

March 1999

# FINANCIAL AUDIT

## American Battle Monuments Commission's Financial Statements for Fiscal Years 1998 and 1997



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**United States  
General Accounting Office  
Washington, D.C. 20548**

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**Accounting and Information  
Management Division**

B-282049

March 1, 1999

The Honorable Arlen Specter  
Chairman  
The Honorable John D. Rockefeller, IV  
Ranking Minority Member  
Committee on Veterans' Affairs  
United States Senate

The Honorable Bob Stump  
Chairman  
The Honorable Lane Evans  
Ranking Minority Member  
Committee on Veterans' Affairs  
House of Representatives

This report presents the results of the audit of the American Battle Monuments Commission's (ABMC) financial statements for the fiscal years ended September 30, 1998, and 1997. We prepared this report in response to 36 U.S.C. 2103.

One of the ABMC's responsibilities is to design and construct a World War II memorial to honor members of the U.S. Armed Forces who served in that war and to commemorate U.S. participation in that conflict. The ABMC's financial statements include a trust fund established to pay for the memorial. The trust fund includes donations from the federal government as well as veterans groups and others. This report is intended for use by those donors as well as other interested parties.

We are sending copies of this report to the Senate and House Committees on Appropriations; the Secretary of the Treasury; the Director of the Office of Management and Budget; the Chairman of the ABMC; and other interested parties. Copies will be made available to others upon request.

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Should you or your staffs have any questions concerning the audit, please contact me on (202) 512-9489 or Roger Stoltz, Assistant Director, on (202) 512-9408.

A handwritten signature in black ink that reads "David L. Clark". The signature is written in a cursive style with a large, stylized initial "D".

David L. Clark  
Director, Audit Oversight  
and Liaison

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## Abbreviations

ABMC	American Battle Monuments Commission
CPA	certified public accounting
FMFIA	Federal Managers' Financial Integrity Act of 1982
OMB	Office of Management and Budget
RSSI	Required Supplementary Stewardship Information

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**Accounting and Information  
Management Division**

B-282049

General Frederick F. Woerner, Chairman  
American Battle Monuments Commission

In accordance with 36 U.S.C. 2103, as codified by Public Law 105-225, August 12, 1998, we are responsible for conducting audits of the agencywide financial statements of the American Battle Monuments Commission (ABMC). To help fulfill these responsibilities, we contracted with the independent certified public accounting (CPA) firm of KPMG LLP. KPMG's report dated January 29, 1999, is presented in appendix I.

We concur with KPMG's report on the following:

- The ABMC's consolidating financial statements as of and for the fiscal year ended September 30, 1998, and its consolidated balance sheet as of September 30, 1997, were reliable in all material respects.
- Because fiscal year 1997 was a first year audit, it was not feasible to extend the necessary auditing procedures to determine if the ABMC's remaining consolidated financial statements for the fiscal year ended September 30, 1997, were reliable in all material respects.
- ABMC management fairly stated that internal controls as of September 30, 1998, were effective in (1) safeguarding assets against loss, (2) assuring material compliance with relevant laws and regulations, and (3) preparing performance information. However, ABMC management also fairly stated that internal controls as of September 30, 1998, were not effective in ensuring that transactions were properly recorded, processed, and summarized to permit the preparation of reliable financial statements and required supplementary stewardship information (RSSI). In this regard, KPMG noted two areas of reportable conditions, which it also considered to be material weaknesses.
- No reportable instances of noncompliance with laws and regulations tested which could have a direct and material effect on the ABMC's consolidating financial statements were found.

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**Opinion on Financial  
Statements**

We concur with KPMG's opinion that the ABMC's fiscal year 1998 consolidating financial statements and its fiscal year 1997 consolidated balance sheet are presented fairly, in all material respects, in conformity with a comprehensive basis of accounting other than generally accepted accounting principles as specified in Office of Management and Budget

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(OMB) Bulletin No. 97-01, Form and Content of Agency Financial Statements, as amended.

Because fiscal year 1997 was the first year that the ABMC was required to prepare agencywide financial statements and have them audited, the scope of KPMG's work was not sufficient to express an opinion on the consolidated statements of net cost and changes in net position; budgetary resources; and financing because it was not feasible to extend audit procedures to audit opening balances as of October 1, 1996.

The fiscal year 1998 overview and the required supplementary stewardship information, consisting of a statement of heritage assets, was included for the purpose of additional information and was read for consistency, but was not audited.

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## Opinion on Management's Assertion About the Effectiveness of Internal Controls

We concur with KPMG's opinion that the ABMC management fairly stated that internal controls in place as of September 30, 1998, provided reasonable assurance that controls were effective in (1) safeguarding assets against loss from unauthorized acquisition, use, or disposition, (2) assuring material compliance with laws governing the use of budget authority and other relevant laws and regulations, and (3) ensuring that transactions and other data supporting performance information were properly recorded, processed, and summarized.

In addition, we concur with KPMG's opinion that ABMC management also fairly stated that internal controls in place as of September 30, 1998, did not provide reasonable assurance that transactions were properly recorded, processed, and summarized to permit the preparation of reliable financial statements and RSSI, in accordance with OMB Bulletin No. 97-01, Form and Content of Agency Financial Statements, as amended. The ABMC made its assertion based upon criteria established under the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and OMB Circular No. A-123, Management Accountability and Control.

KPMG limited its internal control testing to those controls necessary to achieve the objectives outlined in its opinion on management's assertion about the effectiveness of internal controls. Because of inherent limitations in internal control, fraud may occur and not be detected. KPMG also cautions that projecting its evaluation of internal controls over financial reporting to future periods is subject to the risk that internal control procedures may become inadequate because of changes in

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conditions, or that the effectiveness of the design and operations of the policies and procedures may deteriorate.

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## Reportable Conditions

The fiscal year 1997 audit identified four reportable conditions, two of which were corrected and two of which remain uncorrected as of the end of fiscal year 1998. The four conditions are summarized below and the two uncorrected conditions are discussed in more detail in the enclosed KPMG report. The fiscal year 1998 audit noted no new reportable conditions. A number of less significant items, along with suggestions for improvements, will be presented in a separate management letter to the ABMC.

- Inadequate Preparation and Approval of Bank Reconciliations of Foreign Bank Accounts was corrected during fiscal year 1998 by the timely preparation and approval of monthly bank reconciliations to general ledger balances.
- Lack of Documented Policies and Procedures for Fund Balances with Treasury was corrected during fiscal year 1998 by obtaining and implementing the most recent guidance from Treasury and the timely reconciliation of differences between Treasury and ABMC balances.
- Inadequate Controls Over Information Technology Systems was a material weakness at the end of both fiscal years 1997 and 1998. The fiscal year 1997 audit identified 11 problems in this area. During fiscal year 1998, the ABMC corrected five of the problems, such as strengthening controls over invalid attempts to sign on to systems, but did not completely correct the remaining six problems, such as the need to periodically change systems passwords in one office.

The ABMC is in the process of upgrading its systems in an effort to correct inadequate controls over information technology systems. During fiscal year 1998, with assistance from Treasury's Financial Management Services Center, the ABMC developed a design and implementation plan for an integrated, off-the-shelf accounting system. The new system is intended to conform with all current guidance and be Year 2000 compliant.<sup>1</sup> The ABMC's fiscal year 1998 and 1999 budgets included total funding of \$700,000 that is to be used to install the new accounting system during 1999.

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<sup>1</sup>The Year 2000 problem is rooted in the way dates are recorded and calculated in many computer systems. For the past several decades, systems have typically used two digits to represent the year in order to conserve on electronic data storage and reduce operating costs. With this two-digit format, however, the year 2000 is indistinguishable from the year 1900. As a result, system or application programs that use dates to perform calculations, comparisons, or sorting may generate incorrect results when working with years after 1999.

- Inaccurate Recording of Accounts Payable and Other Accruals was a material weakness at the end of both fiscal years 1997 and 1998. The fiscal year 1997 audit identified five problems in this area. During fiscal year 1998, the ABMC corrected four of the problems, such as developing written policies for accruals, but did not correct the remaining problem regarding ineffective recognition of accounts payable and accruals. This remaining problem required material audit adjustments to correct ABMC's fiscal year 1998 financial statements.

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## Compliance With Laws and Regulations

KPMG also reported that the results of its tests of the ABMC's compliance with certain provisions of laws and regulations disclosed no instances of noncompliance that could have a direct and material effect on the financial statement amounts.

KPMG further stated that the objective of its audits was not to provide an opinion on compliance with certain provisions of laws and regulations, and, accordingly, KPMG did not express such an opinion. We concur with KPMG's conclusions regarding the ABMC's compliance with laws and regulations.

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## Objectives, Scope, and Methodology

ABMC management is responsible for

- preparing agencywide financial statements, beginning for fiscal year 1997, in conformity with the basis of accounting described in note 1;
- maintaining adequate internal controls designed to fulfill control objectives; and
- complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether (1) the ABMC's financial statements are reliable (free of material misstatement and presented fairly, in all material respects, in conformity with the basis of accounting described in note 1) and (2) management's assertion about the effectiveness of internal controls is fairly stated, in all material respects, based upon criteria established under FMFIA and OMB Circular No. A-123 Management Accountability and Control. We are also responsible for testing compliance with selected provisions of laws and regulations and for performing limited procedures with respect to certain other information appearing with the ABMC's financial statements.

