# AUDIT OF THE U.S. DEPARTMENT OF JUSTICE ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2013

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

Audit Report 14-04
January 2014

## AUDIT OF THE U.S. DEPARTMENT OF JUSTICE ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2013

## OFFICE OF THE INSPECTOR GENERAL COMMENTARY AND SUMMARY

This audit report contains the Annual Financial Statements of the U.S. Department of Justice (Department) for the fiscal years (FY) ended September 30, 2013, and September 30, 2012. Under the direction of the Office of the Inspector General (OIG), KPMG LLP performed the Department's audit in accordance with auditing standards generally accepted in the United States of America. Effective for FY 2013, auditing standards generally accepted in the United States of America use the term "unmodified" opinion instead of "unqualified" opinion. The definition of the two terms is substantially the same. An unmodified opinion means that the financial statements present fairly, in all material respects, the financial position and the results of the entity's operations in accordance with U.S. generally accepted accounting principles. The FY 2013 audit resulted in an unmodified opinion on the financial statements. For FY 2012, the Department received an unqualified opinion on its financial statements (OIG Audit Report No. 13-01).

KPMG LLP also issued reports on internal control over financial reporting and on compliance and other matters. The auditors did not identify any material weaknesses, nor did they report any significant deficiencies in the FY 2013 *Independent Auditors' Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. During FYs 2009 through 2013, the Department made measurable progress toward implementing the Unified Financial Management System. However, it is important to note that the Department does not yet have a unified financial management system to readily support ongoing accounting operations and preparation of financial statements. As discussed in past years, we believe the most important challenge facing the Department in its financial management is to successfully implement an integrated financial management system to replace the two remaining major non-integrated legacy accounting systems used by Department components.

No instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* were identified during the audit in the FY 2013 *Independent Auditors' Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. Additionally, KPMG LLP's tests disclosed no instances in which the Department's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996*.

The Department's financial statements are comprised of nine reporting entities as described in Note 1.A. to the financial statements. Five of these entities (Assets Forfeiture Fund and Seized Asset Deposit Fund, U.S. Marshals Service, Federal Bureau of Investigation, Federal Bureau of Prisons, and Federal Prison Industries, Inc.) prepare separate audited annual financial statements which are available on the OIG's website shortly after issuance.

The OIG reviewed KPMG LLP's reports and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with *Government Auditing Standards*, was not intended to enable us to express, and we do not express, an opinion on the Department's financial statements, conclusions about the effectiveness of internal control, conclusions on whether the Department's financial management systems substantially complied with the *Federal Financial Management Improvement Act of 1996*, or conclusions on compliance with laws and regulations and other matters. KPMG LLP is responsible for the attached auditors' reports dated December 12, 2013, and the conclusions expressed in the reports. However, our review disclosed no instances where KPMG LLP did not comply, in all material respects, with auditing standards generally accepted in the United States of America.

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# Management's Discussion and Analysis

**Unaudited**

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# Management's Discussion and Analysis (Unaudited)

Established July 1, 1870 (28 U.S.C. § 501 and 503), the Department of Justice (DOJ or the Department) is headed by the Attorney General of the United States. The Department was created to control federal law enforcement, and all criminal prosecutions and civil suits in which the United States has an interest. The structure of the Department has changed over the years, with the addition of a Deputy Attorney General, Associate Attorney General, Assistant Attorneys General, and the formation of Divisions and components; however, unchanged is the commitment and response to securing equal justice for all, enhancing respect for the rule of law, and making America a safer and more secure Nation.

## Mission

The mission of the Department of Justice, as reflected in the Strategic Plan for fiscal years (FY) 2012-2016, is as follows:

> *To enforce the law and defend the interests of the United States according to the law, to ensure public safety against threats foreign and domestic, to provide federal leadership in preventing and controlling crime, to seek just punishment for those guilty of unlawful behavior, and to ensure fair and impartial administration of justice for all Americans.*

In carrying out the Department's mission, we are guided by the following core values:

**Equal Justice Under the Law.** Upholding the laws of the United States is the solemn responsibility entrusted to us by the American people. We enforce these laws fairly and uniformly to ensure that all Americans receive equal protection and justice under the law.

**Honesty and Integrity.** We adhere to the highest standards of ethical behavior.

**Commitment to Excellence.** We seek to provide the highest levels of service to the American people. We are effective and responsible stewards of the taxpayers' dollars.

**Respect for the Worth and Dignity of Each Human Being.** We treat each other and those we serve with fairness, dignity, and compassion. We value differences in people and ideas. We are committed to the well-being of our employees and to providing opportunities for individual growth and development.

## Strategic Goals and Objectives

From our mission and core values stem the Department's strategic and annual planning processes. The Department embraces the concepts of performance-based management. At the heart of these concepts is the understanding that improved performance is realized through greater focus on mission, agreement on goals and objectives, and timely reporting of results. In the Department, strategic planning is the first step in an iterative planning and implementation cycle. This cycle, which is the center of the Department's efforts to implement performance-based management, involves setting long-term goals and objectives, translating these goals and objectives into budgets and program plans, implementing programs, monitoring performance, and evaluating results. In this cycle, the Department's FY 2012 – 2016 Strategic Plan provides the overarching framework for component and function-specific plans as well as annual performance plans, budgets, and reports. The Strategic Plan is available electronically on the Department's website at: http://www.justice.gov/jmd/strategic2012-2016/index.html.

The table below provides an overview of the Department's FY 2012 - 2016 strategic goals and objectives.

| Strategic Goal | | Strategic Objectives |
|---|---|---|
| **1** | Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law | **1.1** Prevent, disrupt, and defeat terrorist operations before they occur<br><br>**1.2** Prosecute those involved in terrorists acts<br><br>**1.3** Combat espionage against the United States |
| **2** | Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law | **2.1** Combat the threat, incidence, and prevalence of violent crime<br><br>**2.2** Prevent and intervene in crimes against vulnerable populations; uphold the rights of, and improve services to, America's crime victims<br><br>**2.3** Combat the threat, trafficking, and use of illegal drugs and the diversion of licit drugs<br><br>**2.4** Combat corruption, economic crimes, and international organized crime<br><br>**2.5** Promote and protect Americans' civil rights<br><br>**2.6** Protect the federal fisc and defend the interests of the United States |
| **3** | Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels | **3.1** Promote and strengthen relationships and strategies for the administration of justice with state, local, tribal, and international law enforcement<br><br>**3.2** Protect judges, witnesses, and other participants in federal proceedings; apprehend fugitives; and ensure the appearance of criminal defendants for judicial proceedings or confinement<br><br>**3.3** Provide for the safe, secure, humane, and cost-effective confinement of detainees awaiting trial and/or sentencing, and those in the custody of the federal prison system<br><br>**3.4** Adjudicate all immigration cases promptly and impartially in accordance with due process |

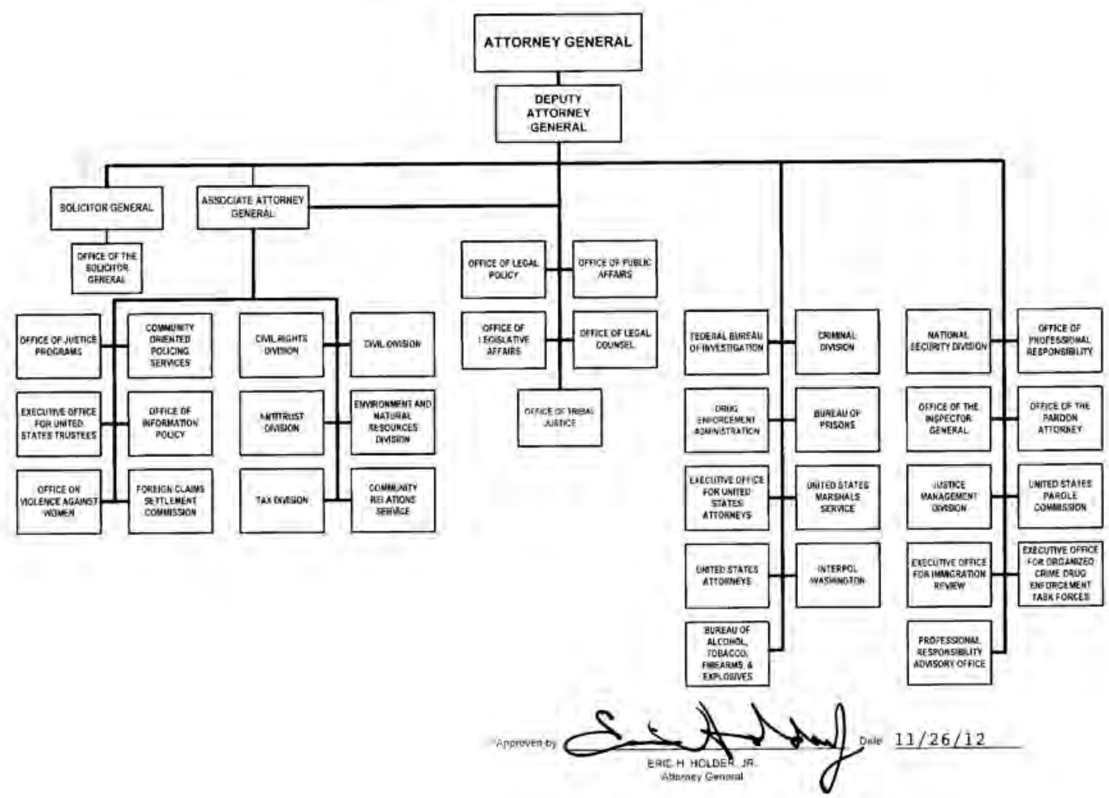
## Organizational Structure

Led by the Attorney General, the Department is comprised of forty separate component organizations. These include the U.S. Attorneys (USAs) who prosecute offenders and represent the United States government in court; the major investigative agencies – the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), which deter and investigate crimes and arrest criminal suspects; the U.S. Marshals Service (USMS), which protects the federal judiciary, apprehends fugitives, and detains persons in federal custody; the Bureau of Prisons (BOP), which confines convicted offenders; and the National Security Division (NSD), which brings together national security, counterterrorism, counterintelligence, and foreign intelligence surveillance operations under a single authority.

