections based on SFFAS No. 27, *Identifying and Reporting Earmarked Funds* as amended by SFFAS No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*.

**Reconciliation of Combined Dedicated Collections and Other Funds to Consolidated Dedicated Collections and Other Funds**  
Period Ended September 30, 2022

(\$ in thousands)

**Consolidating Net Position**

	Combined*	Consolidated Eliminations	Consolidated
Unexpended Appropriations – Dedicated Collections	\$ -	\$ -	\$ -
Unexpended Appropriations – Other Funds	32,799,057	-	32,799,057
Cumulative Results of Operations – Dedicated Collections	9,752,459	22,023,619	31,776,078
Cumulative Results of Operations – Other Funds	46,727,323	(22,023,619)	24,703,704
<b>Total Net Position</b>	\$ 89,278,839	\$ -	\$ 89,278,839

**Reconciliation of Combined Dedicated Collections and Other Funds to Consolidated Dedicated Collections and Other Funds**  
*Period Ended September 30, 2021*

*(\$ in thousands)*

	Combined*	Consolidated Eliminations	Consolidated
<b>Consolidating Net Position</b>			
Unexpended Appropriations – Dedicated Collections	\$ -	\$ -	\$ -
Unexpended Appropriations – Other Funds	19,952,373	-	19,952,373
Cumulative Results of Operations – Dedicated Collections	10,639,711	18,804,027	29,443,738
Cumulative Results of Operations – Other Funds	39,464,795	(18,804,027)	20,660,768
<b>Total Net Position</b>	\$ 70,056,879	\$ -	\$ 70,056,879

The FY 2022 presentation has been updated in accordance with OMB Circular A-136 to reflect a combined and consolidated total for Dedicated Collections, which includes a new column, “Eliminations between Dedicated Collections”. In order to properly reflect eliminated intra-departmental activity within USACE, Eliminations between Dedicated Collections and Funds Other than Dedicated Collections exist. FY 2021 presentation has been updated as well.

The above tables illustrate the relationship from combined dedicated collections and other funds to consolidated dedicated collections and other funds. The consolidated eliminations shown above in FY 2022 and FY 2021, are \$22.0 million and \$18.8 million, respectively. These differences show the eliminated intra-departmental activity within USACE related to cumulative results of operations – dedicated collections and the cumulative results of operations – other funds.

**Reconciliation of Combined Dedicated Collections and Other Funds to Consolidated Dedicated Collections and Other Funds**  
*Period Ended September 30, 2022*

*(\$ in thousands)*

	Combined**	Consolidated Eliminations	Consolidated
<b>Consolidating Nonexchange Revenue</b>			
Nonexchange Revenue – Dedicated Collections	\$ 2,111,448	44,778	\$ 2,156,226
Nonexchange Revenue – Other Funds	24,995	(44,778)	(19,783)
<b>Total Nonexchange Revenue</b>	\$ 2,136,443	\$ -	\$ 2,136,443

The above table illustrates the relationship from combined dedicated collections and other funds to consolidated dedicated collections and other funds. These differences show the eliminated intra-departmental activity within USACE related to nonexchange revenue – dedicated collections and nonexchange revenue – other funds.

**Reconciliation of Combined Dedicated Collections and Other Funds to Consolidated Dedicated Collections and Other Funds**  
*Period Ended September 30, 2022*

*(\$ in thousands)*

	Combined***	Consolidated Eliminations	Consolidated
<b>Consolidating Transfers In/Out without Reimbursement</b>			
Transfers In/Out – Dedicated Collections	\$ (3,126,067)	\$ 3,174,813	\$ 48,746
Transfers In/Out – Other Funds	3,338,399	(3,174,813)	163,586
<b>Total Transfers In/Out</b>	\$ 212,332	\$ -	\$ 212,332

**Reconciliation of Combined Dedicated Collections and Other Funds to Consolidated Dedicated Collections and Other Funds**  
*Period Ended September 30, 2021*

*(\$ in thousands)*

	Combined***	Consolidated Eliminations	Consolidated
<b>Consolidating Transfers In/Out without Reimbursement</b>			
Transfers In/Out – Dedicated Collections	\$ (1,668,907)	\$ 1,721,914	\$ 53,007
Transfers In/Out – Other Funds	1,891,528	(1,721,914)	169,614
<b>Total Transfers In/Out</b>	\$ 222,621	\$ -	\$ 222,621

The above tables illustrate the relationship from combined dedicated collections and other funds to consolidated dedicated collections and other funds. These differences show the eliminated intra-departmental activity within USACE related to transfers in and out without reimbursement – dedicated collections and transfers in and out without reimbursement – other funds.



**Reconciliation of Combined Dedicated Collections and Other Funds to Consolidated Dedicated Collections and Other Funds**  
*Period Ended September 30, 2021*

(\$ in thousands)	Combined****	Consolidated Eliminations	Consolidated
<b>Consolidating Net Cost</b>			
Net Cost – Dedicated Collections	\$ (101,986)	(46,499)	\$ (148,485)
Net Cost – Other Funds	9,287,561	46,499	9,334,060
<b>Total Net Cost</b>	\$ 9,185,575	\$ -	\$ 9,185,575

The above table illustrates the relationship from combined dedicated collections and other funds to consolidated dedicated collections and other funds. These differences show the eliminated intra-departmental activity within USACE related to net cost of operations – dedicated collections and net cost of operations – other funds.

Total Net Position ending balance of FY 2021 does not equal FY 2022 beginning balance due to the decision that USACE would no longer report Appropriation 5005, Land and Water Conservation Fund. OMB and Treasury deemed it appropriate for this account to be reported by Department of Interior (DoI) during FY 2022. USACE communicates any balances for this appropriation with DoI to ensure it is included in the Government Wide Financial Statements.

*USACE has the following Funds from Dedicated Collections as of September 30, 2022 and 2021:*

**Maintenance 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 the U.S. 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.

**Contributed 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 U.S. 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

Year ended September 30 (\$ in thousands)	2022	2021
Gross Cost	\$ 12,934,538	\$ 12,963,262
Less: Earned Revenue	(3,457,933)	(3,777,687)
<b>Net Cost of Operations</b>	<b>\$ 9,476,605</b>	<b>\$ 9,185,575</b>

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.