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To help fulfill these responsibilities, we contracted with the independent CPA firm of KPMG LLP to perform audits of the ABMC's financial statements in accordance with generally accepted government auditing standards and GAO's Financial Audit Manual. We evaluated the nature, timing, and extent of the work, monitored progress throughout the audits, reviewed the workpapers of the firm, met with partners and staff members, evaluated key judgments, met with officials of the ABMC, performed independent tests of the accounting records, and performed other procedures we deemed appropriate in the circumstances. The audits were conducted in accordance with generally accepted government auditing standards.

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## Agency Comments and Our Evaluation

KPMG discussed the results of its work with ABMC management who provided comments on a report draft and who agreed with the presentation in KPMG's report contained in appendix I.



David L. Clark  
Director, Audit Oversight  
and Liaison

January 29, 1999

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# Report on Audit of the American Battle Monuments Commission

## Independent Auditors' Report



2001 M Street, N.W.  
Washington, DC 20036

### INDEPENDENT AUDITORS' REPORT

The Comptroller General of the United States  
United States General Accounting Office, and

The Commissioners  
American Battle Monuments Commission:

We have audited the accompanying consolidating balance sheets of the American Battle Monuments Commission (the ABMC) as of September 30, 1998 and 1997, and the related consolidating statements of net cost and changes in net position, budgetary resources, and financing for the year ended September 30, 1998. We have also examined management's assertions, included in its representation letter dated January 29, 1999, regarding the effectiveness of the ABMC's internal controls over financial reporting that were in place as of September 30, 1998. The objective of our audits was to express an opinion on the fair presentation of the ABMC's 1998 consolidating financial statements and 1997 balance sheet. The objective of our examination of management's assertions regarding internal controls over financial reporting was to express an opinion on management's assertions. In connection with our audits, we also tested the ABMC's compliance with certain provisions of applicable laws and regulations.

In our opinion:

- The ABMC's consolidating financial statements as of and for the year ended September 30, 1998 and balance sheet as of September 30, 1997, are presented fairly, in all material respects, in conformity with the comprehensive basis of accounting specified in Office of Management and Budget (OMB) Bulletin No. 97-01, *Form and Content of Agency Financial Statements*, as amended;
- We were unable to express an opinion on the ABMC's statements of net cost and changes in net position, budgetary resources, and financing for the year ended September 30, 1997, because the ABMC's financial statements for the year ended September 30, 1996, were unaudited and it was not practicable to extend our auditing procedures sufficiently to satisfy ourselves as to those balances; and
- The ABMC management fairly stated its assertions that internal controls in place as of September 30, 1998, provide reasonable assurance that controls were effective in assuring that (a) assets were safeguarded against loss from unauthorized acquisition, use, or disposition; (b) transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct and



KPMG LLP, KPMG LLP a US limited liability partnership, is a member of KPMG International, a Swiss association.

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material effect on the consolidating financial statements or required supplementary stewardship information (RSSI); and (c) transactions and other data that support reporting performance measures are properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management. However, the ABMC management can not provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of the consolidating financial statements and RSSI in accordance with the basis of accounting specified in OMB Bulletin No. 97-01, as amended.

We noted reportable conditions in the following two areas, which we also considered material weaknesses:

- Inadequate Controls Over Information Technology Systems
- Inaccurate Recording of Accounts Payable and Other Accruals

We noted no instances of reportable noncompliance with laws and regulations we tested.

Our conclusions and the scope of our work are discussed in more detail below.

#### **OPINION ON FINANCIAL STATEMENTS**

We have audited the accompanying consolidating balance sheets of the ABMC as of September 30, 1998 and 1997, and the related consolidating statements of net cost and changes in net position, budgetary resources, and financing for the year ended September 30, 1998. These consolidating financial statements are the responsibility of the ABMC's management. Our responsibility is to express an opinion on these consolidating financial statements based on our audits. We did not audit the fiscal year 1993 to 1997 results of operations of the World War II Trust Fund presented in Note 11 to the consolidating financial statements. Those results were included in financial statements audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in Note 11, are based solely on the reports of other auditors.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidating financial statements present fairly, in all material respects, the financial position of the American Battle Monuments Commission as of September 30, 1998 and 1997, and its net costs, changes in net position, budgetary resources, and reconciliation of net costs to budgetary obligations, for the year ended September 30, 1998, in conformity with the comprehensive basis of accounting specified under OMB Bulletin No. 97-01, as amended.

The ABMC's financial statements for the year ended September 30, 1996 were not audited and thus it was not practical for us to extend our auditing procedures sufficiently to satisfy ourselves as to the October 1, 1996 balances of assets, liabilities, and net position. These amounts enter into the determination of fiscal year 1997 results of operations and changes in net position. Accordingly, the scope of our work was not sufficient to enable us to

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express, and we do not express, an opinion on the ABMC's statements of net costs and changes in net position, budgetary resources, and financing for the year ended September 30, 1997.

As described in Note 1, these financial statements were prepared in conformity with OMB Bulletin No. 97-01, as amended, which is a comprehensive basis of accounting other than generally accepted accounting principles. As described in Notes 1 and 13, the ABMC changed its accounting policies through early implementation of this bulletin for 1997.

**OPINION ON MANAGEMENT'S ASSERTIONS ABOUT THE EFFECTIVENESS  
OF INTERNAL CONTROLS OVER FINANCIAL REPORTING**

We have examined management's assertions, included in its representation letter dated January 29, 1999, regarding internal controls designed by management to provide reasonable, but not absolute, assurance that the following objectives are met:

- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition;
- Transactions are properly recorded, processed, and summarized to permit the preparation of the consolidating financial statements and RSSI in accordance with the basis of accounting specified in OMB Bulletin No. 97-01, as amended;
- Transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the consolidating financial statements or RSSI; and
- Transactions and other data that support reporting performance measures are properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management.

Management has asserted that internal controls in place as of September 30, 1998, provide reasonable assurance that controls were effective in assuring that the first, third, and fourth objectives were met. However, management asserts that it cannot provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of the consolidating financial statements and RSSI in accordance with the basis of accounting specified in OMB Bulletin No. 97-01, as amended.

In our opinion, management's assertions that internal controls in place as of September 30, 1998, provide reasonable assurance that controls were effective in assuring that (a) assets are safeguarded against loss from unauthorized acquisition, use, or disposition; (b) transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the consolidating financial statements or RSSI; and (c) transactions and other data that support reporting performance measures are properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management, but not that transactions are properly recorded, processed, and summarized

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to permit the preparation of the consolidating financial statements and RSSI in accordance with the basis of accounting specified in OMB Bulletin No, 97-01, as amended, are fairly stated in all material respects, based upon criteria established under the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and OMB Circular A-123, *Management Accountability and Control*.

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions, under standards issued by the American Institute of Certified Public Accountants and, accordingly, would not necessarily disclose all reportable conditions that are material weaknesses. Reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls that, in our judgment, could adversely affect the ABMC's ability to record, process, summarize, and report financial data consistent with the assertions by management in the consolidating financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the consolidating financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted certain matters discussed in the following paragraphs involving the internal control over financial reporting and its operation that we consider to be reportable conditions and material weaknesses. These conditions were considered in determining the nature, timing, and extent of the procedures performed in our audit of the ABMC's consolidating financial statements as of and for the year ended September 30, 1998.

**(1) Inadequate Controls Over Information Technology Systems**

The ABMC's current information technology systems utilized by the Washington Headquarters and the foreign regional offices contain the following weaknesses:

- There is no user documentation to support the internally-generated accounting databases: FoxPro, dBaseIV, and Clipper. The users learn how to use the system through on-the-job training, although they do not have any support to explain how functions should be performed and questions answered.
- Accounting personnel in the European Regional Office have access to the file maintenance functions that include the general ledger accounts, object codes, and vendor listings. These individuals are also responsible for entering the financial data and tracking financial obligations.
- The Pacific Regional Office does not require system passwords to be changed on a periodic basis. Users are not required to change their passwords after the initial sign-on to the network.
- The Headquarters and the Pacific Regional Office do not have business continuity plans to address continued operations of the agency in the event of a disaster. Such a

plan should include all aspects of the business operations, not only the computer systems.

- The Pacific Regional Office does not have a secure off-site storage facility to rotate backup tapes on a regular basis. Although the ABMC personnel responsible for performing the backup procedures take the tapes home with them, these sites are not considered secure sites to ensure proper control and safeguarding of financial data.
- The Mediterranean Regional Office has not been provided sufficient training in systems administration, support has not been provided to all personnel in charge of the systems, and there is no backup systems administrator.

**(2) Inaccurate Recording of Accounts Payable and Other Accruals**

The ABMC has written policies and procedures to ensure proper accrual of accounts payable and other accruals at the Headquarters and regional offices, but has not effectively implemented them. We noted the following conditions:

- The Headquarters understated liabilities and expenses by \$895,827 and misclassified liabilities of \$895,671.
- The European Regional Office understated liabilities and expenses by \$876,169 and overstated accrued annual leave by \$31,650.

We were able to obtain assurance over the proper balance of accounts payable and accruals at September 30, 1998 through performing detailed cutoff test work at Headquarters and all regional offices. All material adjustments proposed by us were recorded by ABMC.

In addition, we considered ABMC's internal controls over RSSI by obtaining an understanding of the agency's internal controls, determined whether these controls had been placed in operation, assessed control risk, and performed tests of controls. However, our objective was not to provide assurance on these internal controls and, accordingly, we do not provide assurance on such controls.