The Department's litigating divisions represent the rights and interests of the American people and enforce federal criminal and civil laws. The litigating divisions are comprised of the Antitrust (ATR), Civil (CIV), Civil Rights (CRT), Criminal (CRM), Environment and Natural Resources (ENRD), and Tax (TAX)

Divisions. The Office of Justice Programs (OJP), the Office on Violence Against Women (OVW), and the Office of Community Oriented Policing Services (COPS) provide leadership and assistance to state, local, and tribal governments. Other major Departmental components include the Executive Office for U.S. Trustees (UST), the Justice Management Division (JMD), the Executive Office for Immigration Review (EOIR), the Community Relations Service (CRS), the Office of the Inspector General (OIG), and several offices that advise the Attorney General on policy, law, legislation, tribal justice matters, external affairs, and oversight. Headquartered in Washington, D.C., the Department conducts its work in offices located throughout the country and overseas.

U.S. DEPARTMENT OF JUSTICE



## Financial Structure

The Department's financial reporting structure is comprised of nine principal components.

Components:

- Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Bureau of Prisons (BOP)
- Drug Enforcement Administration (DEA)
- Federal Bureau of Investigation (FBI)
- Federal Prison Industries, Inc. (FPI)
- Office of Justice Programs (OJP)
- Offices, Boards and Divisions (OBDs)*
- U.S. Marshals Service (USMS)

OBDs*:

**Offices**

Office of the Attorney General
Office of the Deputy Attorney General
Office of the Associate Attorney General
Community Relations Service
Executive Office for Immigration Review
Executive Office for U.S. Attorneys
Executive Office for U.S. Trustees
Executive Office for Organized Crime Drug Enforcement Task Forces
Office of Community Oriented Policing Services
Office of Information Policy
Office of Legal Counsel
Office of Legal Policy
Office of Legislative Affairs
Office of Professional Responsibility
Office of Public Affairs
Office of the Inspector General
Office of the Pardon Attorney
Office of the Solicitor General
Office of Tribal Justice
Office on Violence Against Women
Professional Responsibility Advisory Office
U.S. Attorneys
INTERPOL Washington

**Boards**

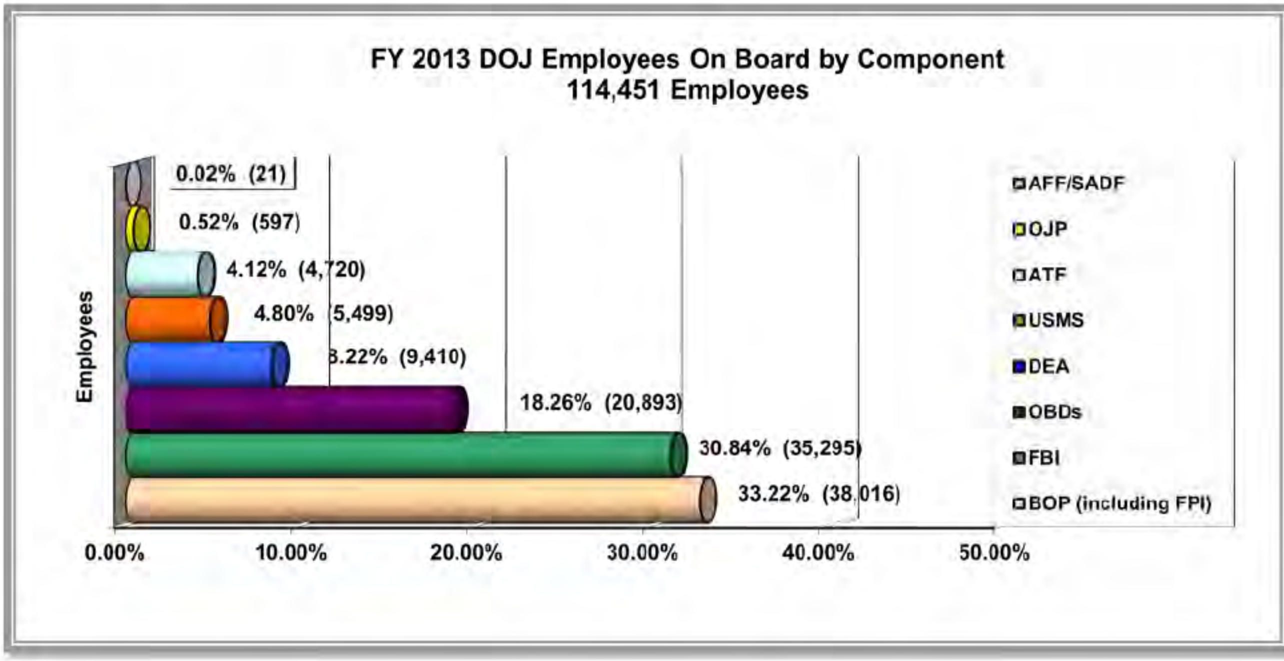
Foreign Claims Settlement Commission
U.S. Parole Commission

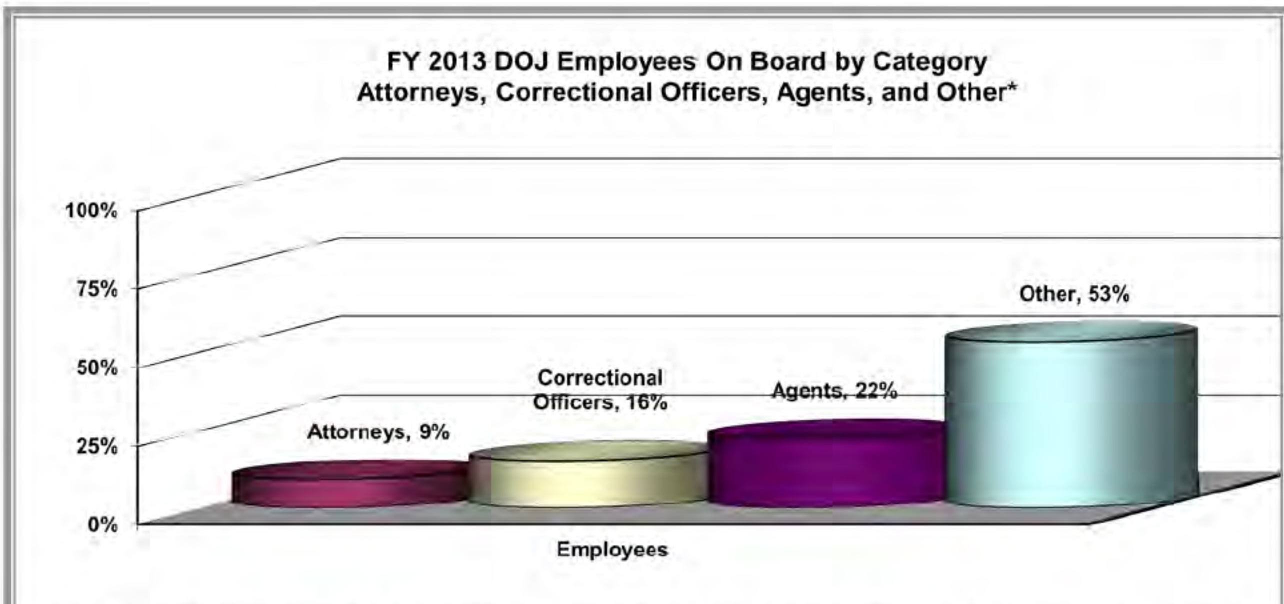
**Divisions**

Antitrust Division
Civil Division
Civil Rights Division
Criminal Division
Environment and Natural Resources Division
Justice Management Division
National Security Division
Tax Division

## FY 2013 Resource Information

The following pages provide summary-level resource and performance information regarding the Department's operations for FY 2013. The charts on this page reflect employees on board as of September 21, 2013.