The consolidated Statement of Net Cost (SNC) is unique because its principles are driven on understanding the net cost of programs and/or organizations that the Federal Government supports through appropriations or other means. The SNC represents the Civil Works Program for USACE.

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

See Note 19, *COVID-19 Activity*, for COVID-19 related disclosures.

## 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 \$3.9 billion during FY 2022 and \$2.4 billion during FY 2021 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 No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*. Refer to Note 17, *Disclosures Related to the Statement of Budgetary Resources*, for additional details.

### Reconciliation of Appropriations on the Statement of Budgetary Resources to Appropriations Received on the Statement of Changes in Net Position Period Ended September 30, 2022

(\$ in thousands)	2022	2021
Appropriations, Statement of Budgetary Resources (SBR)	\$29,882,579	\$8,654,625
Permanent and Temporary Reductions and Other Activity Related to Sequestration	(652)	(9,892)
Trust and Special Fund Activity	3,882,637	2,421,231
Total Reconciling Difference	3,881,985	2,411,339
<b>Appropriations Received, Statement of Changes in Net Position</b>	<b>\$26,000,594</b>	<b>\$6,243,286</b>

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

Year ended September 30 (\$ in thousands)	2022	2021
<b>Intragovernmental Budgetary Resources Obligated for Undelivered Orders:</b>		
Unpaid	1,347,191	1,192,136
Prepaid/Advanced	234	426
Total Intragovernmental	\$ 1,347,425	\$ 1,192,562
<b>Nonfederal Budgetary Resources Obligated for Undelivered Orders:</b>		
Unpaid	13,324,141	11,862,690
Prepaid/Advanced	64,061	35,903
Total Nonfederal	\$ 13,388,202	\$ 11,898,593
<b>Budgetary Resources Obligated for Undelivered Orders at the End of the Period</b>	<b>\$ 14,735,627</b>	<b>\$ 13,091,155</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.

There are differences between amounts reported on the SBR and the Report on Budget Execution (SF133) in FY 2022 and FY 2021. Treasury account symbol 096X6094 (Advances from the District of Columbia) is not included in the SF133. This money is not from appropriated funds and is not included in the Office of Management and Budget’s data for budget formulation. USACE does include this appropriation in the SBR.

The Unobligated Balance, beginning of year, significantly differs from the prior year’s ending unobligated balance due to substantial reimbursable de-obligations related to the work stoppage on the Southwest Protective Barrier in the Fort Worth district. This totals approximately \$898 million, which adjusted the balance brought forward. Another significant contributing factor to this presentation difference is caused by updated mappings of the beginning balance line, which now includes prior year Harbor Maintenance Trust Fund and Inland Waterways Trust Fund transfers during the FY 2022 timeframe. These funds total approximately \$852 million.

The Budget of the U.S. Government with actual figures for FY 2022 has not yet been published. The FY 2024 Budget of the U.S. Government will include actual figures for FY 2022 reporting and can be found on OMB’s website early in FY 2023. The following chart is a reconciliation of the FY 2023 Budget of the U.S. Government’s actual figures for FY 2021 to the FY 2021 SBR as required by OMB Circular A-136.

See Note 19, *COVID-19 Activity*, for COVID-19 related disclosures.

Department of Defense  
U.S. Army Corps of Engineers – Civil Works  
**RECONCILIATION OF 2021 SBR TO 2023 BUDGET OF THE U.S. GOVERNMENT**

(\$ in millions)	Total Budgetary Resources	New Obligations and Upwards Adjustments	Distributed Offsetting Receipts	Net Outlays	
FY21 Combined Statement of Budgetary Resources	\$53,039	\$24,461	\$1,369	\$9,295	<b>Explanation for reconciling differences</b>
Reconciling Difference	(98)	(62)	-	9	The SBR includes Treasury symbol 096X6094 for advances from the District of Columbia for work on the Washington Aqueduct. It is not included in the Budget of the U.S. Government since these are not appropriated funds.
Reconciling Difference	(7)	(2)	-	-	Expired funds within 096 3124, 096 3126, and 096 3132 are not included in the Budget of the U.S. Government.
Reconciling Difference	-	-	-	(81)	Prior Year Adjustment attributes were not mapped accordingly to the SBR. The SBR includes Treasury Symbol 096X3122 and 096X3123 for Prior Year Adjustment (USSGL 425500) which is mapped to Spending Authority from offsetting collections (discretionary and mandatory).
Reconciling Difference	81	81	-	81	Prior Year Adjustment attributes were not mapped accordingly to the SBR. The SBR includes Treasury Symbol 096X8863_XT for Prior Year Adjustment (USSGL 490200) which is mapped to New Obligations and Upward Adjustments (total).
<b>Total</b>	<b>\$53,015</b>	<b>\$24,478</b>	<b>\$1,369</b>	<b>\$9,304</b>	
Budget of the U.S. Government	\$53,017	\$24,480	\$1,371	\$9,303	
Difference	2	2	2	(1)	Due to rounding.

## Note 18. Reconciliation of Net Cost to Net Outlays

Year ended September 30

(\$ in thousands)

	2022		
	Intragovernmental	With the public	Total
<b>Net Cost of Operations</b>	\$ (374,729)	\$ 9,851,334	\$ 9,476,605
<b>Components of Net Cost That are Not Part of Net Outlays:</b>			
Property, plant and equipment depreciation	\$ -	\$ (787,765)	\$ (787,765)
Property, plant and equipment disposal and revaluation	-	5,486	5,486
Inventory disposals and revaluations	-	4,995	4,995
Other	-	-	-
Increase/(decrease) in assets:			
Account Receivable	2,063,680	(16,460)	2,047,220
Investments	-	-	-
Other assets	(158)	28,446	28,288
(Increase)/decrease in liabilities:			
Accounts payable	(2,139,455)	(123,353)	(2,262,808)
Salaries and benefits	-	-	-
Environmental and disposal Liabilities	-	(231,076)	(231,076)
Federal employee and veteran benefits payable	-	18,766	18,766
Other Liabilities	215,808	(77,806)	138,002
Other Financing Sources:			
Imputed costs to the agency	(280,762)	-	(280,762)
Transfers out (in) without Reimbursement	-	-	-
Other Imputed Financing	-	-	-
<b>Total Components of Net Cost That Are Not Part of Net Outlays</b>	\$ (140,887)	\$ (1,178,767)	\$ (1,319,654)
<b>Components of Net Outlays That Are Not Part of Net Cost:</b>			
Acquisition of capital assets	\$ -	\$ 743,149	\$ 743,149
Acquisition of inventory	2,715	1,799	4,514
Other	-	-	-
<b>Total Components of Net Outlays That Are Not Part of Net Cost</b>	\$ 2,715	\$ 744,948	\$ 747,663
<b>Distributed Offsetting Receipts</b>	(886)	(726,856)	(727,742)
<b>Net Outlays</b>	\$ (513,787)	\$ 8,690,659	\$ 8,176,872