We also noted other matters involving the internal controls and its operation that we do not consider to be reportable conditions. These matters will be reported to the ABMC's management in a separate letter.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

As part of obtaining reasonable assurance about whether the ABMC's consolidating financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of consolidating financial statement amounts. However, providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audits, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## **RESPONSIBILITIES**

**Management's Responsibility.** Management is responsible for:

- preparing the financial statements in conformity with the comprehensive basis of accounting specified in OMB Bulletin No. 97-01, as amended,
- maintaining adequate internal controls designed to fulfill control objectives, and
- complying with applicable laws and regulations.

**Auditors' Responsibility.** Our responsibility is to express an opinion on the consolidating financial statements as of and for the year ended September 30, 1998 and the balance sheet as September 30, 1997 (hereafter referred to as financial statements), based on our audits. Standards, identified below, require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

We are also responsible for expressing an opinion, based on our examination, on whether management's assertions regarding the effectiveness of internal controls is fairly stated, in all material respects, based on criteria established under FMFIA and OMB Circular A-123, *Management Accountability and Control*.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the ABMC's compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions and, accordingly, we do not express such an opinion.

To fulfill these responsibilities, we:

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;

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- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall financial statement presentation;
- assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements;
- obtained an understanding of the internal controls over financial reporting;
- obtained an understanding of the internal controls related to performance measures reported in the Overview of the ABMC's Annual Financial Report;
- assessed the design of performance measure controls and whether they had been placed in operation;
- tested and evaluated the design and operating effectiveness of relevant internal controls over significant cycles, classes of transactions, and account balances;
- tested compliance with certain provisions of laws and regulations that may materially affect the financial statements:
  - Antideficiency Act
  - Budget Accounting and Procedures Act
  - Federal Managers' Financial Integrity Act
  - Prompt Payment Act
  - Civil Service Reform Act and Fair Labor Standards Act
  - 36 U.S.C. Chapter 21, as codified by P.L. 105-225, August 12, 1998
  - Korean War Veterans Memorial Thirty-Eighth Anniversary Commemorative Coin Act
  - VA, HUD, and Independent Agency Appropriations Acts (FY 97 and 98); and
- performed such other procedures as we considered necessary in the circumstances.

We limited our internal control testing to those controls necessary to achieve the objectives outlined on our opinion on management's assertion about the effectiveness of internal controls. Because of inherent limitations in internal control, fraud may occur and not be detected. Also projections of any evaluation of internal controls over financial reporting to future periods are subject to the risk that the internal control procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operations of the policies and procedures may deteriorate.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. We conducted our examination of management's assertion regarding the effectiveness of the ABMC's internal control over financial reporting in place as of September 30, 1998, in

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accordance with standards established by the American Institute of Certified Public Accountants. We believe that our audits, examination, and the reports of other auditors provide a reasonable basis for our opinions.

**Consistency of Other Information.** The information in the Overview of the ABMC and RSSI sections is supplementary information required by OMB Bulletin No. 97-01, as amended. Regarding the Overview of the ABMC, we have considered whether this information is materially inconsistent with the consolidating financial statements. Regarding the RSSI, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the method of measurement and presentation of the supplementary information. However, we did not audit the Overview of the ABMC and RSSI and, accordingly, we express no opinion on them.

**Agency Comments and Our Evaluation.** The ABMC management has agreed with our assessment of the reportable conditions and corrective action is being taken.

**Distribution.** This report is intended solely for the information and use of the General Accounting Office, management of the ABMC, others within the organization, and Congress, and is not intended to be and should not be used by anyone other than the specified parties.

KPMG LLP

January 29, 1999  
Washington, D.C.

**Appendix I  
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**ABMC Assertion Letter on Internal Controls**



Established by Congress 1923

**THE AMERICAN BATTLE MONUMENTS COMMISSION**

Courthouse Plaza II, Suite 500  
2300 Clarendon Boulevard  
Arlington, VA 22201

January 29, 1999

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

Dear Sir/Madam:

In connection with your examinations of our assertions regarding internal controls over financial reporting of the American Battle Monuments Commission (ABMC) as of September 30, 1998, we make the following representations:

1. The ABMC is responsible for establishing and maintaining an internal control structure.
2. Pursuant to the Federal Managers' Financial Integrity Act, we have assessed the effectiveness of the AMBC internal control in achieving the following objectives:
  - a. Reliability of financial reporting – transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements and Required Supplementary Stewardship Information in accordance with Federal accounting standards, and the safeguarding of assets against loss from unauthorized acquisition, use, or disposition.
  - b. Compliance with applicable laws and regulations – transactions are executed in accordance with: (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements, and (b) any other laws and regulations or government-wide policies that the Office of Management and Budget (OMB), or entity management have identified as being significant for which compliance can be objectively measured and evaluated; and
  - c. Reliability of performance reporting – transactions and other data that support reporting performance measures are properly recorded processed and summarized

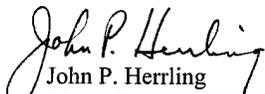
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to permit the preparation of performance information in accordance with criteria stated by management.

3. Except as disclosed in the Independent Auditors' Report, all internal controls are operated in accordance with applicable policies and procedures and are effective in meeting the forgoing objectives set forth in OMB Circular A-123.

There have been no changes subsequent to September 30, 1998, that would significantly affect internal controls over financial reporting.

Sincerely,

  
John P. Herrling  
Major General, US Army (Ret.)  
Secretary

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**ABMC Annual Financial Report**

AMERICAN BATTLE MONUMENTS COMMISSION  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1998

**Overview**

AMERICAN BATTLE MONUMENTS COMMISSION

OVERVIEW

**History and Mission**

Prior to 1923, no federal agency was responsible for commemorating the sacrifices and achievements of United States Armed Forces. After World War I, many American military units erected monuments and markers where they had served in Europe. These monuments and markers came in assorted sizes, shapes, and description. Too many bore little relationship to the achievements of the units, were poorly designed and constructed, erected on land not owned by the units, and without provision for future maintenance.

In response to this, Congress in 1923 created the American Battle Monuments Commission (ABMC), a small, independent agency of the Executive Branch of the Federal Government. Congress gave the ABMC the responsibility of commemorating the sacrifices and achievements of American armed forces where they have served since April 6, 1917, the date of United States entry into World War I.

From appropriated funds which are available until expended, the ABMC administers, operates, and maintains 24 permanent American Military Cemeteries on foreign soil and 27 stand alone memorials, monuments, and markers, five of which are in the United States, and the remaining 22 in 14 foreign countries, the Marianas, and Gibraltar. Presently, 124,914 U.S. War Dead are interred in these cemeteries – 30,921 from World War I, 93,243 from World War II, and 750 from the Mexican War. Additionally, 5,857 American veterans and others are interred in the Mexico City and Corozal (Panama) American Cemeteries. Commemorated individually by name on stone tablets at the World War I and II cemeteries and three memorials on U.S. soil are the 94,120 U.S. servicemen and women who were Missing In Action, or lost or buried at sea during the World Wars and the Korean and Vietnam Wars. In addition, 37,278 Korean War dead are honored in the Korean War Veterans Memorial database.

The ABMC also administers trust funds to: (1) build memorials authorized by Congress, but financed primarily from private contributions, commemorative coin proceeds, and investment earnings; (2) decorate grave sites with flowers from private contributions; and (3) maintain and repair nonfederal war memorials with private contributions.

**Organization and Operations**

The ABMC policymaking body is comprised of an 11 member Board of Commissioners appointed by the President for an indefinite term, who serve without pay. The Commissioners establish policy and ensure proper staff functioning in carrying out the

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mission of the agency. During inspections, they observe, inquire, comment upon and make recommendations on any and all aspects of Commission operations. The ABMC's daily operations are directed by a compensated Executive Level Secretary appointed by the President.

The Commission's headquarters office in Arlington, Virginia, provides oversight for two regional offices, three cemeteries, and 10 memorials, monuments, and markers. The European Region, headquartered near Paris, France, is responsible for 17 cemeteries and 15 memorials, monuments, and markers. The Mediterranean Region, headquartered in Rome, Italy, operates and maintains four cemeteries, one memorial, and one monument.

For fiscal year (FY) 1998, the ABMC was authorized and employed 363 full-time civilian employees. Additionally, the Department of Defense (DoD) assigned and paid five active duty military officers for which the ABMC reimbursed DoD. U.S. citizens constitute 54 staff members while the remaining 309 were foreign service nationals employed in the countries where the ABMC operates.

The care of these shrines to our War Dead requires a formidable annual program of maintenance and repair of facilities, equipment, and grounds. This care includes upkeep of 130,771 graves and headstones; and 73 memorial structures (within and external to the cemeteries) on 1,648.5 acres of land. Additionally, the ABMC maintains 41 buildings, and maintenance facilities; 67 miles of roads and paths; 911 acres of flowering plants, fine lawns and meadows; nearly 3 million square feet of shrubs and hedges; and over 11,000 ornamental trees. Care and maintenance of these resources is exceptionally labor intensive - therefore, personnel costs accounted for 58 percent of the appropriation for FY 1998. The remaining 42 percent was required to fund other operating costs and fluctuations in six foreign currencies.

In 1985, the U.S. Government embarked on a long-term program to lower the value of the U.S. dollar in foreign markets in order to make U.S. goods and services more competitive. Through its efforts, the dollar's exchange rate has decreased significantly in most of the countries where the ABMC's installations are located. In order to insulate the Commission's annual appropriation against major changes in its purchasing power due to currency exchange fluctuations, legislation was enacted in 1988 establishing an ABMC currency fluctuation account in the U.S. Treasury. During FY 1998, the ABMC's net foreign currency exchange gain was over \$1.9 million.