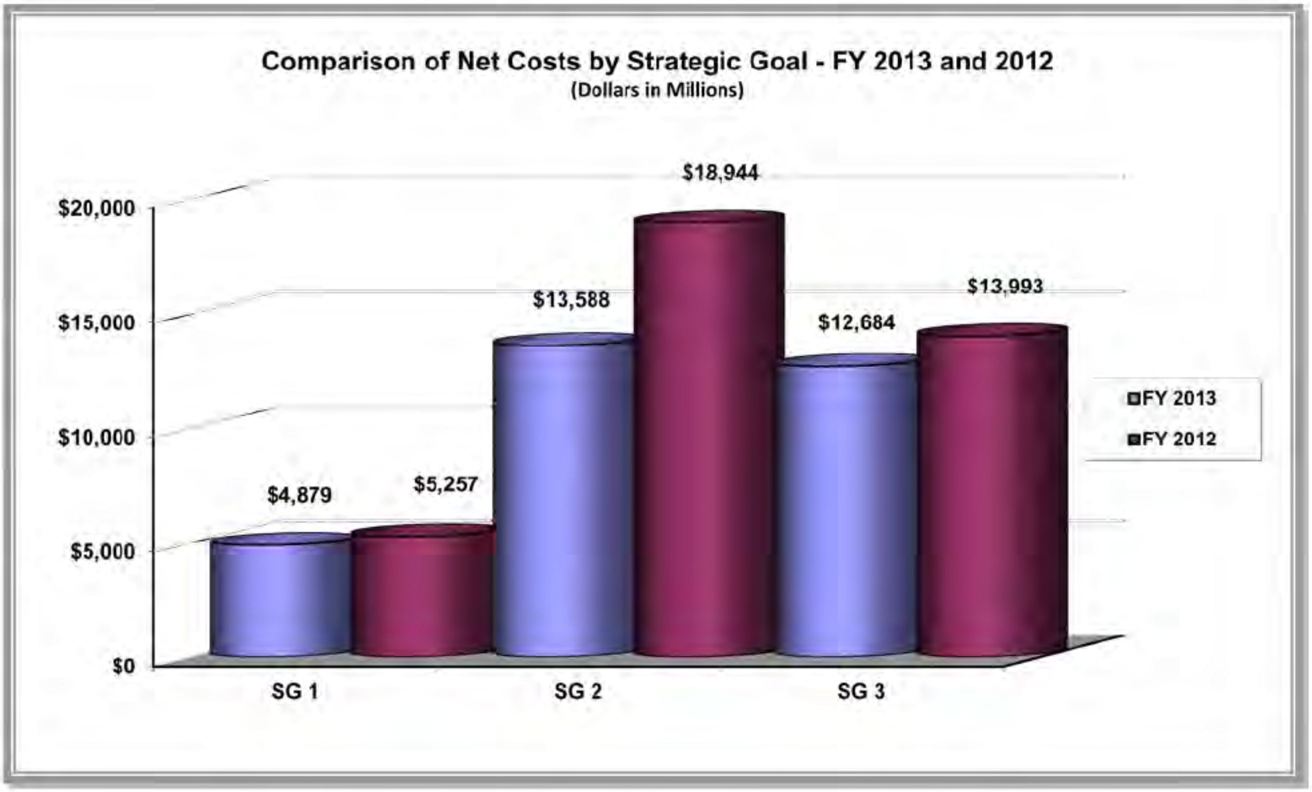

*"Other" includes pay class categories such as paralegals, intelligence analysts, financial managers, procurement officers, evidence technicians, and security specialists.

## Table 1. Sources of DOJ Resources
**(Dollars in Thousands)**

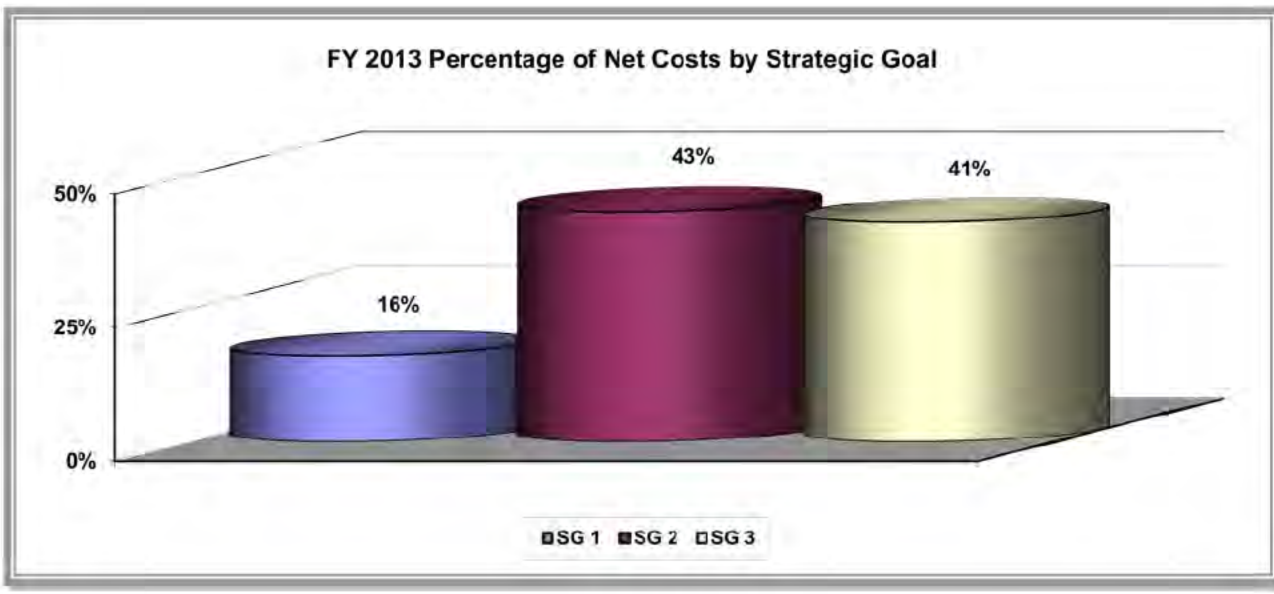
| Source | FY 2013 | FY 2012 | % Change |
|---|---|---|---|
| **Earned Revenue:** | $3,113,417 | $3,115,804 | **(0.1)%** |
| **Budgetary Financing Sources:** | | | |
| Appropriations Received | 28,123,027 | 27,693,689 | **1.6%** |
| Appropriations Transferred-In/Out | 255,845 | 330,471 | **(22.6)%** |
| Nonexchange Revenues | 1,496,352 | 2,803,960 | **(46.6)%** |
| Donations and Forfeitures of Cash and Cash Equivalents | 1,826,480 | 4,194,465 | **(56.5)%** |
| Transfers-In/Out Without Reimbursement | 140,230 | 109,395 | **28.2%** |
| Other Adjustments | (2,576,563) | (192,761) | **(1,236.7)%** |
| **Other Financing Sources:** | | | |
| Donations and Forfeitures of Property | 185,772 | 120,275 | **54.5%** |
| Transfers-In/Out Without Reimbursement | 2,080 | (12,623) | **116.5%** |
| Imputed Financing from Costs Absorbed by Others | 801,659 | 878,014 | **(8.7)%** |
| Other Financing Sources | (6,166) | (5,199) | **(18.6)%** |
| **Total DOJ Resources** | **$33,362,133** | **$39,035,490** | **(14.5)%** |

## Table 2. How DOJ Resources Were Spent
**(Dollars in Thousands)**

| | Strategic Goal (SG) | FY 2013 | FY 2012 | % Change |
|---|---|---|---|---|
| **1** | Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law | | | |
| | Gross Cost | $5,294,213 | $5,727,278 | |
| | Less: Earned Revenue | 415,488 | 470,233 | |
| | *Net Cost* | 4,878,725 | 5,257,045 | **(7.2)%** |
| **2** | Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law | | | |
| | Gross Cost | 15,020,702 | 20,059,682 | |
| | Less: Earned Revenue | 1,432,577 | 1,115,263 | |
| | *Net Cost* | 13,588,125 | 18,944,419 | **(28.3)%** |
| **3** | Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels | | | |
| | Gross Cost | 13,949,532 | 15,523,414 | |
| | Less: Earned Revenue | 1,265,352 | 1,530,308 | |
| | *Net Cost* | 12,684,180 | 13,993,106 | **(9.4)%** |
| | | | | |
| | **Total Gross Cost** | **34,264,447** | **41,310,374** | |
| | **Less: Total Earned Revenue** | **3,113,417** | **3,115,804** | |
| | ***Total Net Cost of Operations*** | **$31,151,030** | **$38,194,570** | **(18.4)%** |



Comparison of Net Costs by Strategic Goal - FY 2013 and 2012
(Dollars in Millions)
$20,000
$15,000
$10,000
$5,000
$0
$4,879
$5,257
$13,588
$18,944
$12,684
$13,993
SG 1
SG 2
SG 3
FY 2013
FY 2012

FY 2013 Percentage of Net Costs by Strategic Goal
50%
25%
0%
16%
43%
41%
SG 1 SG 2 SG 3

## Analysis of Financial Statements

The Department's financial statements received an unmodified audit opinion for the fiscal years ended September 13, 2013 and 2012. These statements were prepared from the accounting records of the Department in accordance with the accounting principles generally accepted in the United States and Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These principles are the standards promulgated by the Federal Accounting Standards Advisory Board (FASAB).

The following information highlights the Department's financial position and results of operations in FY 2013. The complete set of financial statements, related notes, and the opinion of the Department's auditors are provided in pages 31 through 93 of this document.

**Assets:** The Department's Consolidated Balance Sheet as of September 30, 2013, shows $41.4 billion in total assets, a decrease of $1.8 billion over the previous year's total assets of $43.2 billion. Fund Balance with U.S. Treasury (FBWT) was $23.2 billion, which represented 56 percent of total assets.