Year ended September 30

(\$ in thousands)

	2021		
	Intragovernmental	With the public	Total
<b>Net Cost of Operations</b>	\$ (785,253)	\$ 9,970,828	\$ 9,185,575
<b>Components of Net Cost That are Not Part of Net Outlays:</b>			
Property, plant, and equipment depreciation	\$ -	\$ (733,136)	\$ (733,136)
Property, plant, and equipment disposal and revaluation	-	(7,736)	(7,736)
Other	(7)	8,134	8,127
Increase/(decrease) in assets:			
Account Receivable	(49,485)	24,021	(25,464)
Investments	(3,510)	-	(3,510)
Other assets	91	3,563	3,654
(Increase)/decrease in liabilities:			
Accounts payable	(147,701)	321,552	173,851
Salaries and benefits	(6,004)	(2,934)	(8,938)
Environmental and disposal liabilities	-	(322,501)	(322,501)
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	31,051	(76,005)	(44,954)
Other financing sources:			
Federal employee retirement benefit costs paid by OPM and Imputed to the agency	(263,006)	-	(263,006)
Transfers out (in) without reimbursement	41,284	-	41,284
Other imputed financing	(64,329)	-	(64,329)
<b>Total Components of Net Cost That Are Not Part of Net Outlays</b>	\$ (461,616)	\$ (785,042)	\$ (1,246,658)
<b>Components of Net Outlays That Are Not Part of Net Cost:</b>			
Acquisition of capital assets	\$ -	\$ 652,712	\$ 652,712
Acquisition of inventory	1,360	1,531	2,891
Other	(519,898)	(110,593)	(630,491)
<b>Total Components of Net Outlays That Are Not Part of Net Cost</b>	\$ (518,538)	\$ 543,650	\$ 25,112
<b>Other Temporary Timing Differences</b>	-	(37,487)	(37,487)
<b>Net Outlays</b>	\$ (1,765,407)	\$ 9,691,949	\$ 7,926,542



Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

Property, plant and equipment depreciation in the reconciliation is related to the depreciation of Buildings, Structures, and Facilities and General Equipment and amortization of Leasehold Improvements and Software, which does not result in an outlay but does result in a cost. Refer to Note 7, *General Property, Plant & Equipment, Net*, for additional details and disclosures. The large increase in accounts payable compared to last year related to construction project expenses that were included in the net cost but not included in the outlays this year.

Amounts paid during the acquisition of capital assets in the reconciliation is related to the use of Cost Capitalization Offset which result in a net outlay but did not result in net cost.

## Note 19. COVID-19 Activity

As of September 30	2022		2021	
<i>(\$ in thousands)</i>				
Budgetary Resources: Unobligated				
Balance Carried Forward from PY	\$	3,389	\$	43,080
Recoveries of Prior Year Obligations		1,025		590
Budgetary Resources Obligated (-)		(63)		(40,281)
Downward Adjustment of Prior Year Disbursements		79		-
Expiring Funds (-)		(4,430)		-
Budgetary Resources: Ending Unobligated				
Balance to be Carried Forward	\$	-	\$	3,389
Outlays, Net (Total)	\$	13,616	\$	29,746

During FY 2020, USACE received supplemental funds in the Coronavirus Aid Relief Economic Security Act (CARES), 2020 (Public Law 116-136) in both the Operation & Maintenance (O&M) and Expense (E) appropriations. In the O&M appropriation, USACE received \$50M to carry out its emergency relief operation efforts related to COVID-19 prevention, preparation, and response. In the E appropriation, USACE received \$20M in funding to support remote access, teleworking, and leave requirements related to coronavirus prevention, preparation and response.

COVID amounts include funds in annual and permanent appropriations that were used for COVID and funds designated with the following Disaster and Emergency Funding (DEF) Codes. USACE only received funding associated with CARES Act, DEF Code "N":

DEF Code Value	Public Law and Type of Funding Covered by DEF Code
L	<i>Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020</i> (Pub. L. No. 116-123), Emergency
M	<i>Families First Coronavirus Response Act</i> (Pub. L. No. 116-127), Emergency
N	<i>Coronavirus Aid, Relief, and Economic Security Act (CARES Act)</i> (Pub. L. No. 116-136), Emergency
O	<i>Coronavirus Aid, Relief, and Economic Security Act (CARES Act)</i> (Pub. L. No. 116-136), Nonemergency; <i>Paycheck Protection Program and Health Care Enhancement Act</i> (Pub. L. No. 116-139), Nonemergency; <i>Consolidated Appropriations Act, 2021</i> (Pub. L. No. 116-260), Nonemergency; <i>American Rescue Plan Act of 2021 (ARPA)</i> (Pub. L. No. 117-2), Nonemergency
P	<i>Paycheck Protection Program and Health Care Enhancement Act</i> (Pub. L. No. 116-139), Emergency
U	<i>Consolidated Appropriations Act, 2021 (ARPA)</i> (Pub. L. No. 116-260), Emergency
V	<i>American Rescue Plan Act of 2021</i> (Pub. L. No. 117-2), Nonemergency

In addition to direct funding received from the CARES Act, in FY 2020 USACE received reimbursable customer orders from the Federal Emergency Management Agency (FEMA) for the assessment and construction of Alternate Care Facilities (ACFs). These facilities - set up across the nation – were designed to supplement a shortage of regular hospital beds and intensive care units.