For the last several years, the American Veterans (AMVETS) and the Robert R. McCormick Tribune Foundation have generously donated chromatically tuned bells in carillons to enhance our overseas cemeteries. The AMVETS installed the first carillon in our Manila cemetery in 1985. They subsequently formed a partnership with the foundation, and most recently delivered a carillon to the Oisne-Aisne cemetery, the seventh they have donated over the years.

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**Performance Goals and Results**

The American Battle Monuments Commission prepared a Strategic Performance Plan for FY 1999-2004 and an Annual Performance Plan for FY 1999 in accordance with the Government Performance and Results Act. These plans were coordinated with key Congressional Staffs and the Office of Management and Budget. While we anticipate there will be a number of changes as we implement these plans, we feel we have made a credible start in developing a "road-map" for the Commission. The following goals and results are directly related to our Strategic Performance Plan.

**Goal**

Provide the best, most extensive support possible to next of kin and other customers who use the services of the American Battle Monuments Commission.

**Results**

The ABMC provides information and assistance on request to relatives and friends of the War Dead interred in or commemorated at its facilities. These services include burial and memorialization information, letters authorizing fee-free passports for members of the immediate family traveling overseas primarily to visit the cemetery, travel and accommodation information, floral decorations of grave or memorial sites utilizing funds provided by the donor, color Polaroid photographs of the decoration in place, color lithographs of the cemetery or memorial where a serviceman or woman is buried or commemorated by name on which has been mounted a photograph of the appropriate headstone or section of the Tablet of the Missing, and escort of relatives within the cemetery to the grave or memorial site.

In addition to responding to inquiries by friends and relatives of the Missing and War Dead, we also provide information to the Executive Branch, members of Congress, historians, and other interested individuals.

During FY 1998, the ABMC responded to approximately 5,000 inquiries, requiring over 4,200 written responses. In addition, we mailed out more than 1,500 cemetery lithographs.

Nearly nine million American and foreign citizens visited ABMC cemeteries, memorials, monuments, and markers during FY 1998. Most visitors paid homage collectively to the interred Honored War Dead. Many had a more personal reason for visiting - a friend or relative who never returned home. Regardless of the visitor's motivation, ABMC employees dedicated themselves to making each visit gratifying and memorable.

Throughout the year at sites around the world, the ABMC hosts a variety of special events and commemorations including Memorial Day, Independence Day, and Veterans Day. In addition, many military units hold ceremonies to honor their fallen comrades and local

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organizations pay tribute to those who died while liberating the region. Some received national attention and publicity, many drew local attention only. All reflected solemn respect for America's Honored War Dead, and appreciation for the sacrifices of all veterans.

During FY 1998, the ABMC established an Internet web site, which provides our customers a convenient, user friendly, method to access information on our cemeteries, memorials, monuments, markers, and headquarters operations.

Goal

Conduct an effective engineering maintenance and repair program at all the ABMC cemeteries, memorials, and monuments in order to sustain desired standards.

Results

One of our greatest challenges is dealing with aging facilities and equipment. Our World War I and World War II cemetery memorials range in age from 80 to 50 years old respectively and our Mexico City Cemetery is more than 100 years old. The permanent structures and plantings, which make our facilities among the most beautiful memorials in the world, are aging and require increased funding to maintain them at the current standards. Our maintenance and engineering budget is stretched to the limit. Accordingly, we have prioritized this spending carefully.

During FY 1998, we updated a worldwide comprehensive engineering and maintenance repair list, which identified 617 projects with an estimated cost of \$14.7 million. Congress, recognizing the critical requirements of our maintenance and engineering program, added \$3 million to our FY 1998 appropriations. By prioritizing our requirements on a worldwide basis, and with the additional funding provided by Congress, as of September 30, 1998, we were able to reduce our backlog to 526 projects with an estimated cost of \$10.5 million.

Congress, recognizing this continuing critical requirement, appropriated an additional \$2.5 million for FY 1999 specifically to reduce our backlog of maintenance and engineering projects.

Goal

Modernize ABMC's accounting systems and funding processes to ensure that funding is used and accounted for in the most efficient and effective manner.

Results

Our accounting system does not comply with current OMB Circular A-127 requirements to maintain a single integrated financial management system. During FY 1997 we

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contracted with the Department of Treasury's Financial Management Services Center (FMSC) to study our accounting system, provide alternatives and recommendations, and design a new system. A new system, which we plan to implement in FY 1999, at an estimated cost of \$700,000 will provide an integrated Year 2000 (Y2K) compliant system which will conform with all current guidance and allow us to prepare comprehensive financial statements. During Fiscal Year 1998, in coordination with FMSC, we finalized our requirements, developed a comprehensive implementation and training plan, and selected an off the shelf system.

While our new accounting system is being designed to be Y2K compliant, we have purchased Y2K diagnostic software and are in the process of running our existing systems to re-ensure compliance with the Y2K requirement. We anticipate all actions associated with Y2K compliance will be completed by March 1999. Most of our hardware and software has recently been purchased with manufacturer's certification of Y2K compliance. Based on these actions, we are confident that we will not experience any failures associated with Y2K problems. A worst case scenario would be an inability to process data. As part of our routine data automation procedures, we run backup files each week. In the event of a Y2K failure, these files will be utilized to reconstitute our database. Costs associated with ensuring Y2K compliance have been under \$5,000 for our agency and there are no anticipated future costs.

The ABMC has made other significant strides over the last several years to streamline its operating processes and procedures. Currently, we have approximately 90% of our employees paid through electronic funds transfer (EFT). The headquarters office paid approximately 75% of its vendor purchases through EFT in FY 1998 with a goal of 90% worldwide in FY 1999. Also, in FY 1998, we began utilizing "IMPAC Cards" for small purchases, allowing us to significantly streamline our document processing.

Goal

Establish a National World War II Memorial in Washington, DC, to honor those who served in the Armed Forces of the United States during World War II and commemorate the participation of the nation in that war.

Results

In 1993, Congress directed the ABMC to establish a World War II Memorial in Washington, DC or its environs. It will be the first national memorial dedicated to the 16 million who served in uniform during World War II, the 406,000 who gave their lives, and the millions who supported the war effort from the home front. Congress provided legislative authority for siting the memorial in the prime area of the national capital, which includes the National Mall. The cost of the memorial is estimated to be \$100 million.

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The Commission of Fine Arts (CFA), the National Capital Planning Commission (NCPC) and the Department of Interior approved selection of the Rainbow Pool site, a 7.4-acre rectangular area at the east end of the Reflecting Pool between the Lincoln Memorial and the Washington Monument. This prominent location is commensurate with the historical importance and lasting significance of World War II to America and the world. The memorial site was dedicated by President Clinton on Veterans Day, November 11, 1995.

The design of Friedrich St. Florian, a professional architect based in Providence, RI, was selected for the memorial through a two-stage, open competition modeled on the General Services Administration's Design Excellence Program. President Clinton announced St. Florian's selection during a White House ceremony on January 17, 1997.

On July 24, 1997, in a public hearing, the CFA approved many elements of the memorial design concept, but voiced concern over the mass and scale of the concept as presented. The CFA unanimously reaffirmed the Rainbow Pool site and requested that the design be given further study and resubmitted at a later date. On July 31, 1997, the NCPC reaffirmed its approval of the site and, like the CFA, requested design modifications and an analysis of various environmental considerations.

On May 12, 1998, the National Park Service (NPS), on behalf of the ABMC, forwarded St. Florian's revised design concept to the CFA and the NCPC for their consideration and approval. On May 21, 1998, in a public hearing, the CFA "unanimously and enthusiastically" approved the location, site plan and revised design concept. On July 9, 1998, in a public hearing, the NCPC overwhelmingly approved the revised design concept.

The public fund raising effectively began in March 1997, when the ABMC announced the selection of former Senator Bob Dole as the National Chairman of the World War II Memorial Campaign. Joining Senator Dole in this endeavor is National Co-Chairman Frederick W. Smith, founder of Federal Express and Chairman, President and CEO of FDX Corporation. The Capital Campaign fund-raising efforts were extremely positive during the last months of FY 1997 and all of FY 1998. As of September 30, 1998, \$36.5 million had been raised from all sources, resulting in an account balance of \$18.5 million after costs. Many of these contributions were secured prior to the July 1998 National Capital Planning Commission approval of the design concept. As national awareness of the effort grows, the response of the giving public has been more positive.

In 1999 the World War II Memorial drive will initiate a national public service ad campaign through the Ad Council. Cause-related marketing activities will begin with companies that have expressed interest in bringing the Memorial to their consumer base. Recent films, such as *Saving Private Ryan*, has substantially raised awareness of the sacrifices of the WWII generation and the planned recognition through the National World War II Memorial. Prominent corporate and public sector leaders have been enlisted to assist with the solicitation and advocacy process.

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The ABMC has established realistic and prudent estimates of the various giving constituents. To date the campaign has been led by corporate and foundation giving, and we project continued positive response. Many corporations played an integral role in the World War II effort. Millions of interested and committed individuals are becoming involved in the respective campaigns of veterans groups. These groups are enthusiastically supporting the campaign.

Civic organizations are beginning to step forward with fund-raising goals for their respective membership. The Daughters of the American Revolution, the Freemasons, the Elks, and many others are establishing membership giving programs and aggressive targets. Individuals of affluence are being cultivated for major gifts and should accelerate the total level of support during calendar year 1999. Direct Mail has helped us educate the giving public and continues to provide a profitable return for each dollar invested. As of December 31, 1998, more than 200,000 individuals have participated.