**Liabilities:** Total Department liabilities were $15.3 billion as of September 30, 2013, a decrease of $595 million from the previous year's total liabilities of $15.9 billion. This decrease is primarily due to reduction in the estimation in grant liabilities and accruals related to payroll activities.

**Net Cost of Operations:** The Consolidated Statement of Net Cost presents the Department's gross and net cost by strategic goal. The net cost of the Department's operations totaled $31.2 billion for the fiscal year ended September 30, 2013, a decrease of $7.0 billion from the previous year's net cost of operations of $38.2 billion. This decrease is related to the full recognition of the expense associated with the September 11th Victim Compensation Fund liability in FY 2012 and the effects of sequestration in FY 2013.

Brief descriptions of some of the major costs for each Strategic Goal are as follows:

| Strategic Goal | Description of Major Costs |
|---|---|
| 1 | Includes resources dedicated to counterterrorism initiatives for ATF, CRM, DEA, FBI, NSD, USAs, and USMS |
| 2 | Includes resources for the AFF/SADF, ATF, BOP, COPS, CRS, DEA, FBI, Foreign Claims Settlement Commission (FCSC), Organized Crime Drug Enforcement Task Forces (OCDETF), OJP, Office of Legal Counsel, Office of the Pardon Attorney (OPA), Office of the Solicitor General (OSG), OVW, USAs, USMS, INTERPOL Washington, UST, ATR, CIV, CRT, CRM, ENRD,TAX and services to America's crime victims |
| 3 | Includes resources for BOP, EOIR, Fees and Expenses of Witnesses, FBI, FPI, OJP, Justice Prisoner Alien Transportation System, USMS, and U.S. Parole Commission |

Management and administrative costs, including the costs for the Department's leadership offices, JMD, and others, are allocated to each strategic goal based on full-time equivalent (FTE) employment.[1]

**Budgetary Resources:** The Department's FY 2013 Combined Statement of Budgetary Resources shows $39.5 billion in total budgetary resources, a decrease of $5.8 billion from the previous year's total budgetary resources of $45.3 billion. The decrease shown on the Other Adjustment line in Table 1 is primarily attributed

[1] FTE employment means the total number of regular straight-time hours (i.e., not including overtime or holiday hours) worked by employees, divided by the number of compensable hours applicable to each fiscal year. Annual leave, sick leave, compensatory time off, and other approved leave categories are considered "hours worked" for purposes of defining FTE employment.

to effects of the sequestration in FY 2013 which significantly decreased appropriations and mandated rescissions.

**Net Outlays:** The Department's FY 2013 Combined Statement of Budgetary Resources shows $30.2 billion in net outlays, a decrease of $1.4 billion from the previous year's total net outlays of $31.6 billion. This decrease is related to budget reductions and spending authority.

# Summary of Performance Information

The Government Performance and Results Act Modernization Act (GPRAMA) requires an agency's Strategic Plan to be updated every four years and cover a period of not less than four years forward from the fiscal year in which it is submitted.

The Department's FY 2012-2016 Strategic Plan, which contains three strategic goals, is used for this report. The Department's Plan also includes 12 key performance measures addressing DOJ's priorities toward achieving its long-term outcome goals. The performance measures are included in the Department's annual *Budget and Performance Summary* and summarized in this document. The Department's full Performance Report for these measures, including an update on our progress toward meeting the FY 2016 long-term outcome goals, will be reported in the Department's Annual Performance Report and submitted with the President's Budget in early 2014. The Department strives to present the highest-level outcome-oriented measures available.

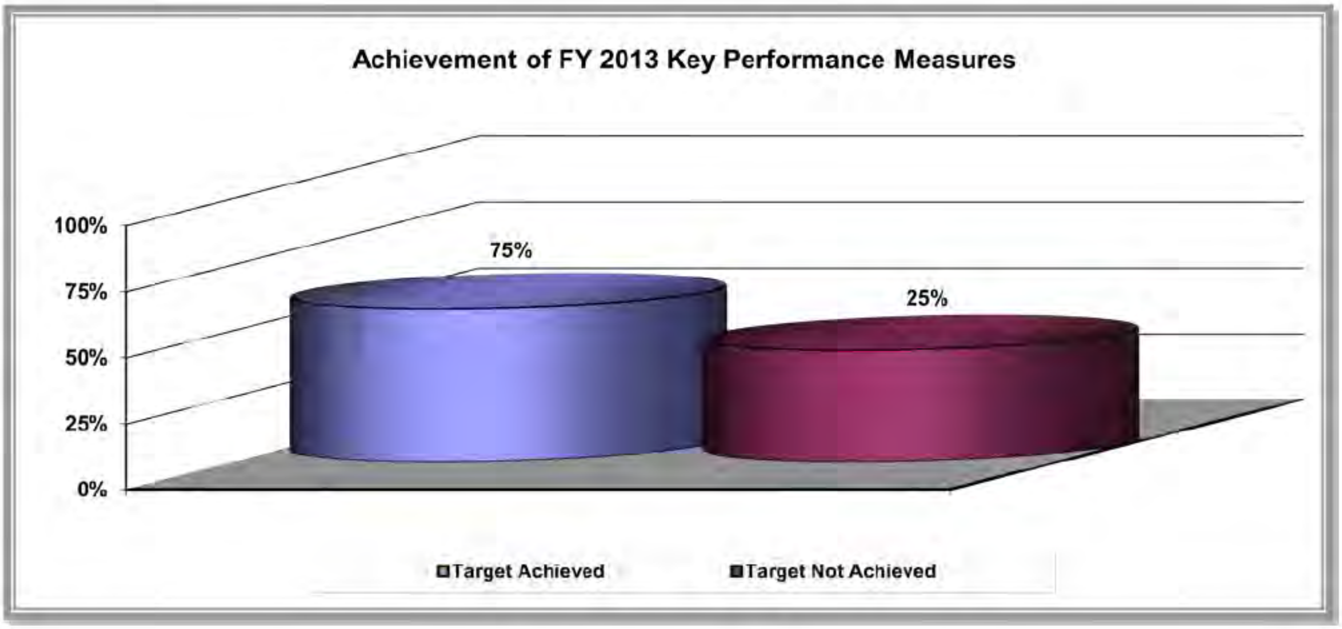
During FY 2013, Departmental leadership continued to display a clear commitment to performance management through the reliance on formal quarterly status reviews. Additionally, Departmental components have worked to improve the quality and timeliness of financial and performance information that inform quarterly status reporting and operating plans.

For this summary report, 100 percent of the performance measures have actual data for FY 2013. The Department achieved 75 percent of its key measures in FY 2013. In certain cases, FY 2013 data have yet to be finalized and could change the final outcome. The Department continues to emphasize long-term and annual performance measure development, placement of key performance indicators on cascading employee work plans, and Department-wide quarterly status reporting.

In FY 2013, the Department continued to collect and report its performance information through its web-based performance management system. The Department will continue to examine its performance management system and implement improvements where necessary. Additional improvement areas include developing trend reports, continuing to improve the quality and utility of performance information and continuing to work with OMB and other federal agencies to develop mechanisms to target and measure efficiency of law enforcement and regulatory programs.

Beginning in FY 2014, the Department will implement its new Strategic Plan for FY 2014-2018. Similar to our existing Plan, the new Plan will include specific long-term outcome goals and annual reporting measures, which fully align with current priorities, goals, and strategic objectives. The Department's annual Budget and Performance Summary will report on the targeted long-term outcome goals and in addition, the targeted long term outcome goals will be reported fully in the Department's Annual Performance Report and summarized in the Agency Financial Report.

The chart below and the table that follows summarize the Department's achievement of its FY 2013 key performance measures.



# FY 2013 Key Performance Measures

| | [ ] Designates the reporting entity | FY 2013 Target | FY 2013 Actual | Target Achieved/ Not Achieved |
|---|---|---|---|---|
| **No.** | **Strategic Goal I: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law** | | | |
| 1 | Number of counterterrorism intelligence products shared with the U.S. Intelligence Community, state and local Law Enforcement Community partners, and foreign government agencies [FBI] | 10,000 | 13,111 | Achieved |
| | **Strategic Goal II: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law** | | | |
| 2 | Number of criminal enterprises engaging in white-collar crimes dismantled [FBI] | 385 | 493 | Achieved |
| 3 | Percent increase in gang arrests resulting from coordination of gang investigations [FBI, ATF, DEA] | 2% | -19% | Not Achieved[1] |
| | *[1] This measure represents collective data from FBI, ATF, and DEA. FY 2013 actual numbers for FBI, ATF, and DEA were lower than their FY 2011 baseline numbers. Thus FY 2013 collective target was not met.* | | | |
| 4 | Number of intelligence products to support federal, state, and local law enforcement [FBI] | 47 | 132 | Achieved |
| 5 | Number of matters/investigations of child sexual exploitation and human trafficking resolved [CRT, CRM, USAs] | 5,057 | 5,172 | Achieved |
| | Consolidated Priority Organizations Target (CPOT)-linked drug trafficking organizations [DEA, FBI (Consolidated data - OCDETF)] | | | |
| 6 | Dismantled | 145 | 219 | Achieved |
| 7 | Disrupted | 340 | 500 | Achieved |
| | Percent of cases favorably resolved: [ENRD, ATR, CRM, USA, TAX, CIV, CRT (Consolidated data - JMD/Budget Staff)] | | | |
| 8 | Criminal Cases | 90% | 92% | Achieved |
| 9 | Civil Cases | 80% | 85% | Achieved |
| | **Strategic Goal III: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels** | | | |
| 10 | Percent of system-wide crowding in federal prisons [BOP] | 38% | 36% | Achieved |
| 11 | Number of inmate participants in the Residential Drug Abuse Program [BOP] | 16,044 | 15,891 | Not Achieved[2] |
| | *[2] Fiscal year end results are 153 less than projected. This slightly lower result was due to brief delays in implementing 4 of the 18 new RDAPs in FY 2013.* | | | |
| 12 | Number and percent of primary felony fugitives apprehended or cleared [USMS] | 34,765 | 34,470 | Not Achieved[3] |
| | *[3] Target was not met due to lower number of arrests and fugitives received in FY 2013.* | | | |

# FY 2012 – 2013 Priority Goals

The FY 2012 OMB Budget and Performance Plan guidance memorandum required federal agencies to identify a limited number of Priority Goals that are considered priorities for both the Administration and the agency, have high relevance to the public or reflect the achievement of key agency missions, and would produce significant results over a 12 to 24 month timeframe. The Priority Goals should also represent critical elements of a federal agency's strategic plan.