As of September 30	2022		2021	
<i>(\$ in thousands)</i>				
Unpaid obligations, beginning of period	\$	9,692	\$	50,774
New obligations		1,694		-
Change/Reduction in Obligations		-		(5,184)
Less: Outlays		(5,651)		(35,898)
Unpaid obligations, end of period	\$	5,735	\$	\$9,692

See Note 3, *Funds Balance with Treasury*, Note 15, *Statement of Changes in Net Cost*, and Note 17, *Statement of Budgetary Resources*, for COVID-19 disclosures.



# REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED

## REAL PROPERTY DEFERRED MAINTENANCE AND REPAIR – UNAUDITED

For Fiscal Year Ended September 30, 2022

(\$ in millions)

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)	\$212,700	\$11,068	5.20%
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) is 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 2022 was \$11,068 million for Other Structures. The beginning balance for DM&R was \$4,919 for FY 2021. Assets contained in category one above includes Dams, Locks, Powerhouses, Levees, multi-use Heritage Assets and other structures used to carry out the USACE Civil Works Program.

USACE policy mandates that 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 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 that 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 with increase in funding in FY 2022 and due to increased maintenance and repairs from storms, floods, and natural events and inflation. 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.

### 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.

## ESTIMATE ACREAGE BY PREDOMINATE USE – UNAUDITED

	Commercial	Conservation and Preservation	Operational	Total Acreage
Start of Prior Year	0	156,972	9,946,691	10,103,663
End of Prior Year / Start of Current Year	0	156,972	9,947,150	10,104,122
End of Current Year	0	156,972	9,946,522	10,103,494
<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 2022 with no cost being expended for permanent land rights in FY 2022.

US Army Corps of Engineers  
**Disaggregated Schedule of Budgetary Resources  
by Major Fund – Unaudited**

*For the year ended September 30, 2022*

(\$ in thousands)

	FUSRAP	Special Funds	Trust Funds	Borrowing Authority
<b>Budgetary Resources</b>				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 66,282	\$ 37,137	\$ 1,235,220	\$ 4
Appropriations (discretionary and mandatory)	300,000	30,305	2,193,732	-
Spending Authority from offsetting collections (discretionary and mandatory)	(1,286)	-	-	-
<b>Total Budgetary Resources</b>	<b>\$ 364,996</b>	<b>\$ 67,442</b>	<b>\$ 3,428,952</b>	<b>\$ 4</b>
<b>Status of Budgetary Resources:</b>				
New obligations and upward adjustments (total)	\$ 182,908	\$ 22,569	\$ 3,036,898	\$ -
Unobligated balance, end of year			-	
Apportioned, unexpired accounts	182,088	44,873	391,909	4
Exempt from Apportionment, unexpired accounts	-	-	-	-
Unapportioned, unexpired accounts	-	-	145	-
Unexpired unobligated balance, end of year	182,088	44,873	392,054	4
Expired unobligated balance, end of year	-	-	-	-
Unobligated balance, end of year (total)	182,088	44,873	392,054	4
<b>Total Budgetary Resources</b>	<b>\$ 364,996</b>	<b>\$ 67,442</b>	<b>\$ 3,428,952</b>	<b>\$ 4</b>
<b>Outlays, Net:</b>				
Outlays, net (total) (discretionary and mandatory)	\$ 174,261	\$ 22,510	\$ 1,952,501	\$ -
Distributed offsetting receipts (-)	-	(97,860)	-	-
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b>\$ 174,261</b>	<b>\$ (75,350)</b>	<b>\$ 1,952,501</b>	<b>\$ -</b>



US Army Corps of Engineers  
**Disaggregated Schedule of Budgetary Resources  
 by Major Fund – Unaudited**

*For the year ended September 30, 2022*

(\$ in thousands)

	Revolving Funds	Contributing Funds	General Funds	2022 Combined
<b>Budgetary Resources</b>				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 1,079,114	\$ 1,421,324	\$ 26,764,661	\$ 30,603,742
Appropriations (discretionary and mandatory)	-	736,985	26,621,557	29,882,579
Spending Authority from offsetting collections (discretionary and mandatory)	10,292,089	98	4,237,561	14,528,462
<b>Total Budgetary Resources</b>	<b>\$ 11,371,203</b>	<b>\$ 2,158,407</b>	<b>\$ 57,623,779</b>	<b>\$ 75,014,783</b>
<b>Status of Budgetary Resources:</b>				
New obligations and upward adjustments (total)	\$ 10,429,857	\$ 531,976	\$ 13,254,096	\$ 27,458,304
Unobligated balance, end of year				
Apportioned, unexpired accounts	941,346	1,626,431	44,314,908	47,501,559
Exempt from Apportionment, unexpired accounts	-	-	45,635	45,635
Unapportioned, unexpired accounts	-	-	-	145
Unexpired unobligated balance, end of year	941,346	1,626,431	44,360,543	47,547,339
Expired unobligated balance, end of year	-	-	9,140	9,140
Unobligated balance, end of year (total)	941,346	1,626,431	44,369,683	47,556,479
<b>Total Budgetary Resources</b>	<b>\$ 11,371,203</b>	<b>\$ 2,158,407</b>	<b>\$ 57,623,779</b>	<b>\$ 75,014,783</b>
<b>Outlays, Net:</b>				
Outlays, net (total) (discretionary and mandatory)	\$ 77,408	\$ 473,764	\$ 6,941,155	\$ 9,641,599
Distributed offsetting receipts (-)	-	(736,986)	(629,882)	(1,464,728)
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b>\$ 77,408</b>	<b>\$ (263,222)</b>	<b>\$ 6,311,273</b>	<b>\$ 8,176,871</b>

US Army Corps of Engineers  
**Disaggregated Schedule of Budgetary Resources  
 by Major Fund – Unaudited**

*For the year ended September 30, 2021*

(\$ in thousands)