The synergistic effect of national awareness, the immediacy of the need to recognize this extraordinary generation, and the general nation-wide interest to honor the individuals who paved the way for present day America and the values which they so quietly exemplified, make our fund raising goals both reasonable and attainable.

**Limitations on Financial Statements**

The ABMC is required by 36 USC 2103, as codified by Public Law 105-225, August 12, 1998, to prepare agency wide financial statements annually, beginning with FY 1997, and to have such financial statements audited by the U.S. General Accounting Office (GAO) in accordance with generally accepted government auditing standards.

While the statements have been prepared from the books and records of the entity in accordance with the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records. Also, the statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

The first financial audit was limited to the ABMC's balance sheet as of September 30, 1997. For FY 1998 and each year thereafter, audits will include all of ABMC's financial statements. FY 1997 and FY 1998 audits were performed by the public accounting firm of KPMG LLP under contract to the GAO.

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**Consolidating Balance Sheet**

AMERICAN BATTLE MONUMENTS COMMISSION  
CONSOLIDATING BALANCE SHEET  
As of September 30, 1998  
(With Comparative Consolidated Total as of September 30, 1997)

	<u>General Fund</u>	<u>Trust Funds</u>	<u>Total Funds</u>	<u>Total Funds</u>
	<u>Cemeteries and Memorials</u>	<u>World War II Memorial</u>	<u>Other Trust Funds</u>	
<u>Assets</u>				
			<u>1998</u>	<u>1997</u>
			<u>Total</u>	<u>Total</u>
Intragovernmental:				
Fund balances with Treasury (note 2)	\$8,889,630	\$703,703	\$9,759,485	\$5,602,109
Treasury investments, net (note 3)		8,814,480	8,814,480	6,465,824
Interest receivable		121,430	121,430	178,712
Cash and foreign accounts (note 4)	1,930,567		1,930,567	1,141,971
Contributions receivable, net (note 5)		10,173,240	10,173,240	6,020,000
General property, plant, & equipment, net (note 6)	456,300	36,984	493,284	298,559
<b>Total Assets</b>	<b>\$11,276,497</b>	<b>\$19,849,837</b>	<b>\$31,292,486</b>	<b>\$19,707,175</b>
<u>Liabilities</u>				
Liabilities covered by budgetary resources:				
Intragovernmental:				
Accounts payable	\$233,442	\$134,572	\$368,014	\$339,225
Accrued salaries and benefits	407,328	106,714	514,042	360,912
Accounts payable	1,086,278	1,089,114	\$486	2,175,878
Accrued salaries and benefits	1,041,525	98,344	1,139,869	928,060
Liabilities not covered by budgetary resources:				
Unfunded annual leave	765,632	55,110	820,742	662,451
Separation pay liability (note 9)	847,130		847,130	922,438
<b>Total Liabilities</b>	<b>4,381,335</b>	<b>1,483,854</b>	<b>486</b>	<b>5,865,675</b>
Commitments and contingencies (notes 5, 8, 14)				
<u>Net Position</u> (notes 10, 11)				
Unexpended appropriations	8,019,777		8,019,777	4,183,488
Cumulative results of operations	(1,124,615)	18,365,983	165,666	17,407,034
<b>Total Net Position</b>	<b>6,895,162</b>	<b>18,365,983</b>	<b>165,666</b>	<b>25,426,811</b>
<b>Total Liabilities and Net Position</b>	<b>\$11,276,497</b>	<b>\$19,849,837</b>	<b>\$31,292,486</b>	<b>\$19,707,175</b>

The accompanying notes are an integral part of these statements.

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**Consolidating Statement of Net Cost and Changes in Net Position**

**AMERICAN BATTLE MONUMENTS COMMISSION  
CONSOLIDATING STATEMENT OF NET COST AND CHANGES IN NET POSITION  
For the Year Ended September 30, 1998  
(With Comparative Consolidated Total For the Year Ended September 30, 1997)**

	<u>General Fund</u>	<u>Trust Funds</u>	<u>Total Funds</u>	<u>Total Funds</u>
	<u>Cemeteries and Memorials</u>	<u>World War II Memorial</u> <small>(note 11)</small>	<u>Other Trust Funds</u>	<u>1998</u>
			<u>Total</u>	<u>1997</u>
				<u>(Unaudited)</u>
				<u>Total</u>
<b>Costs</b>				
Program operations:				
Operations and maintenance	\$24,792,806		\$169,572	\$24,962,378
Capital campaign		\$8,280,086		8,280,086
Design and construction		988,474		1,151,622
Property, plant, and equipment (note 6)	499,545	53,050	409	1,067,432
Foreign currency (gains), losses, net	(1,948,798)		(1,948,798)	630,282
Depreciation	101,880	627	102,507	85,440
Deferred maintenance (note 7)				
Net Cost of Operations	23,445,433	9,322,237	169,981	29,235,720
<b>Financing Sources</b>				
Appropriations used	25,026,430		25,026,430	20,350,792
Foreign currency stabilization	(1,948,798)		(1,948,798)	630,282
Transfer-in	205,000			205,000
Contributions		15,623,410	78,182	9,503,849
Investment earnings		396,494		419,164
Imputed financing (note 12)	309,589		309,589	578,700
Total financing sources	23,592,221	16,019,904	78,182	31,482,787
Net results of operations, before cumulative effect of changes in accounting policies	146,788	6,697,667	(91,799)	6,752,656
Less: Cumulative effect of changes in accounting policies (note 13)				(114,747,134)
Net Results of Operations	146,788	6,697,667	(91,799)	(112,500,067)
<b>Changes in Net Position</b>				
Increase in unexpended appropriations	3,836,289		3,836,289	1,943,080
Net Position - start of the year	2,912,085	11,668,316	257,465	125,394,853
Net Position - end of the year	\$6,895,162	\$18,365,983	\$165,666	\$25,426,811

The accompanying notes are an integral part of these statements.

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**Consolidating Statement of Budgetary Resources**

AMERICAN BATTLE MONUMENTS COMMISSION  
CONSOLIDATING STATEMENT OF BUDGETARY RESOURCES  
For the Year Ended September 30, 1998  
(With Comparative Consolidated Total For the Year Ended September 30, 1997)

	<u>General Fund</u>	<u>Trust Funds</u>	<u>Total Funds</u>	<u>Total Funds</u>
	<u>Cemeteries and Memorials</u>	<u>World War II Memorial</u>	<u>Other Trust Funds</u>	<u>1998</u> <u>1997</u> (Unaudited)
			<u>Total</u>	<u>Total</u>
<b><u>Budgetary Resources</u></b>				
Budgetary authority	\$26,897,000		\$26,897,000	\$22,265,000
Transfer in	205,000		205,000	
Unobligated balances, net - start of year	1,943,080		1,943,080	176,050
Spending authority from offsetting collections		\$11,849,681	\$78,182	11,927,863
Adjustment - (unused) used offsetting collections		(2,320,377)	41,549	(2,278,828)
Total Budgetary Resources	<u>\$29,045,080</u>	<u>\$9,529,304</u>	<u>\$119,731</u>	<u>\$38,694,115</u>
<b><u>Status of Budgetary Resources</u></b>				
Obligations incurred	\$24,884,966	\$9,529,304	\$119,731	\$34,534,001
Unobligated balances, net - end of year	4,160,114		4,160,114	1,943,080
Total Status of Budgetary Resources	<u>\$29,045,080</u>	<u>\$9,529,304</u>	<u>\$119,731</u>	<u>\$38,694,115</u>
<b><u>Outlays</u></b>				
Obligations incurred	\$24,884,966	\$9,529,304	\$119,731	\$34,534,001
Plus: obligated balances, net - start of year	3,997,787	1,962,852	89,588	6,050,227
Less: obligated balances, net - end of year	(6,625,640)	(2,168,010)	(32,911)	(8,826,561)
Total Outlays	<u>\$22,257,113</u>	<u>\$9,324,146</u>	<u>\$176,408</u>	<u>\$31,757,667</u>

The accompanying notes are an integral part of these statements.

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**Consolidating Statement of Financing**

**AMERICAN BATTLE MONUMENTS COMMISSION  
CONSOLIDATING STATEMENT OF FINANCING  
For the Year Ended September 30, 1998  
(With Comparative Consolidated Total For the Year Ended September 30, 1997)**

	<u>General Fund</u>	<u>Trust Funds</u>	<u>Total Funds</u>	<u>Total Funds</u>
	<u>Cemeteries and Memorials</u>	<u>World War II Memorial</u>	<u>Other Trust Funds</u>	<u>1998 Total</u>
				<u>1997 (Unaudited) Total</u>
<b><u>Obligations and Nonbudgetary Resources</u></b>				
Obligations incurred	\$24,884,966	\$9,529,304	\$119,731	\$34,534,001
Imputed retirement, rent, and audit services	309,589			309,589
Total Obligations and Nonbudgetary Resources	25,194,555	9,529,304	119,731	34,843,590
<b><u>Resources That Do Not Fund Net Cost of Operations</u></b>				
Cost capitalized on the balance sheet	(259,620)			(259,620)
Decrease in separation pay liability	(75,308)			(75,308)
Undelivered orders - start of year	2,240,408	451,562	82,675	2,774,645
Less: Undelivered orders - end of year	(3,859,663)	(739,366)	(32,425)	(4,631,454)
Total Resources That Do Not Fund Net Cost of Operations	(1,954,183)	(287,804)	50,250	(2,191,737)
<b><u>Costs That Do Not Require Resources</u></b>				
Depreciation	101,880	627		102,507
In-kind expenses		25,000		25,000
Total Costs That Do Not Require Resources	101,880	25,627		127,507
<b><u>Financing Sources Yet to be Provided</u></b>				
Increase in unfunded annual leave	103,181	55,110		158,291
Net Cost of Operations	\$23,445,433	\$9,322,237	\$169,981	\$32,937,651
				\$29,235,720

The accompanying notes are an integral part of these statements.