The following comprise the Department's four Priority Goals for FY 2012–2013 and are linked to the larger DOJ policy framework and strategic plan goals.

**<u>Priority Goal 1, National Security</u>: Better inform the Intelligence Community, thereby increasing the ability to protect Americans from terrorism or other threats to national security - both at home and abroad:**

- **By the end of 2013, increase the number of intelligence products shared with the U.S. Intelligence Community and state and local Law Enforcement Community partners**
- **By the end of 2013, increase the number of intelligence products shared with foreign government agencies**

Terrorism is the most significant national security threat the country faces. Accordingly, the number one priority of the Department is, and will continue to be, protecting the security of this Nation's citizens. The Administration has recognized that terrorism cannot be defeated by military means alone and the Department is at the forefront of the fight against terrorism. DOJ provides a broad spectrum of tools and skills to combat terrorists. Specifically, DOJ's agents, analysts, and prosecutors will use every available resource and appropriate tool to detect, deter, and disrupt terrorist plots, investigate and prosecute terrorists, and aid in developing rule of law programs in post-conflict countries to help prevent terrorism abroad. The Department will aggressively pursue emerging threats around the world and at home, enhance the ability to gather and analyze actionable intelligence, and engage in outreach efforts to all communities in order to prevent terrorism before it occurs.

<u>Status</u>: The Department of Justice made significant achievements in its National Security Priority Goal for FY 2012-FY 2013. The Department surpassed its FY 2013 targets for both of its intelligence-sharing performance measures, and also improved the average response time for responding to terrorism-related tips received from the American public over the FY 2011 baseline. The Department has also fully deployed the Foreign Dissemination Database for use by all of the FBI's National Security Branch Headquarter Divisions and Legal Attachés.

The actual number of intelligence products shared with the U.S. Intelligence Community (USIC) and state and local Law Enforcement (LE) Community partners for the fourth quarter surpassed the target by 48% (3,693 vs. 2,500). The Department also surpassed its revised FY 2013 target by 31% (13,111 vs. 10,000). The FBI Counterterrorism Division (CTD) remains fully committed to coordination and collaboration with Other Government Agency, USIC, and domestic LE partners in mitigating the domestic and international threat.

The actual number of intelligence products shared with foreign government agencies greatly surpassed its fourth quarter target by 149% (2,298 vs. 924). The Department also surpassed its FY 2013 target by 102% (7,464 vs. 3,693). The number of intelligence products shared in FY 2013 correlates with a continuing trend from FY 2012 where the actual metric consistently surpassed the quarterly targets. Shared CTD intelligence products include a wide variety of disseminations to foreign governments. Coordination and cooperation with foreign partners serve the interests of the FBI in identifying and deterring upcoming threats, and in disrupting terrorist organizations.

**Priority Goal 2, Reduce Gang Violence: By September 30, 2013, in conjunction with state and local law enforcement agencies, reduce the number of violent crimes attributed to gangs by achieving 5 percent increases on 3 key indicators:**

- **Youths who exhibited a change in targeted behaviors as a result of participation in DOJ gang prevention program**
- **Coordination on gang investigations among federal, state, and local law enforcement resulting in gang arrests**
- **Intelligence products produced in support of federal, state, and local investigations that are focused on gangs posing a significant threat to communities**

Gangs and gun violence pose a serious threat to public safety in many communities throughout the United States. Too many youth are exposed to violence and gangs. Too many families continue to face substantial challenges in keeping their children safe and free from the conditions that can lead to violence. While data shows that overall violent crime in the United States is decreasing, many communities continue to experience high levels of gun violence and gang-related crimes. Gang members are increasingly migrating from urban to suburban, rural, and tribal communities and are responsible for a growing percentage of crime and violence in many communities. The Department's efforts to protect our citizens from violence will be carried out through collaboration with our state, local, and tribal partners. Through the United States Attorneys and our violent crime task forces, the Department will work with individual jurisdictions to address the impact of gang-related crimes on communities. The federal, state, local, and tribal efforts will be enhanced through increased coordinated enforcement efforts and intelligence sharing. Additionally, prevention of gang violence and gang membership is a necessary element of our strategy to address violent crime. The Department will utilize a number of evidence-based programs to assist state, local, and tribal governments in their efforts to deter youths from participation in gangs through these data-driven prevention programs, which are designed to prevent increases in gang membership and to deter youth violence.

Status: The Department met or exceeded its FY 2012 and FY 2013 targets for the three performance measures for the Violent Crime Priority Goal. The percentage of program youth who exhibited a change in targeted behaviors while participating in DOJ prevention programs to reduce youth crime and violence exceeded its FY 2012 target and met its FY 2013 target. For the measure concerning number of intelligence products produced, the Department met the FY 2012 target and exceeded the FY 2013 target. A total of 132 separate intelligence products were produced in support of Federal, State, and local investigations that were focused on gangs posing a significant threat to communities, exceeding the FY 2013 target of 47 products by 85 products or 281%. For the performance measure the number of cases supported by the National Gang Targeting, Enforcement and Coordination Center (GangTECC), the Department exceeded the FY 2012 and FY 2013 targets. A total of 918 cases were supported in FY 2013.

During FY 2012 – 2013, the Violent Crime Priority Goal conducted targeted marketing and liaison activities to state and local law enforcement agencies in order to increase the number of registered users and queries of National Gang Intelligence Center (NGIC) Online. NGIC partnered with the National Alliance of Gang Investigators Association, which is composed of 22 state and regional gang investigator associations. Through this partnership, NGIC is able to reach over 20,000 individuals directly involved in gang investigations across the country. These combined outreach and education efforts have been essential to relaying NGIC's message to state and local law enforcement officials who are currently combating gang violence. These efforts have also aided in the expanded use of NGIC Online. In the fourth quarter FY 2013, NGIC Online usage increased 14% from 57,838 queries as compared to the fourth quarter FY 2012 50,679 queries. NGIC Online queries exceeded its FY 2013 target (180,834) by 44,619 queries or 25%.

**<u>Priority Goal 3, Protect the American people from Financial and Healthcare fraud</u>: In order to efficiently and effectively address financial fraud and healthcare fraud, by the end of FY 2013, increase by 5 percent over FY 2011 levels, the number of investigations completed per Department of Justice attorney working on financial fraud and healthcare fraud cases**

The recent financial crisis, which has impacted every American, has resulted in fraud and deception in the finance and housing markets as well as fraudulent schemes that misuse the public's unprecedented investment in economic recovery. Criminals who commit mortgage fraud, securities and commodities fraud, and other types of fraud relating to the response to the economic crisis, including the funds disbursed through the American Recovery and Reinvestment Act and the Troubled Asset Relief Program, victimize the American public as a whole. Similarly, those who defraud Medicare, Medicaid, and other government health care programs defraud every American. Fraudsters take critical resources out of our health care system—thus contributing to the rising cost of health care for all Americans and endangering the short-term and long-term solvency of these essential health care programs. The Department will continue to address these critical problems by vigorously investigating and prosecuting both health care fraud and financial fraud, in order to protect American businesses, consumers, and taxpayers.

<u>Status</u>: Over the past two years, the Department's focus for the Financial and Healthcare Priority Goal had been to increase by 5 percent the number of investigations completed per DOJ attorney working on financial fraud and healthcare fraud cases. While the Department made progress during FY 2012-2013, it fell short of the FY 2013 target of 12.21 investigations completed per DOJ attorney attaining an actual of 11.49 investigations per attorney. Several factors contributed to this result. Over the last several years, including the FY 2011 baseline year, the number of health care fraud and financial fraud cases reached all-time highs. Given the outstanding results of FY 2011, it proved difficult to achieve further increases in the ensuing two-year timeframe. The complexity of health care fraud and financial fraud cases continued to increase, e.g., number of defendants and methods of fraud. As complexity increased, more attorney effort was expended on these complex cases, thereby reducing the overall number of investigations completed.