	FUSRAP	Special Funds	Trust Funds	Borrowing Authority
<b>Budgetary Resources</b>				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 41,555	\$ 35,886	\$ 1,016,112	\$ 4
Appropriations (discretionary and mandatory)	250,000	24,063	941,100	-
Spending Authority from offsetting collections (discretionary and mandatory)	(425)	-	-	-
<b>Total Budgetary Resources</b>	<b>\$ 291,130</b>	<b>\$ 59,949</b>	<b>\$ 1,957,212</b>	<b>\$ 4</b>
<b>Status of Budgetary Resources:</b>				
New obligations and upward adjustments (total)	\$ 230,653	\$ 22,947	\$ 1,575,803	\$ -
Unobligated balance, end of year			-	
Apportioned, unexpired accounts	60,476	37,008	381,230	4
Exempt from Apportionment, unexpired accounts	-	-	-	-
Unapportioned, unexpired accounts	-	(6)	179	-
Unexpired unobligated balance, end of year	60,476	37,002	381,409	4
Expired unobligated balance, end of year	-	-	-	-
Unobligated balance, end of year (total)	60,476	37,002	381,409	4
<b>Total Budgetary Resources</b>	<b>\$ 291,129</b>	<b>\$ 59,949</b>	<b>\$ 1,957,212</b>	<b>\$ 4</b>
<b>Outlays, Net:</b>				
Outlays, net (total) (discretionary and mandatory)	\$ 168,688	\$ 27,683	\$ 1,575,043	\$ (91)
Distributed offsetting receipts (-)	-	(85,926)	-	-
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b>\$ 168,688</b>	<b>\$ (58,243)</b>	<b>\$ 1,575,043</b>	<b>\$ (91)</b>

US Army Corps of Engineers  
**Disaggregated Schedule of Budgetary Resources  
 by Major Fund – Unaudited**

*For the year ended September 30, 2021*

(\$ in thousands)

	Revolving Funds	Contributing Funds	General Funds	2021 Combined
<b>Budgetary Resources</b>				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 1,164,957	\$ 1,374,902	\$ 29,811,207	\$ 33,444,623
Appropriations (discretionary and mandatory)	-	739,603	6,699,859	8,654,625
Spending Authority from offsetting collections (discretionary and mandatory)	9,855,747	-	1,084,268	10,939,590
<b>Total Budgetary Resources</b>	<b>\$ 11,020,704</b>	<b>\$ 2,114,505</b>	<b>\$ 37,595,334</b>	<b>\$ 53,038,838</b>
<b>Status of Budgetary Resources:</b>				
New obligations and upward adjustments (total)	\$ 10,034,409	\$ 702,951	\$ 11,894,469	\$ 24,461,232
Unobligated balance, end of year				
Apportioned, unexpired accounts	986,295	1,411,554	25,659,936	28,536,503
Exempt from Apportionment, unexpired accounts	-	-	36,325	36,325
Unapportioned, unexpired accounts	-	-	-	173
Unexpired unobligated balance, end of year	986,295	1,411,554	25,696,261	28,573,001
Expired unobligated balance, end of year	-	-	4,605	4,605
Unobligated balance, end of year (total)	986,295	1,411,554	25,700,866	28,577,606
<b>Total Budgetary Resources</b>	<b>\$ 11,020,704</b>	<b>\$ 2,114,505</b>	<b>\$ 37,595,335</b>	<b>\$ 53,038,838</b>
<b>Outlays, Net:</b>				
Outlays, net (total) (discretionary and mandatory)	\$ (59,718)	\$ 467,076	\$ 7,116,363	\$ 9,295,044
Distributed offsetting receipts (-)	-	(738,766)	(543,810)	(1,368,502)
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b>\$ (59,718)</b>	<b>\$ (271,690)</b>	<b>\$ 6,572,553</b>	<b>\$ 7,926,542</b>



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

November 15, 2022

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

SUBJECT: Transmittal of the Independent Auditor's Report on the U.S. Army Corps of Engineers–Civil Works Financial Statements and Related Notes for FY 2022 and FY 2021 (Project No. D2022-D000FI-0040.000, Report No. DODIG-2023-026)

We contracted with the independent public accounting firm of KPMG, LLP (KPMG) to audit the U.S. Army Corps of Engineers (USACE)–Civil Works Financial Statements and related notes as of and for the fiscal years ended September 30, 2022, and 2021. The contract required KPMG to provide a report on internal control over financial reporting and compliance with provisions of applicable laws and regulations, and to report on whether the USACE's financial management systems substantially complied with the requirements of the Federal Financial Management Improvement Act of 1996. The contract required KPMG 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," June 2022, Volume 1, Volume 2 (Updated, June 2022), and Volume 3 (Updated, June 2022). KPMG's Independent Auditor's Report is attached.

KPMG's audit resulted in an unmodified opinion. KPMG concluded that the USACE–Civil Works Financial Statements and related notes as of and for the fiscal years ended September 30, 2022, and 2021, are presented fairly, in all material respects, in conformity with Generally Accepted Accounting Principles.

KPMG’s report discusses two material weaknesses related to the USACE–Civil Works’ internal controls over financial reporting.\* Specifically, KPMG’s report concluded that USACE–Civil Works did not implement adequate controls to:

- prepare, review, and approve journal vouchers; review the financial statements and related notes at year-end; and review Environmental and Disposal Liabilities estimates; and
- classify, reconcile, review, and timely report transactions within the Property, Plant, and Equipment account.

KPMG’s report also discusses two instances of noncompliance with provisions of applicable laws and regulations. Specifically, KPMG’s report describes instances in which the USACE–Civil Works’ financial management systems did not comply with the Federal Financial Management Improvement Act of 1996 and the Federal Managers’ Financial Integrity Act of 1982.

In connection with the contract, we reviewed KPMG’s report and related documentation and discussed them with KPMG’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 2022 and FY 2021 Financial Statements and related notes. Furthermore, we do not express conclusions on the effectiveness of internal control over financial reporting, on whether the 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. Our review disclosed no instances where KPMG did not comply, in all material respects, with GAGAS. KPMG is responsible for the attached November 15, 2022 report, and the conclusions expressed within the report.

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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.



We appreciate the cooperation and assistance received during the audit. Please direct questions to me.