**Notes to the Consolidating Financial Statements**

**AMERICAN BATTLE MONUMENTS COMMISSION  
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS  
For the Fiscal Years Ended September 30, 1998 and 1997**

**Note 1. Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying consolidating financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, and financing of the American Battle Monuments Commission (ABMC) in accordance with a comprehensive basis of accounting other than generally accepted accounting principles as specified in Office of Management and Budget (OMB) Bulletin No. 97-01, Form and Content of Agency Financial Statements, as amended. The provisions of this bulletin were effective in their entirety for the preparation of financial statements for the fiscal year (FY) ending September 30, 1998. The ABMC implemented applicable provisions of this bulletin with the preparation of its FY 1997 financial statements. There are no intra-entity transactions to be eliminated.

**B. Reporting Entity and Funding Sources**

The ABMC is an independent agency within the Executive Branch of the Federal Government. The ABMC was created by an Act of March 4, 1923, the current provisions of which are now codified in 36 U.S.C. ch. 21 by Public Law 105-225, August 12, 1998. The ABMC's mission is to commemorate the sacrifices and achievements of U.S. Armed Forces where they have served overseas since April 6, 1917, and at locations within the United States when directed by the Congress. The ABMC designs, administers, constructs, operates, and maintains 24 American military cemeteries and 27 memorials, monuments, and markers (herein collectively referred to as memorials). All of the cemeteries are located on foreign soil. Five memorials are located in the United States, and the remainder in fourteen foreign countries, the Marianas, and Gibraltar. The ABMC is headquartered in Arlington, Virginia. Field operations are conducted through offices located near Paris, France and in Rome, Italy; Manila, the Philippines; Mexico City, Mexico; and Panama City, Panama. The ABMC is also responsible for designing and constructing the national World War II Memorial, to be located on the Mall in Washington, D.C.

The ABMC's programs are funded primarily through permanent and indefinite appropriated funds. The ABMC also administers several trust funds established to: (1) build memorials authorized by the Congress, but which are funded primarily by private contributions, commemorative coin sales proceeds, and investment earnings; (2) decorate grave sites; and (3) maintain and repair certain non-federal war memorials.

**C. Basis of Accounting**

The ABMC proprietary (assets, liabilities, equity, revenue, and expenses) accounts are maintained on the accrual basis, where appropriated funds are accounted for by appropriation year, operating expenses are recorded as incurred, and depreciation is taken on property, plant, and equipment not otherwise classified as heritage assets. The ABMC budgetary accounts are maintained on a budgetary basis, which facilitates compliance with legal constraints and statutory funds control requirements. The functional budget classification is Veterans' Benefits and Services.

#### **D. Fund Balances with Treasury**

The ABMC's cash receipts and disbursements are processed by the U.S. Treasury. Fund balances with Treasury are comprised of appropriated general funds and trust funds.

#### **E. Investments**

In accordance with Public Law 103-32, the ABMC is authorized to invest World War II Memorial Trust Fund receipts in U.S. Treasury securities. Treasury investments are recorded at par value plus unamortized premium or less unamortized discount. Premiums and discounts are amortized using the interest method.

#### **F. Foreign Currency**

The ABMC operating offices maintain accounts of foreign currencies to be used in making payments in foreign countries. These accounts are reported at the U.S. dollar equivalent using the Treasury exchange rate in effect on the last day of the fiscal year.

#### **G. Contributions and Revenue Recognition**

Contributions or unconditional promises to give to the ABMC are recognized as revenue in the period of initial pledge when sufficient verifiable evidence of pledges exists. Conditional promises to give are recorded as revenue when the conditions have been met. Contributions with donor-imposed restrictions that are met in the same year as received are reported as contribution revenue. In-kind contributions of goods and services are recognized at fair value by the ABMC at the time the goods are received or the services are performed. Multiyear contributions due over a period of time are discounted to their present value based upon the short term Treasury interest rate.

#### **H. Operating Materials & Supplies Inventories**

The ABMC has determined that it is more cost beneficial to record operating materials and supplies as an expense when purchased rather than when consumed. Consequently, the ABMC reports no operating materials or supplies inventories.

#### **I. Property, Plant, and Equipment**

Purchases of general property, plant, and equipment (PP&E) of \$25,000 or less are expensed in the year of acquisition. Purchases of personal property exceeding \$25,000 are capitalized and depreciated on a straight-line basis over five years. Expenditures relating to real property exceeding \$25,000 are capitalized and depreciated on a straight-line basis over ten years. Heritage assets are assets possessing significant cultural, architectural, or aesthetic characteristics. The ABMC considers cemeteries, memorials, monuments, and markers acquired through purchase or transfer to be heritage assets. Heritage assets are acquired through purchase or transfer and are accounted for in the ABMC's property records, and are not presented in the balance sheet. Withdrawals of heritage assets are recorded upon formal agreement with recipients. Additional unaudited information concerning heritage assets is found in the Statement of Heritage Assets as required supplemental stewardship information. Cemetery land is owned by the foreign countries in which cemeteries are located, and is provided to the United States in perpetuity.

**J. Deferred Maintenance**

Deferred maintenance is maintenance not performed when it should have been. The ABMC has deferred maintenance at many of its properties. Condition inspections of real property utilizing the condition assessment survey methodology are conducted at least biennially. As a result of these inspections, the ABMC estimates the cost to perform maintenance identified as necessary, but unperformed, during the current accounting period.

**K. Employee Benefits**

Most ABMC civilian U.S. nationals hired after December 31, 1983 are covered by the Federal Employees' Retirement System (FERS), which was implemented on January 1, 1984. ABMC civilian U.S. nationals hired on or before December 31, 1983 could elect to transfer to FERS, or remain with the Civil Service Retirement System (CSRS). For FERS employees, the ABMC withholds .8 percent of base pay, and as employer contributes 10.7 percent of base pay to this retirement system. For Federal Insurance Contribution Act tax and Medicare, the ABMC withholds 7.65 percent from FERS employees' earnings, matches this amount on a dollar-for-dollar basis, and remits the total amount to the Social Security Administration. The ABMC withholds 7 percent of base pay plus 1.45 percent for Medicare from CSRS employees' earnings, and as employer contributes 8.51 percent of base pay plus 1.45 percent for Medicare. These deductions are then remitted to the U.S. Office of Personnel Management and the Social Security Administration. The U.S. Office of Personnel Management is responsible for government-wide reporting of FERS and CSRS assets, accumulated plan benefits, and unfunded liabilities.

On April 1, 1987 the Federal government instituted the Thrift Saving Plan (TSP), a retirement savings and investment plan for employees covered by FERS and CSRS. The ABMC contributes a minimum of 1 percent of FERS employees' base pay to the TSP. FERS employees have the option of contributing up to 10 percent of their base pay on a tax deferred basis to FERS, which the ABMC matches up to 4 percent of base pay. CSRS employees may contribute up to 5 percent of their base pay to TSP on a tax deferred basis, and receive no matching contribution from the ABMC.

Retirement and other benefits for military personnel assigned to the ABMC are provided by the Military Retirement System (MRS). The military services bill the ABMC quarterly for reimbursement of assignees' pay and benefits, including MRS related amounts. The Department of Defense is responsible for reporting MRS assets, accumulated plan benefits, and unfunded liabilities.

Retirement and other benefits for the ABMC's foreign national employees are paid by the ABMC in accordance with the provisions of ten host nation agreements negotiated by the U.S. Department of State.

Annual leave is accrued as earned, and the resulting unfunded liability is reduced as leave is taken. Separation pay is provided in certain countries according to host nation agreements. Separation pay is accrued as earned, and the resulting unfunded liability is reduced when paid to the foreign national leaving the employ of the ABMC. Each year the balance in the accrued separation pay and annual leave accounts is adjusted to reflect current pay rates. To the extent that current or prior year appropriations are not available to fund annual leave and separation pay, funding will be obtained from future financing resources. Such leave and other types of unvested leave are expensed when incurred.

**L. Imputed Financing**

The ABMC received imputed financing for retirement, rent, and audit services during FY 1998 and FY 1997, which was paid by others. The ABMC recognized these expenses and related imputed financing in the financial statements.

**M. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses reported during the reporting period. Actual results could differ from those estimates.

**N. Transfer In**

During FY 1998, \$205,000 was transferred from the U.S. State Department to the ABMC. This funding was for ICASS (International Cooperative Administrative Support Services) costs of the ABMC overseas operations that were budgeted and funded in prior years by the U.S. State Department.

**O. Comparative Data**

Comparative data is presented for FY 1998 and FY 1997. However, only the FY 1997 balance sheet was audited, as this was the first year the ABMC was required to prepare financial statements and have them audited. The remaining FY 1997 financial statements are noted as unaudited. Certain reclassification of FY 1997 amounts were made for comparability with FY 1998.