Supporting the Financial and Healthcare Priority Goal activity of efficiently and effectively increasing the number of health care fraud investigations completed, the Department targeted 260 Department personnel and law enforcement partners to be trained on Medicare claims data analysis. The trainings served to better triage and support existing caseloads and to evaluate pending health care fraud investigations**.** At the end of fourth quarter FY 2013, 401 people had been trained, exceeding its FY 2013 target by 54%. This success contributed to the increased number of investigations completed in the fourth quarter FY 2013 (2,462), a 5% increase compared to fourth quarter FY 2012 (2,336).

Overall, the Department will continue to vigorously investigate and prosecute both financial fraud and health care fraud related cases, in order to protect American businesses, consumers, and taxpayers. As an example, the Department, along with federal and state partners, came to a $13 billion settlement with JPMorgan **-** the largest settlement with a single entity in American history **-** to resolve federal and state civil claims arising out of the packaging, marketing, sale and issuance of residential mortgage-backed securities by JPMorgan, Bear Stearns and Washington Mutual prior to January 1, 2009. The settlement represents another significant step towards holding accountable those banks which exploited the residential mortgage-backed securities market and harmed numerous individuals and entities in the process.

**<u>Priority Goal 4, Protect those most in need of help:</u> With special emphasis on child exploitation and civil rights. By September 30, 2013, working with state and local law enforcement agencies, protect potential victims from abuse and exploitation by achieving a 5 percent increase for 3 sets of key indicators:**

- **open investigations concerning non-compliant sex offenders, sexual exploitation of children, and human trafficking**
- **matters/investigations resolved concerning sexual exploitation of children and human trafficking**
- **number of children depicted in child pornography that are identified by the FBI**

The abuse, neglect, exploitation, and trafficking, including sexual abuse of children, the elderly, and other vulnerable populations, causes irrevocable harm to victims and society. Ensuring that our children, seniors, and all citizens can live without being disturbed by sexual trauma, exploitation, or human trafficking are more than criminal justice issues, they are societal and moral issues. Despite efforts to date, the threat of these crimes remains very real. In the broadest terms, the goal of the Department is to prevent child sexual exploitation, elder abuse, hate crimes, and human trafficking from occurring in the first place, in order to protect every person from the physical and mental traumas associated with these crimes.

<u>Status:</u> The Department exceeded both its FY 2012 and FY 2013 Vulnerable People Priority Goal performance measure targets for four out of six of its performance measures. Open investigations concerning non-compliant sex offenders exceeded the FY 2012 target and the FY 2013 target (1,370) by 639 or 47%. Open investigations concerning sexual exploitation of children exceeded the FY 2012 target and the FY 2013 target (573) by 109 or 19%. Open investigations concerning human trafficking exceeded the FY 2012 target and the FY 2013 annual target (192) by 22 or 11%. A fifth measure, matters/investigations resolved concerning exploitation of children improved its performance from FY 2012 and achieved 99.8% of its FY 2013 target (4,973). The sixth measure, number of children depicted in child pornography that are identified by the FBI achieved its FY 2012 target, however only achieved 64% of its FY 2013 annual target (210). The FBI experiences a data lag which can result in quarterly figures being subsequently modified in future quarters to reflect the children identified. For the Elderly Abuse prevention milestone, the Department worked with other organizations to address the many issues that contributed to its progress. Due to the seriousness of the Elder Abuse prevention issue and the success achieved thus far, the Department will continue this milestone activity during its follow-on Vulnerable People Priority Goal for FY 2014-2015.

## Analysis of Systems, Controls, and Legal Compliance

### Internal Control Program in the Department of Justice

The objective of the Department of Justice's internal control program is to provide reasonable assurance that operations are effective, efficient, and comply with applicable laws and regulations; financial reporting is reliable; and assets are safeguarded against waste, loss, and unauthorized use. The Department identifies issues of concern through a strong network of oversight councils and internal review teams. These include the Department's Senior Assessment Team, the Justice Management Division's Internal Review and Evaluation Office and Quality Control and Compliance Group, and Departmental component internal review teams. In addition, the Department considers reports issued by the Office of the Inspector General (OIG) and Government Accountability Office (GAO) when assessing internal control.

The Department's internal control continues to improve through the corrective actions implemented by management. The Department's commitment to management excellence, accountability, and compliance with applicable laws and regulations is evidenced in our continuing actions to establish effective controls, make sound determinations on corrective actions, and verify and validate the results. This commitment is further evidenced by the many control improvements and actions taken by Departmental management in response to new legislation, OMB initiatives, and OIG and GAO recommendations, as discussed later in this section and in Appendix A of the Agency Financial Report (AFR).

Departmental management continued in FY 2013 to further strengthen and maximize the effectiveness of its annual assessment of internal control over financial reporting. Examples of such actions include:

- Refining the assessment framework,
- Enhancing the oversight process to ensure prompt implementation of corrective actions,
- Providing direct assistance to components with previously identified reportable conditions, and
- Continuing to support and commit resources to Departmental component internal review programs.

# Management Assurances

## Federal Managers' Financial Integrity Act of 1982

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

Guidance for implementing the Integrity Act is provided through OMB Circular A-123, *Management's Responsibility for Internal Control*. In addition to requiring agencies to provide an assurance statement on the effectiveness of programmatic internal controls and conformance with financial system requirements, the Circular requires agencies to provide an assurance statement on the effectiveness of internal control over financial reporting.

## FMFIA Assurance Statement

Department of Justice management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the FMFIA. In accordance with OMB Circular A-123, the Department conducted its annual assessment of the effectiveness of internal controls to support effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations (FMFIA § 2). We also assessed whether our financial management systems conform to financial system requirements (FMFIA § 4). Based on the results of the assessments, we can provide qualified assurance that its internal controls and financial management systems meet the objectives of the FMFIA. The assessment of systems did not identify any non-conformances required to be reported under FMFIA § 4; however, the assessment of internal controls identified one programmatic material weakness required to be reported under FMFIA § 2. This weakness involves the need to reduce the Federal Bureau of Prisons (BOP) crowding rate, currently at 36 percent over the rated capacity. Details of the weakness are provided in the Summary of Material Weakness and Corrective Actions. Other than the exception noted, the internal controls were operating effectively as of September 30, 2013, and the assessment identified no other material weaknesses in the design or operation of the controls.

In accordance with Appendix A of OMB Circular A-123, the Department conducted its assessment of the effectiveness of internal control over financial reporting, which included the safeguarding of assets and compliance with applicable laws and regulations. Based on the results of this assessment, the Department can provide reasonable assurance that its internal control over financial reporting was operating effectively as of June 30, 2013, and the assessment identified no material weaknesses in the design or operation of the controls.

The Department of Justice is committed to maintaining strong program and financial management as we continue our mission of fighting terrorism and protecting our communities from crime. We take our program and financial accountability seriously and are dedicated to ensuring that funds we receive are used in a responsible and transparent manner. We will continue to strengthen our controls in areas identified through the Department's own internal review activities, by the Office of the Inspector General, or by the Government Accountability Office. We look forward in FY 2014 to building on our achievements as we continue the important work of the Department.

Eric H. Holder, Jr.
Attorney General
December 12, 2013

## Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) was designed to advance federal financial management by ensuring that federal financial management systems provide accurate, reliable, and timely financial management information to the government's managers. Compliance with the FFMIA provides the basis for the continuing use of reliable financial management information by program managers, as well as by the President, Congress, and public. The FFMIA requires agencies to have financial management systems that substantially comply with federal financial management system requirements, applicable federal accounting standards, and the application of the U.S. Government Standard General Ledger (USSGL) at the transaction level. Guidance for implementing the FFMIA in FY 2013 was provided through OMB Circular A-127, *Financial Management Systems.*

## FFMIA Compliance Determination

During FY 2013, the Department assessed its financial management systems for compliance with the FFMIA and determined that, when taken as a whole, they substantially comply with the FFMIA. This determination is based on the results of FISMA reviews and testing performed for OMB Circular A-123, Appendix A. Consideration was also given to issues identified during the Department's financial statement audit.
A summary of the Department's compliance with the specific requirements of the FFMIA is provided at the end of this sub-section.

## Financial Management Systems Strategy, Goals, and Framework

The Department's financial management systems strategy is to ultimately replace the two remaining major non-integrated legacy accounting systems in use in the Department with the single, integrated financial management system the Department is deploying – the Unified Financial Management System (UFMS). UFMS delivers standard, core accounting processes, as well as the data needed for effective financial and budget management. In FYs 2009 through 2013, the Department made measurable progress in implementing UFMS. In FY 2009, the DEA successfully migrated to UFMS and, importantly, obtained an unqualified audit opinion on its financial statements produced from UFMS that year and in every year since. As expected, the DEA project was a large, complex, and difficult migration, but one that helped to lay the foundation for the migrations of the ATF, USMS, and the Assets Forfeiture Fund, which occurred in FYs 2011 and 2013, and the migration of the FBI, which is underway and scheduled for completion in FY 2014. The migration of the USMS replaced one of the three major non-integrated legacy accounting systems, leaving two in use in the Department. The UFMS implementation goals, such as the migrations of the USMS and FBI, leverage lessons learned from previous migrations and are based on and aligned with operational risks and requirements unique to each component.