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

Attachment:  
As stated



KPMG LLP  
Suite 12000  
1801 K Street, NW  
Washington, DC 20006

## Independent Auditors' Report

Commanding General, Chief of Engineers,  
United States Army Corps of Engineers – Civil Works; and  
United States Department of Defense Inspector General:

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of the United States Army Corps of Engineers – Civil Works (USACE – Civil Works), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of net costs, and changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the USACE – Civil Works as of September 30, 2022 and 2021, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

We conducted our audits 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. 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 22-01 are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are required to be independent of the USACE – Civil Works and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Other Matter - Interactive Data*

Management has elected to reference to information on websites or other forms of interactive data outside the *Agency Financial Report* to provide additional information for the users of its consolidated financial statements. Such information is not a required part of the consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, *Government Auditing Standards*, and OMB Bulletin No. 22-01 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 consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the USACE – Civil Works' 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 consolidated financial statements.

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*

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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 basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated 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 Agency Financial Report . The other information comprises the Message from the Assistant Secretary of the Army (Civil Works) and the Message from the Chief Financial Officer but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated 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.

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

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2022, we considered the USACE – Civil Works’ 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the USACE – Civil Works’ internal control. Accordingly, we do not express an opinion on the effectiveness of the USACE – Civil Works’ internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers’ Financial Integrity Act of 1982*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Exhibits I and II, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in Exhibit I as items A and B to be material weaknesses.

USACE – Civil Works’ management did not report the material weaknesses entitled “Deficiencies in Non-Transactional Based Controls” and “Deficiencies in General Property, Plant, and Equipment Controls” in its Statement of Assurance, included in the Management’s Discussion and Analysis section of the accompanying *Fiscal Year 2022 United States Army Corps of Engineers Agency Financial Report*.

A significant deficiency is a deficiency, or a 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. We consider the deficiencies described in Exhibit II as item C to be a significant deficiency.

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

As part of obtaining reasonable assurance about whether the USACE – Civil Works’ consolidated financial statements as of and for the year ended September 30, 2022 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 22-01.

We also performed tests of the USACE – Civil Works’ compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the USACE – Civil Works’ financial management systems did not substantially comply with the (1) Federal financial management systems



requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

### **USACE – Civil Works’ Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the USACE – Civil Works’ response to the findings identified in our audit and described in Exhibits I, II, and III. The USACE – Civil Works’ response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

### **Purpose of the Reporting Required by Government Auditing Standards**

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the USACE – Civil Works’ internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Washington, D.C.  
November 15, 2022



**UNITED STATES ARMY CORPS OF ENGINEERS – CIVIL WORKS**

Material Weaknesses

September 30, 2022

**A. Deficiencies in Non-Transactional Based Controls**

Effective controls are ones that are properly designed and implemented and operating effectively, in order to prevent, or detect and correct material misstatements in the financial statements.

The deficiencies noted during the performance of our Fiscal Year (FY) 2022 procedures in the areas of journal vouchers, financial reporting, and environmental liabilities were not related to the processing of transactions; rather, they were related to deficiencies that either, occurred at the back end of the financial reporting process, or during the estimation of a liability, which are separate from deficiencies occurring at the transaction level. The deficiencies we identified in these controls could lead to a material misstatement in the consolidated financial statements and related notes.

Preparation and Related Review and Approval of Journal Vouchers

The United States Army Corps of Engineers – Civil Works' (USACE – Civil Works) control over the review of Defense Departmental Reporting System (DDRS) journal vouchers did not operate effectively to prevent the improper recording of DDRS journal vouchers. Further, management's controls did not operate effectively to ensure all General Ledger Correlation ID (a unique, posting logic identifier) updates were reviewed on a timely basis.

The USACE – Civil Works' control over the review of Structured Query Language (SQL) did not operate effectively to prevent the improper recording of script transactions in CEFMS, as required by the Government Accountability Office's *Standards for Internal Controls in the Federal Government* (Green Book), principle 10, and could result in misstatements in the financial statements. Specifically, this principle provides guidance on implementing control activities to ensure the "accurate and timely recording of transactions." We noted one instance in which a sufficient review was not performed over a complex script transaction prior to recording in CEFMS. Further, we noted a second instance in which insufficient evidence was provided to support the script transaction. While we did not determine that these scripts were inaccurately recorded, the risk exists that a material misstatement in any line item of the financial statements could result without properly functioning of controls.

Financial Reporting

The USACE – Civil Works' control over the review of the financial statements and related notes was not operating effectively to certify that the financial statements were complete, accurate, and properly presented as of year-end.

Estimates

Environmental and Disposal Liabilities is a critical estimate whereby the liability recorded in the financial statements is based on making assumptions about future activities which is inherently uncertain. During our test work over the Formerly Utilized Sites Remedial Action Program (FUSRAP) district level cost estimates, FUSRAP Manager project estimates, and FUSRAP cost-to-complete reports, we found that management did not document their review over these items, such that we could not see the reviews were completely and accurately performed. Likewise, management did not document a level of precision to ensure that all FUSRAP liability estimates and assumptions are reasonable, and any outliers are appropriately resolved to prevent, or detect and correct, errors in the estimates recorded in the financial statements.

Additionally, management's retrospective review did not include a comparison of remediation costs incurred against remediation costs estimated to determine if the estimation methodologies warrant revision.

The deficiencies in the design, implementation and operating effectiveness of the key controls surrounding journal vouchers, financial reporting, and environmental liabilities that are needed to prevent, or detect and correct, potential misstatements on a timely basis are caused by a combination of the following: (1) management did not hold district personnel accountable for performing their assigned processes and controls (Green Book principle 5); (2) management did not document their identification of and responses to risks created by changes in conditions to the control environment or from information technology deficiencies (Green Book principle 7); (3) management did not properly test the reliability of the information generated by the system prior to relying on it as part of a control (Green Book principle 13); and (4) management did not evaluate the effectiveness of its control activities as to whether they operated at the appropriate level of precision to reduce the identified risks to an acceptably low level (Green Book principle 16).

OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, states that "Management is responsible for the establishment of a governance structure to effectively implement, direct and oversee implementation of the Circular and all the provisions of a robust process of risk management and internal control." Effective internal control provides assurance that significant weaknesses in the design or operation of internal control that could adversely affect the agency's ability to meet its objectives, would be prevented or detected in a timely manner.