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**Note 2. Fund Balances with Treasury**

All undisbursed account balances with the U.S. Treasury, as reflected in the ABMC's records, as of September 30 were:

	1998			1997
	General Fund	Trust Funds	Total	Total
General Fund Balance	\$4,997,751		\$4,997,751	\$3,276,893
Monument Fund -				
Washington Office		\$16,539	16,539	16,274
Monument Fund -				
European Offices		56,587	56,587	66,717
Floral Decorations Fund		61,462	61,462	52,966
Korean War Memorial Fund		31,564	31,564	128,421
WW II Memorial Fund		703,703	703,703	515,070
Currency Fluctuation	<u>3,891,879</u>		<u>3,891,879</u>	<u>1,545,768</u>
	<u>\$8,889,630</u>	<u>\$869,855</u>	<u>\$9,759,485</u>	<u>\$5,602,109</u>

Fund Balances with Treasury in the ABMC's FY 1998 and FY 1997 accounting records are lower than its balances confirmed with the U.S. Treasury by \$106,652. This difference is due to old, unidentified amounts, which the Treasury has not yet removed from its accounting records.

**Note 3. Treasury Investments, Net**

As of September 30, World War II Memorial Fund investments in U.S. Treasury Notes, which are marketable securities due within one year were:

<u>FY</u>	<u>Cost</u>	<u>Amortization Method</u>	<u>Interest Rates</u>	<u>Net Premium</u>	<u>Net Investment</u>
98	<u>\$8,800,000</u>	Interest	<u>4.75% to 8.75%</u>	<u>\$14,480</u>	<u>\$8,814,480</u>
97	<u>\$6,450,000</u>	Interest	<u>5.375% to 8.875%</u>	<u>\$15,824</u>	<u>\$6,465,824</u>

Amortized cost approximated market as of September 30 for these investments.

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**Note 4. Cash and Foreign Accounts**

Outside the United States the ABMC makes payments in U.S. and foreign currencies through imprest cash funds and Treasury designated depository commercial bank accounts which as of September 30 were:

	<u>1998</u>	<u>1997</u>
Imprest Cash Funds	\$31,848	\$13,926
Foreign Bank Accounts	<u>1,898,719</u>	<u>1,128,045</u>
	<u>\$1,930,567</u>	<u>\$1,141,971</u>

**Note 5. Contributions Receivable**

The ABMC has pledges from the private sector to be used for the World War II Memorial with substantial pledges by major corporations and foundations. These pledges were recorded as contribution receivables and revenue in the fiscal year pledged. Amounts due in future years were as follows:

<u>Fiscal Year Due</u>	<u>1998</u>
1999	\$2,826,250
2000	3,314,250
2001	2,551,250
2002	1,440,000
2003	770,000
After five years	<u>400,000</u>
Total amount due	11,301,750
Less: Discount at 4.26%	<u>(1,128,510)</u>
Net receivable	<u>\$10,173,240</u>

However, \$3 million is contingent upon the ABMC receiving contributions to fund the remaining cost of the project and \$663 thousand is contingent upon start of construction. Donors placed no additional restrictions on the use of the funds. The ABMC believes that all contributions receivable are fully collectible, and therefore, no allowance for uncollectible accounts has been established.

As of September 30, 1998, there was a pledge for in-kind services with a balance of \$975,000 that was not included in contributions receivable.

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**Note 6. General Property, Plant, and Equipment, and Heritage Assets**

General property, plant, and equipment with an aggregate cost basis of \$25,000 or less and all heritage assets were expensed by the ABMC and totaled \$553,004 in FY 1998 and \$1,067,432 in FY 1997. For FY 1997, an additional \$5,891,306 of general property, plant, and equipment capitalized in prior years was deducted from the ABMC's net position as of October 1, 1996 to reflect the cumulative effect of a change in accounting policy to expense property with a cost basis of \$25,000 or less. The ABMC had previously capitalized property items using various thresholds at different locations.

Since the 1960s, the ABMC's European regional office near Paris, France has occupied a residential structure owned by the United States government. The ABMC is responsible for all utilities, maintenance, and repairs. While the structure has the characteristics of a heritage asset, it has been used as general property. However, it is now fully depreciated and no value is contained in the financial statements.

General property, plant, and equipment as of September 30 was:

Category	1998			1997		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Buildings	\$70,513	\$39,896	\$30,617	\$70,513	\$37,548	\$32,965
Equipment	864,333	401,666	462,667	567,102	301,508	265,594
	<u>\$934,846</u>	<u>\$441,562</u>	<u>\$493,284</u>	<u>\$637,615</u>	<u>\$339,056</u>	<u>\$298,559</u>

Heritage assets totaling \$107,225,655 were removed from the ABMC's financial records as of October 1, 1996, which represented the cumulative effect of a change in accounting policy in accordance with the provisions of Statement of Federal Accounting Standard # 6, Accounting for Property, Plant, and Equipment. There was no change in the number of physical units or acreage of cemeteries or memorials in FY 1998 and FY 1997.

**Note 7. Deferred Maintenance**

Maintenance and repairs performed on real property consisting of land improvements, buildings, and memorials totaled \$5.9 million in FY 1998 and \$1.9 million in FY 1997, most of which was applied to deferred maintenance projects. Condition assessment surveys, using a five point scale of one (excellent) to five (very poor), identify needed maintenance and repair projects at cemeteries and memorials in order to maintain real property in an acceptable condition of three (fair) or better. Using these condition assessment surveys, 526 engineering maintenance projects with an estimated cost of \$10.5 million were identified as of September 30, 1998 as necessary to maintain real property in an acceptable condition. However, the actual cost of deferred maintenance projects is dependent upon future events, but is not expected to exceed \$13 million.

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**Note 8. Lease Agreements**

The ABMC has no capital leases. Operating lease costs (rent) for the ABMC's Arlington, VA headquarters was \$308,000 in FY 1998 under a nine year lease. The ABMC headquarters received free rent from the Army Corps of Engineers valued at \$256,750 in FY 1997. The European Director's living quarters are rented under a three year renewable operating lease. The ABMC's Mediterranean office occupies commercial office space under a six-year renewable operating lease. The Mediterranean Director's living quarters are rented under a six year operating lease, with a two year renewal option.

Future minimum payments due on operating leases as of September 30, 1998 were:

<u>Fiscal Year</u>	<u>Totals</u>
1999	\$372,587
2000	355,513
2001	356,018
2002	311,207
2003	296,612
After five years	<u>1,137,013</u>
	<u>\$2,828,950</u>

**Note 9. Employee Benefits**

Under host nation agreements, the ABMC's Mediterranean Region Italian and Tunisian employees earn separation pay for each year of service with the Commission. The ABMC recognized an unfunded liability for separation pay for these employees of \$847,130 as of September 30, 1998, and \$922,438 as of September 30, 1997.

A portion of pension and other retirement benefits (ORB) expense is funded by an imputed financing source to recognize the amount of pension and ORB unfunded liabilities assumed by the Office of Personnel Management (OPM). These costs are computed in accordance with cost factors provided by OPM. For FY 1998, the ABMC incurred \$672,053 of pension and ORB costs, \$213,597 of which were imputed. For FY 1997, the ABMC incurred \$614,014 of pension and ORB costs, \$284,720 of which were imputed.

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**Note 10. Net Position**

Net position balances as of September 30, 1998 were:

	<u>General Fund</u>	<u>Trust Funds</u>		<u>Total</u>
		WWII	Other	
Unexpended appropriations:				
Unobligated	\$4,160,114			\$4,160,114
Undelivered orders	<u>3,859,663</u>	<u>          </u>	<u>          </u>	<u>3,859,663</u>
	<u>\$8,019,777</u>	<u>          </u>	<u>          </u>	<u>\$8,019,777</u>
Cumulative results of operations:				
Unrestricted	(\$1,124,615)	\$17,626,617	\$133,241	\$16,635,243
Undelivered Orders	<u>          </u>	<u>739,366</u>	<u>32,425</u>	<u>771,791</u>
	<u>(\$1,124,615)</u>	<u>\$18,365,983</u>	<u>\$165,666</u>	<u>\$17,407,034</u>
Total Net Position	<u>\$6,895,162</u>	<u>\$18,365,983</u>	<u>\$165,666</u>	<u>\$25,426,811</u>

Net position balances as of September 30, 1997 were:

	<u>General Fund</u>	<u>Trust Funds</u>	<u>Total</u>
Unexpended appropriations:			
Unobligated	\$1,943,080		\$1,943,080
Undelivered orders	<u>2,240,408</u>	<u>          </u>	<u>2,240,408</u>
	<u>\$4,183,488</u>	<u>          </u>	<u>\$4,183,488</u>
Cumulative results of operations:			
Unrestricted	(\$1,271,403)	\$11,391,544	\$10,120,141
Undelivered Orders	<u>          </u>	<u>534,237</u>	<u>534,237</u>
	<u>(\$1,271,403)</u>	<u>\$11,925,781</u>	<u>\$10,654,378</u>
Total Net Position	<u>\$2,912,085</u>	<u>\$11,925,781</u>	<u>\$14,837,866</u>

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**Note 11. Trust Fund - World War II Memorial Fund Program**

Financial progress since the inception of the Fund in FY 1993 through FY 1998 is reflected as follows:

	FY98	FY97*	FY93-96**	FY93-98
<u>Costs</u>				
Fundraising - General	\$ 921,879	\$ 875,216		\$ 1,797,095
Public Affairs	1,170,563	1,171,493		2,342,056
Administration	726,744	229,184	\$ 687,688	1,643,616
Fundraising - Direct Mail	5,460,900	3,683,041		9,143,941
Capital Campaign	8,280,086	5,958,934	687,688	14,926,708
Design & Construction	988,474	1,151,622	835,328	2,975,424
Property, Plant & Equipment	53,050	56,972	30,429	140,451
Depreciation	627			627
Net Cost of Operations	9,322,237	7,167,528	1,553,445	18,043,210
<u>Financing Sources</u>				
General Support***	9,337,611	6,469,543	23,749	15,830,903
Direct Mail	6,254,514	2,900,371		9,154,885
Department of Defense			5,000,000	5,000,000
Coin Surcharge Proceeds	31,285		4,766,044	4,797,329
Contributions	15,623,410	9,369,914	9,789,793	34,783,117
Investment Earnings	396,494	419,164	810,418	1,626,076
Total Financing Sources	16,019,904	9,789,078	10,600,211	36,409,193
Net Results of Operations	<u>\$ 6,697,667</u>	<u>\$ 2,621,550</u>	<u>\$ 9,046,766</u>	<u>\$ 18,365,983</u>

\* The amount for fiscal year 1997 was audited by the U.S. General Accounting Office and presented in their report GAO/AIMD-98-129R.