The Department's UFMS implementation has already enabled components to improve financial and budget management and realize increased efficiencies. Additional improvements and efficiencies are guaranteed to be realized as additional components fully migrate to UFMS. For example, UFMS has standardized and integrated financial processes to more effectively support accounting operations, provide accurate and timely financial information throughout the year, facilitate preparation of financial statements, and streamline audit processes.

## Summary of Financial Statement Audit and Management Assurances

The two tables on the following page summarize the results of the Department's financial statement audit and management assurances regarding the effectiveness of internal control over programmatic operations and financial reporting (FMFIA § 2), conformance with financial system requirements (FMFIA § 4), and compliance with the FFMIA.

### Table 3. Summary of Financial Statement Audit

| **Financial Statement Audit Opinion and Material Weaknesses** | | | | | |
|---|---|---|---|---|---|
| **Audit Opinion** | Unmodified | | | | |
| **Restatement** | No | | | | |
| **Material Weaknesses** | **Beginning Balance** | **New** | **Resolved** | **Consolidated** | **Ending Balance** |
| None | 0 | 0 | 0 | 0 | 0 |
| ***Total Material Weaknesses*** | **0** | **0** | **0** | **0** | **0** |

## Table 4. Summary of Management Assurances

| Effectiveness of Internal Control over Programmatic Operations (FMFIA § 2) | | | | | | |
|---|---|---|---|---|---|---|
| **Statement of Assurance** | Qualified | | | | | |
| **Material Weaknesses** | **Beginning Balance** | **New** | **Resolved** | **Consolidated** | **Reassessed** | **Ending Balance** |
| Prison Crowding | 1 | 0 | 0 | 0 | 0 | 1 |
| ***Total Material Weaknesses*** | **1** | **0** | **0** | **0** | **0** | **1** |

| Effectiveness of Internal Control over Financial Reporting (FMFIA § 2) | | | | | | |
|---|---|---|---|---|---|---|
| **Statement of Assurance** | Unqualified | | | | | |
| **Material Weaknesses** | **Beginning Balance** | **New** | **Resolved** | **Consolidated** | **Reassessed** | **Ending Balance** |
| None | 0 | 0 | 0 | 0 | 0 | 0 |
| ***Total Material Weaknesses*** | **0** | **0** | **0** | **0** | **0** | **0** |

| Conformance with Financial Management System Requirements (FMFIA § 4) | | | | | | |
|---|---|---|---|---|---|---|
| **Statement of Assurance** | Systems Conform | | | | | |
| **Non-conformances** | **Beginning Balance** | **New** | **Resolved** | **Consolidated** | **Reassessed** | **Ending Balance** |
| None | 0 | 0 | 0 | 0 | 0 | 0 |
| ***Total Non-conformances*** | **0** | **0** | **0** | **0** | **0** | **0** |

| Compliance with Federal Financial Management Improvement Act (FFMIA) | | |
|---|---|---|
| **Compliance with Specific Requirements** | | |
| **Specific Requirements** | **Agency** | **Auditor** |
| **System Requirements** | No Non-compliance Noted | No Non-compliance Noted |
| **Accounting Standards** | No Non-compliance Noted | No Non-compliance Noted |
| **USSGL at Transaction Level** | No Non-compliance Noted | No Non-compliance Noted |

## Summary of Material Weakness and Corrective Actions

A summary of the material weakness identified in the Department's FY 2013 assessment of the effectiveness of internal control over programmatic operations (FMFIA § 2) follows, along with details regarding corrective actions. The associated Corrective Action Plan is provided in Section III of the AFR.

### Programmatic Material Weakness and Corrective Actions – Prison Crowding

As of September 30, 2013, the inmate population housed in BOP operated institutions exceeded the rated housing capacity by 36 percent. The BOP's Long Range Capacity Plan relies on multiple approaches to house the increasing federal inmate population, such as contracting with the private sector and state and local facilities for certain groups of low-security inmates; expanding existing institutions where infrastructure permits, programmatically appropriate, and cost effective to do so; and acquiring, constructing, and activating new facilities as funding permits.

To address this material weakness, the BOP will continue implementing its Long Range Capacity Plan, making enhancements and modifications to the plan, as needed, commensurate with funding received through enacted budgets. The BOP's formal Corrective Action Plan includes utilizing contract facilities; expanding existing institutions; and acquiring, constructing, and activating new institutions as funding permits. The BOP will continue to validate progress on construction projects at new and existing facilities through on-site inspections or by reviewing monthly construction progress reports.

This material weakness was first reported in 2006. Remediation of the weakness through increasing prison capacity is primarily dependent on funding. Other correctional reforms and alternatives will require policy and/or statutory changes. Other initiatives notwithstanding, if the acquisition, expansion, construction, and activation plans detailed in the BOP's Long Range Capacity Plan are funded as proposed, the over-crowding rate for FY 2018 is projected to be 40 percent.

The Department's corrective action efforts are not limited to the BOP alone. The Department continues to consider and implement an array of crime prevention, sentencing, and corrections management improvements that focus on accountability and rehabilitation, while protecting public safety. The Department recognizes that the BOP's capacity management efforts must be teamed with targeted programs that are proven to reduce recidivism and promote effective re-entry. The BOP will continue to work with the Department on these programs.

# Improper Payments Information Act of 2002, as Amended

The Department recognizes the importance of maintaining adequate internal controls to ensure proper payments and is committed to the continuous improvement of the overall disbursement management process. A summary of actions taken by Departmental management in FY 2013 for continuous implementation of the Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), follow.[2] Additional details, as well as the Department's submission of the required improper payments reporting, are provided in Appendix A of the AFR.

## Risk Assessment

The IPIA, as amended, and OMB implementing guidance, OMB Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, require agencies to review all programs and activities they administer to identify those that are susceptible to significant improper payments. OMB defines significant improper payments as gross annual improper payments (i.e., the total amount of overpayments plus underpayments) in a program exceeding (1) both 2.5 percent of program outlays and $10 million of all program or activity payments made during the fiscal year reported or (2) $100 million, regardless of the improper payment percentage of total program outlays. The Department's top-down approach for assessing the risk of significant improper payments allows the reporting of results by the Department's five mission-aligned programs – Law Enforcement; Litigation; Prisons and Detention; State, Local, Tribal, and Other Assistance; and Administrative, Technology, and Other.

In accordance with the IPIA, as amended, and OMB implementing guidance, the Department assessed its programs and activities for susceptibility to significant improper payments. Based on the results of the risk assessment for the period ended September 30, 2013, the Department concluded there were no programs susceptible to significant improper payments.

In FY 2013, the Department received approximately $20 million of funding under the Disaster Relief Appropriations Act of 2013 (Disaster Relief Act). The Disaster Relief Act provides that all programs and activities receiving funds under the Act shall be deemed to be susceptible to significant improper payments for purposes of IPIA reporting, regardless of any previous improper payment risk assessment results. In accordance with the OMB implementing guidance, the Department will begin reporting on the risk-susceptible funding in the Department's IPIA reporting for FY 2014.

## Payment Recapture Audits

The IPIA, as amended, and OMB implementing guidance require agencies to conduct payment recapture audits (also known as recovery audits) for each program and activity that expends $1 million or more annually – including contracts, grants, and benefit payments – if conducting such audits would be cost-effective. Prior to FY 2011, payment recapture audits were only required for agencies that entered into contracts with a total value in excess of $500 million in a fiscal year, and for certain other programs that were not applicable to the Department. The OMB implementing guidance also requires agencies to establish annual targets for their payment recapture audit programs – based on the rate of recovery – to drive performance. Agencies have the discretion to set their own payment recovery rate targets for review and approval by OMB, but agencies were to strive to achieve an annual recovery rate target of at least 85 percent by the end of FY 2013.

[2] A more recent law, the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), also amended the IPIA. The new reporting requirements from the IPERIA are effective beginning in FY 2014; therefore, the Department will begin addressing them in its IPIA reporting for FY 2014.

In FY 2011, as required by the IPIA, as amended, and OMB implementing guidance, the Department expanded the scope of its payment recapture audits to contracts, grants, and benefit and other payments and established annual payment recovery rate targets to drive performance. In FY 2013, the Department updated its targets through FY 2016.

In accordance with the IPIA, as amended, and OMB implementing guidance, the Department measured payment recapture performance. Based on performance through the period ended September 30, 2013, the Department achieved a payment recovery rate of 89 percent for the cumulative period of FYs 2004 through 2013. Additional details, to include the Department's annual payment recovery rate, are provided in Appendix A of the AFR.

## Possible Effects of Existing, Currently Known Demands, Risks, Uncertainties, Events, Conditions, and Trends

The Department's leadership is committed to ensuring its programs and activities will continue to be focused on meeting the dynamic demands of the changing legal, economic, and technological environments of the future.

### Sequestration

- The Department's budget was reduced by over $1.6 billion in FY 2013 due to sequestration. The Department will face significant challenges operating in FY 2014 if it continues to be reduced by sequestration.

- The loss of DOJ staff is the biggest impact of sequestration on the Department. The Department's mission and its employees are inextricably linked: we cannot fulfill our mission without our employees. As of September 21, 2013, DOJ has lost over 3,505 staff since January 2011 due to budget constraints. The Department has fewer staff to conduct investigations, address legal matters, adjudicate immigration cases, and support state, local, and tribal partners. Sequestration affects not only the Department, but also the Courts and other key participants in the criminal justice system, resulting in delayed access to justice.