The Green Book states that "transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

### **Recommendations**

We recommend the USACE – Civil Works' management:

1. Reinforce adherence to established policies and procedures to ensure that journal vouchers are properly recorded and all updates to posting logic are applied.
2. Perform and document risk assessment procedures in order to identify new policies and procedures that address the risks created by information technology deficiencies or changes to conditions in its environment.
3. Implement procedures designed to ensure that all documentation used in the operation of controls is readily available and, even when information technology controls are deficient, complete and accurate.
4. Continuously review the estimation methodologies and other established policies and procedures to determine whether the controls still operate at an appropriate level of precision to prevent, or detect and correct, potential misstatements or whether they warrant revision.

### **Management Response**

The USACE – Civil Works concurs with the findings and will take corrective action to cure the material weakness.

## B. Deficiencies in General Property, Plant, and Equipment Controls

General Property, Plant, and Equipment, Net (PP&E) is one of the largest line items on the USACE – Civil Works’ financial statements with approximately \$31.9B of Net PP&E inclusive of \$3.1B of Construction-in-Progress (CIP).

During our FY 2022 audit, controls were not operating effectively to achieve objectives and respond to risks, as required by the GAO’s Green Book principle 12, Implement Control Activities and principle 16, Perform Monitoring Activities. Within the financial system, all new CIP work items must be classified as either an asset or a non-asset. If the CIP work item is an asset, its costs are capitalized and if a non-asset, its costs are expensed. Management did not consistently perform or complete timely reviews over the classification of new CIP work items.

Further, the reconciliations between assets recorded in USACE – Civil Works’ general ledger system and in two property management systems did not show evidence of how variances identified were addressed and corrected for certain districts. In other instances, reconciling differences between systems were not resolved in a timely manner. Additionally, management did not adhere to established policies and procedures to maintain all documentation to support real and personal property asset costs.

In addition, management’s controls over the review of CIP projects nearing completion were not properly designed to detect and correct errors related to the existence of CIP and the completeness of General PP&E and Expenses. Specifically, management’s CIP review control is performed tri-annually, however it is not performed at year-end. While management designed a compensating control, it failed to address these risks because key data elements relied upon by the control operator were not sufficiently reviewed for accuracy. As such, certain CIP projects that were completed and ready for transfer in the current year were not properly identified which could result in misstatements to the General PP&E, Net and Gross Costs financial statement line items and related disclosures.

Lastly, management did not adjust the financial system in a timely manner for: (1) completed projects that should have been placed in service within the earlier of 90 days of completion or prior to the fiscal-year end; (2) assets that should have been disposed of within the earlier of 90 days of determining that they no longer served their intended purpose or prior to the fiscal year-end; and (3) assets that were re-assigned useful lives when transferred between districts. These deficiencies resulted in an immaterial overstatement of acquisition value and accumulated depreciation of “Buildings, Structure and Facilities” and “General Equipment” in the prior year note disclosure and a depreciation adjustment in the amount of \$81 million in the current year.

These deficiencies in the design, implementation and operating effectiveness of PP&E controls were caused by a combination of the following: (1) district personnel were not held accountable by management for performing their assigned processes and controls (Green Book principle 5); (2) management did not appropriately identify all relevant assertion-level risks (Green Book principle 7); (3) quality information was not communicated timely across functions so that control operators had all of the necessary information to perform their responsibilities promptly and effectively (Green Book principle 13); and (4) management did not adequately monitor the operating effectiveness of its system of internal controls and consider whether changes are needed (Green Book principle 16).

### **Recommendations**

We recommend the USACE – Civil Works’ management:

1. Enforce accountability for adherence to controls related to management reviews, reconciliations, maintenance of supporting documentation, and proper and timely recording in the financial system.
2. Design procedures that sufficiently address all relevant risks.

3. Encourage frequent and sufficient communication between and among districts and headquarters so that all PP&E (including CIP) documentation is readily available and able to be shared with the appropriate individuals.
4. Continually monitor the operating effectiveness of its policies and procedures and evaluate whether any compensating controls to detect and correct errors prior to the preparation of financial statements are necessary.

***Management Response***

The USACE – Civil Works concurs with the findings and will take corrective action to cure the material weakness.

**UNITED STATES ARMY CORPS OF ENGINEERS – CIVIL WORKS**

Significant Deficiency

September 30, 2022

**C. Deficiencies in Financial Management Systems Controls**

The United States Army Corps of Engineers – Civil Works (USACE – Civil Works) has not implemented adequate general information technology controls (GITCs) to protect its financial management system and consistently produce quality information, as required by the Government Accountability Office's *Standards for Internal Controls in the Federal Government* (Green Book), principles 11 and 13. These deficiencies in GITCs existed in the prior year and while the USACE – Civil Works has taken corrective action, these efforts did not fully remediate all of the identified issues. As such, these conditions could adversely affect the USACE – Civil Works' ability to control electronic access to sensitive information, protect its information resources, and ensure the reliability of internal information.

The USACE – Civil Works did not design an effective control over the removal of users' system access once an employee transferred or separated from the organization. Specifically, management neither established a timeframe nor communicated protocols for when system access should be removed when an individual separates or changes positions. As a result, the risk exists that an unauthorized person may be able to gain access to the system.

The USACE – Civil Works should strengthen access controls at the operating system level, as management did not consistently implement a control for logging and reviewing operating server level logs for sensitive or suspicious activity. As a result, there was an instance where an alerting trigger was not enabled as of the date of the review. The failure to perform appropriate audit log reviews leads to an increased risk that financial data could be modified inappropriately without management's awareness, which could have an adverse impact on the accuracy, integrity and availability of data. Further, without the appropriate review of all potential vulnerabilities, the likelihood that the system could become susceptible to more severe risks is greatly elevated.

The USACE – Civil Works did not implement procedures to ensure that patches consistent with established protocols were deployed into production in a timely manner. Specifically, management did not patch the operating system servers with sufficient frequency throughout the duration of the fiscal year. The failure to execute appropriate patches of servers leads to an increased risk that vulnerabilities may be exploited. Given these factors, the availability of applications and integrity of data are also at risk of being adversely impacted.