\*\*The amounts for fiscal years 1993 through 1996 were audited by the U.S. General Accounting Office and presented in their reports GAO/AIMD-95-9 for FY 1993; GAO/AIMD-96-24 for FY 1994; and GAO/AIMD-97-68R for FY 1995 and FY 1996.

\*\*\*Includes support received from corporations, foundations, individuals, veterans groups, civic and trade associations, and labor unions.

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**Note 12. Imputed Financing**

The ABMC received imputed financing in the following amounts:

	<u>1998</u>	<u>1997</u>
Pension and ORB costs assumed by the Office of Personnel Management	\$213,597	\$284,720
Free rent for headquarters office space from Army Corps of Engineers		256,750
Audit services paid for by the U.S. General Accounting Office	<u>95,992</u>	<u>37,230</u>
	<u>\$309,589</u>	<u>\$578,700</u>

**Note 13. Cumulative Effect of Changes in Accounting Policies**

The cumulative effect of changes in accounting policies which reduced net position for FY 1997 as of October 1, 1996 were:

Removal of Heritage Land	\$ 8,337,996
Removal of Heritage Buildings	8,510,774
Removal of Heritage Memorials	90,376,885
Removal of General PPE previously capitalized at \$25,000 and below	5,891,306
Removal of Supply Inventory	437,769
Pre-FY 1997 Accumulated Depreciation	253,616
Addition of Separation Pay Liability	922,438
Other	<u>16,350</u>
	<u>\$114,747,134</u>

**Note 14. Contingencies**

The Korean War Veterans Memorial was transferred by the ABMC to the National Parks Service, U.S. Department of the Interior, on July 26, 1995. Perpetual maintenance funds of \$1.1 million were provided to the Park Service at the time the Department of the Interior granted the construction permit. Following the transfer, design and construction problems were identified at the Memorial. Additionally, significant improvements were necessary to improve site drainage, leaf collection, and lighting systems. Total repair and improvement costs were estimated by the Army Corps of Engineers, who served as the Memorial's general contractor for design and construction, to be approximately \$3.2 million as of September 30, 1998.

Through FY 1998, the ABMC has obligated and substantially paid \$450,000 from appropriated funds to address the Memorial's most pressing repair requirements into a repair fund established by the Army Corps of Engineers. The Park Service has also agreed to contribute \$600,000 to the repair fund and the Army Corps of Engineers has contributed \$130,000. The U.S. Congress passed legislation to fund the remaining \$2 million estimated cost in fiscal year 1999 appropriations to the Army Corps of Engineers.

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**Required Supplementary Stewardship Information**

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

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**Statement of Heritage Assets**

American Battle Monuments Commission  
Statement of Heritage Assets  
(Unaudited)

**24 CEMETERIES**

<u>Name</u>	<u>Location</u>	<u>Interred</u>	<u>Memorialized</u>	<u>Acres</u>	<u>War</u>	<u>Deferred Maintenance</u>
<u>European Region</u>						
Aisne Marne American Cemetery	Belleau, (Aisne), France	2,289	1,060	42.5	WW I	\$341,950
Ardennes American Cemetery	Neupre, Belgium	5,328	462	90.5	WW II	\$624,200
Brittany American Cemetery	St James, (Manche), France	4,410	498	7.5	WW II	\$388,000
Brookwood American Cemetery	Brookwood, England	468	563	4.5	WW I	\$93,100
Cambridge American Cemetery	Cambridge, England	3,812	5,126	30.5	WW II	\$270,500
Epinal American Cemetery	Epinal, (Vosges), France	5,255	424	48.6	WW II	\$266,000
Flanders Field American Cemetery	Waregem, Belgium	368	43	6.2	WW I	\$79,700
Henri-Chapelle American Cemetery	Henri-Chapelle, Belgium	7,989	450	57.0	WW II	\$621,400
Lorraine American Cemetery	St. Avoird, (Moselle), France	10,489	444	113.5	WW II	\$349,400
Luxembourg American Cemetery	Luxembourg	5,076	371	48.7	WW II	\$135,500
Meuse-Argonne American cemetery	Romagne, (Meuse), France	14,246	954	130.5	WW I	\$358,600
Netherlands American Cemetery	Margraten, Holland	8,302	1,723	65.5	WW II	\$663,100
Normandy American Cemetery	Colleville Sur-Mer, France	9,387	1,557	172.5	WW II	\$664,500
Oisne-Aisne American Cemetery	Fere-en-Tardenois, France	6,012	241	36.5	WW I	\$282,100
Somme American Cemetery	Bony, (Aisne), France	1,844	333	14.3	WW I	\$66,700
St Mihiel American Cemetery	Thiaucourt, Meurthe, France	4,153	284	40.5	WW I	\$164,700
Suresnes American Cemetery	Seine, France	1,565	974	7.5	WW I/II	\$291,300
<u>Mediterranean Region</u>						
Florence American Cemetery	Florence, Italy	4,402	1,409	70.0	WW II	\$394,629
North Africa American Cemetery	Carthage, Tunisia	2,841	3,724	27.0	WW II	\$186,186
Rhone American Cemetery	Draguignan, Var, France	861	294	12.5	WW II	\$226,260
Sicily-Rome American Cemetery	Nettuno, Italy	7,861	3,095	77.0	WW II	\$333,421
<u>Other</u>						
Corozal American Cemetery	Panama City, Panama	5,044		16.0	*	\$118,600
Mexico City American Cemetery	Mexico City, Mexico	1,563		1.0	Mex Am	\$4,500
Manila American Cemetery	Luzon, Phillipines	17,206	36,282	152.0	WW II	\$1,029,900
Sub Total		130,771	60,311	1,272.3		\$7,954,246

\* Acquired by Executive Order from the former Panama Canal Zone

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American Battle Monuments Commission  
Statement of Heritage Assets  
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27 MEMORIALS, MONUMENTS & MARKERS

<u>Name</u>	<u>Location</u>	<u>Interred</u>	<u>Memorialized</u>	<u>Acres</u>	<u>War</u>	<u>Deferred Maintenance</u>
American Expeditionary Forces Monument	Washington, DC			0.1	WW I	
East Coast Memorial	New York City, NY		4,601	0.8	WW II	\$40,000
Honolulu Memorial	Honolulu, HI		28,796	1.0	WW II/Korea/Vietnam	\$1,225,000
Korean War Veterans Memorial	Washington, DC		37,278	7.5	Korea	
West Coast Memorial	San Francisco, CA		412	1.3	WW II	\$155,000
Audenarde Monument	Audenarde, Belgium			0.4	WW I	\$19,000
Bellicourt Monument	St. Quentin, France			1.8	WW I	\$39,400
Brest Naval Monument	Brest, France			1.0	WW I	\$20,000
Cabanatuan Memorial	Luzon, Philippines				WW II	\$24,000
Cantigny Monument	Cantigny, France			0.4	WW I	\$4,900
Chateau-Thierry Monument	Chateau-Thierry, France			58.9	WW I	\$81,700
Chaumont Marker	Chaumont, France				WW I	
Gibraltar Naval Monument	Gibraltar			0.1	WW I	
Guadalcanal Memorial	Guadalcanal, Solomon Is			0.5	WW II	
Kemmel Monument	Ypres, Belgium			0.2	WW I	\$5,000
Marine Monument Belleau Wood	Aisne, France			199.6	WW I	\$160,500
Montfaucon Monument	Montfaucon, France			9.6	WW I	\$12,000
Montsec Monument	Thiaucourt, France			47.5	WW I	\$390,000
Papua Marker	Port Moresby, New Guinea				WW II	
Point du Hoc Ranger Monument	St.Laurent -sur-Mer,France			29.8	WW II	\$180,000
Saipan Monument	Saipan, Northern Mariana Islands				WW II	
Santiago Surrender Tree	Santiago, Cuba				Sp American War	
Sommepy Monument	Sommepy, France			15.0	WW I	\$59,200
Souilly Marker	Souilly, France				WW I	
Tours Monument	Tours, France			0.5	WW I	\$13,500
Utah Beach Monument	Sainte Marie-du-Mont, France			0.5	WW II	\$3,000
Western Naval Task Force Memorial	Casablanca, Morocco				WW II	
<u>OTHER</u>						
European Region Garches Office						\$102,400
Sub Total		0	71,087	376.5		\$2,534,600
Grand Total		130,771	131,398	1,648.5		\$10,488,846

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