These recurring deficiencies in the implementation and operating effectiveness of access controls were caused by a combination of the following: (1) management experienced normal turnover of key personnel but did not properly transfer over knowledge of all responsibilities (Green Book principle 4); (2) management did not perform a proper risk assessment to design a control responsive to the risk associated with continued system access for separated employees, nor did they assess the impact of deficient GITCs on other control activities (Green Book principle 13); and (3) management did not design and implement GITCs to remediate deficiencies in information technology internal controls in a timely manner (Green Book principle 17).

**Recommendations**

We recommend the USACE – Civil Works' management:

1. Establish succession plans and formally document all procedures and controls to ensure the successful transition of responsibilities.



2. Assess the impact that GITC deficiencies have on the information relied upon in the performance of internal controls and consider whether they have designed and implemented appropriate compensating system configuring or manual controls to mitigate the risks.
3. Design and implement corrective action plans to remediate existing deficiencies in GITCs in a timely manner.

***Management Response***

USACE – Civil Works concurs with the findings and will take corrective action to cure the significant deficiency.

## UNITED STATES ARMY CORPS OF ENGINEERS – CIVIL WORKS

Summary of Noncompliance

September 30, 2022

### D. Federal Managers Financial Integrity Act of 1982

The Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, under the authority of the Federal Managers Financial Integrity Act of 1982 (FMFIA), requires agencies and federal managers to (1) establish Enterprise Risk Management in management practices, (2) establish and operate an effective system of internal control, (3) assess internal control, (4) correct internal control deficiencies, and (5) report on internal controls.

We noted the United States Army Corps of Engineers – Civil Works (USACE – Civil Works) did not establish effective systems, processes, policies and procedures to implement effective internal controls, nor did management adequately document all its controls and processes.

Management failed to comply with Section 5 of OMB Circular No. A-123, which requires the implementation of sufficient corrective action plans to remediate internally and externally identified control deficiencies. Although management developed test plans to remediate previously identified control deficiencies, the plans were not properly designed, implemented, and tested, further hindering the USACE – Civil Works' ability to properly remediate previously identified control deficiencies. Additionally, when evaluating the results of the test plans, management did not conduct a sufficient evaluation of internal controls for each of the Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) principle components as prescribed in Section 4 of OMB Circular No. A-123.

Lastly, the USACE – Civil Works did not conform accounting systems to properly comply with FMFIA Sections 2 and 4 and OMB Circular No. A-123 Appendix D. The USACE – Civil Works continued to have posting logic deficiencies and system limitations that required manual adjustments and reclassifications.

### Recommendations

We recommend the USACE – Civil Works' management:

1. Develop more thorough corrective action plans to correct internal control deficiencies and proactively monitor that such plans are properly implemented in order to remediate previously identified findings.
2. Thoroughly document all financial and control processes within the cycle memorandums.
3. Develop and implement more thorough test plans and perform a sufficient evaluation of internal controls for each of the Green Book principles and components.
4. Correct posting logic deficiencies and system limitations that require manual adjustments and reclassifications and overall result in FMFIA non-compliance.

### Management Response

USACE – Civil Works concurs with the findings and will take corrective action to cure the non-compliance item.

**E. Federal Financial Management Improvement Act of 1996**

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires agency federal financial management systems comply with the (1) Federal financial management system requirements, (2) Federal accounting standards, and (3) the U.S. Standard General Ledger (USSGL) at the transaction level. FFMIA emphasizes the need for agencies to have systems that can generate timely, reliable, and useful information with which to make informed decisions to ensure ongoing accountability. We noted that the USACE – Civil Works did not comply with the three requirements of FFMIA, as effective internal controls over financial reporting and financial systems were not in place during the fiscal year. Adjustments were required for transactions recorded within the main system of accounting for compliance with the USSGL. Further, the USACE – Civil Works’ main system of accounting was not capable of producing financial statements that were consistent with OMB Circular No. A-136, Financial Reporting Requirements.

***Recommendation***

We recommend the USACE – Civil Works’ management improve its processes to comply with FFMIA by updating its financial management systems to comply with Federal financial management system requirements, Federal accounting standards, and USSGL requirements.

***Management Response***

USACE – Civil Works concurs with the findings and will take corrective action to cure the non-compliance item.





### PHOTO CAPTIONS

1. Evaluating soldiers as part of a gunnery skills test. (U.S. Army photo by Sgt. Agustin Montanez)
2. An Army National Guard officer candidate participates in a simulated platoon raid and air extraction. (U.S. Army photo by Army Staff Sgt. Adeline Witherspoon)
3. A soldier assigned uses binoculars at an observation post during and exercise. (U.S. Army photo by Army Capt. Tobias Cukale)
4. A construction engineer completes her vehicle inspection. (U.S. Army photo by Sgt 1st Class Edwin Basa)
5. Soldiers through a sandstorm before a training exercise. (Photo by Air Force Staff Sgt. Thomas Johns)
6. Army snipers return to their area of operations after engaging targets during a live-fire exercise. (U.S. Army photo by Army Spc. Hedil Hernández)
7. An Army guardsman participates in a simulated platoon raid and air extraction. (U.S. Army photo by Staff Sgt. Adeline Witherspoon)
8. A soldier fires his pistol at a target during a small arms championship (U.S. Army photo by Sgt. 1st Class Javier Orona)
9. Obstacle course navigation during the Best Warrior and Best Squad Competition. (U.S. Army photo by Army Staff Sgt. Apolonia Gaspar)
10. Soldiers conduct live-fire exercises. (U.S. Army photo by Maj. Patrick Connelly)
11. Performing a security halt during a platoon-level simulated training exercise. (U.S. Army photo by Army Sgt. John Schoebel)

*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:*

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## **THE SOLDIER'S CREED**

I am an American Soldier.  
I am a Warrior and a member of a team.  
I serve the people of the United States and live the Army Values.  
I will always place the mission first.  
I will never accept defeat.  
I will never quit.  
I will never leave a fallen comrade.  
I am disciplined, physically and mentally tough, trained and proficient in my warrior tasks and drills.  
I always maintain my arms, my equipment and myself.  
I am an expert and I am a professional.  
I stand ready to deploy, engage, and destroy the enemies of the United States of America in close combat.  
I am a guardian of freedom and the American way of life.  
I am an American Soldier.