### Technology

- Advances in high-speed telecommunications, computers, and other technologies are creating new opportunities for criminals, new classes of crimes, and new challenges for law enforcement.

- Growing dependence on technology is creating an increasing vulnerability to illegal acts, especially white collar crime and terrorism.

### Economy

- Amount of regulation and the pace of economic growth and globalization are changing the volume and nature of anti-competitive behavior.

- The interconnected nature of the world's economy is increasing opportunities for criminal activity, including money laundering, white collar crime, and alien smuggling, as well as the complexity and scope of civil justice matters.

### Government

- Changes in the fiscal posture or policies of state and local governments could have dramatic effects on their capacity to remain effective law enforcement partners, e.g., the ability and willingness of these governments to allow federal use of their jail space affects achievement of detention goals.

### Globalization

- Issues of criminal and civil justice increasingly transcend national boundaries, requiring the cooperation of foreign governments and involving treaty obligations, multinational environment and trade agreements, and other foreign policy concerns.

### Social-Demographic

- The numbers of adolescents and young adults, now the most crime-prone segment of the population, are expected to grow rapidly over the next several years.

### Unpredictable

- Responses to unanticipated natural disasters and their aftermath require the Department to divert resources to deter, investigate, and prosecute disaster-related federal crimes, such as charity fraud, insurance fraud and other crimes.

- Changes in federal laws may affect responsibilities and workload.

- Much of the litigation caseload is defensive. The Department has little control over the number, size, and complexity of the civil lawsuits it must defend.

## Other Management Information, Initiatives, and Issues

### American Recovery and Reinvestment Act

- The Department received $4.0 billion in funding for programs, under the American Recovery and Reinvestment Act of 2009. In addition, $2.0 million was provided for the Department's Office of the Inspector General oversight activities related to Recovery Act funding. The Department is fully committed to ensuring that the funds received are expended responsibly and in a transparent manner to further job creation, economic recovery, and other purposes of the Act.

- Most of the Department's programs funded by the Recovery Act ended as of September 30, 2013, and undisbursed funds were returned to the General Fund of the Treasury. However, in April 2013, OMB approved the Department's waiver request ensuring long-term programs such as COPS, Tribal Prison Construction and some Edward Byrne Memorial Justice Assistance Grant (JAG) programs will be able to finish the projects they started.

- Additional information regarding the Department's Recovery Act activities can be found on: http://www.justice.gov/recovery/; government-wide Recovery Act information can also be found on: http://www.recovery.gov/Pages/home.aspx.

- The following table summarizes appropriations, obligations, and outlays by component, as of September 30, 2013:

(Dollars in Thousands)

| Component | Appropriation Amount | Obligations* | Outlays |
|---|---|---|---|
| OJP | $2,761,930 | $2,746,010 | $2,674,326 |
| OVW | $225,564 | $220,059 | $214,502 |
| COPS | $1,002,506 | $976,874 | $887,422 |
| ATF | $10,000 | $10,000 | $9,365 |
| OIG | $2,000 | $2,000 | $2,000 |
| **DOJ Total** | **$4,002,000** | **$3,954,943** | **$3,787,615** |

*Reductions in obligations are due to unspent funds returned upon closeout of award.

## Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Department of Justice, pursuant to the requirements of 31 U.S.C. § 3515(b).

While the statements have been prepared from the books and records of the Department in accordance with U.S. generally accepted accounting principles for federal entities and the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the United States Government, a sovereign entity.

# Independent Auditors' Reports

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

## Independent Auditors' Report on the Financial Statements

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited the accompanying consolidated financial statements of the U.S. Department of Justice (Department) which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of net cost, and changes in net position, and the combined statements of budgetary resources and custodial activity (hereinafter referred to as "consolidated financial statements") for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits and the reports of other auditors. We did not audit the fiscal year 2012 financial statements of the following components of the Department: the U.S. Marshals Service (USMS); the Federal Prison Industries, Inc. (FPI); and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), which statements reflect total assets of $2.0 billion, and total net costs of $2.9 billion as of and for the year ended September 30, 2012. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained, based on our audits and the reports of the other auditors, is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion on the Financial Statements***

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2013 and 2012, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended in accordance with U.S. generally accepted accounting principles.

***Emphasis of Matters***

As discussed in Note 1.V to the consolidated financial statements, the Department adopted Statement of Federal Financial Accounting Standards No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards No. 27, Identifying and Reporting Earmarked Funds,* effective October 1, 2012. The fiscal year 2012 consolidated financial statements have been adjusted for the retrospective application of the new accounting guidance. Our opinion is not modified with respect to this matter.

As discussed in Note 26 to the consolidated financial statements, the Department has elected to change its capitalization thresholds for real property, personal property, and internal use software, effective October 1, 2012. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis, Required Supplementary Information, and Required Supplementary Stewardship Information sections be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audits of the consolidated financial statements. We and the other auditors do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information and Combined Schedule of Spending is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we and the other auditors do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our fiscal year 2013 report dated December 12, 2013 on our consideration of the Department's internal control over financial reporting, and our fiscal year 2013 report dated December 12, 2013 on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

KPMG LLP

December 12, 2013

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

**Independent Auditors' Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*, the consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of net cost, and changes in net position, and the combined statements of budgetary resources and custodial activity (hereinafter referred to as "consolidated financial statements") for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 12, 2013. We did not audit the fiscal year 2012 financial statements of the following components of the Department: the U.S. Marshals Service (USMS); the Federal Prison Industries, Inc. (FPI); and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) as of and for the year ended September 30, 2012. Those financial statements were audited by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors. As discussed in Note 1.V to the consolidated financial statements, the Department adopted Statement of Federal Financial Accounting Standards No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards No. 27, Identifying and Reporting Earmarked Funds*, effective October 1, 2012. The fiscal year 2012 consolidated financial statements have been adjusted for the retrospective application of the new accounting guidance. Our opinion is not modified with respect to this matter. Also, as discussed in Note 26 to the consolidated financial statements, the Department has elected to change its capitalization thresholds for real property, personal property, and internal use software, effective October 1, 2012. Our opinion is not modified with respect to this matter.

## Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2013, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

December 12, 2013

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

**Independent Auditors' Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*, the consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of net cost, and changes in net position, and the combined statements of budgetary resources and custodial activity (hereinafter referred to as "consolidated financial statements") for the years then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated December 12, 2013. We did not audit the fiscal year 2012 financial statements of the following components of the Department: the U.S. Marshals Service (USMS); the Federal Prison Industries, Inc. (FPI); and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) as of and for the year ended September 30, 2012. Those financial statements were audited by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors. As discussed in Note 1.V to the consolidated financial statements, the Department adopted Statement of Federal Financial Accounting Standards No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards No. 27, Identifying and Reporting Earmarked Funds*, effective October 1, 2012. The fiscal year 2012 consolidated financial statements have been adjusted for the retrospective application of the new accounting guidance. Our opinion is not modified with respect to this matter. Also, as discussed in Note 26 to the consolidated financial statements, the Department has elected to change its capitalization thresholds for real property, personal property, and internal use software, effective October 1, 2012. Our opinion is not modified with respect to this matter.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 14-02. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 14-02.

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We also performed tests of its compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of FFMIA disclosed no instances in which the Department's financial management systems did not substantially comply with the (1) federal financial management system requirements, (2) applicable federal accounting standards, and (3) application of the United States Government Standard General Ledger at the transaction level.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the Department's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

December 12, 2013

**Principal Financial Statements**
**and Related Notes**

**See Independent Auditors' Report on the Financial Statements**

# U. S. Department of Justice
## Consolidated Balance Sheets
## As of September 30, 2013 and 2012

| Dollars in Thousands | | 2013 | | 2012 |
|---|---|---|---|---|
| **ASSETS (Note 2)** | | | | |
| Intragovernmental | | | | |
| Fund Balance with U.S. Treasury (Note 3) | $ | 23,226,071 | $ | 24,745,298 |
| Investments, Net (Note 5) | | 6,650,960 | | 6,213,903 |
| Accounts Receivable, Net (Note 6) | | 452,327 | | 324,327 |
| Other Assets (Note 10) | | 92,370 | | 266,573 |
| Total Intragovernmental | | 30,421,728 | | 31,550,101 |
| Cash and Monetary Assets (Note 4) | | 174,798 | | 260,682 |
| Accounts Receivable, Net (Note 6) | | 81,892 | | 115,612 |
| Inventory and Related Property, Net (Note 7) | | 132,814 | | 166,609 |
| Forfeited Property, Net (Note 8) | | 141,354 | | 145,111 |
| General Property, Plant and Equipment, Net (Note 9) | | 10,017,323 | | 10,186,144 |
| Advances and Prepayments | | 444,174 | | 760,870 |
| Other Assets (Note 10) | | 4,677 | | 5,585 |
| **Total Assets** | **$** | **41,418,760** | **$** | **43,190,714** |
| **LIABILITIES (Note 11)** | | | | |
| Intragovernmental | | | | |
| Accounts Payable | $ | 339,253 | $ | 302,575 |
| Accrued Federal Employees' Compensation Act Liabilities | | 266,865 | | 260,652 |
| Custodial Liabilities (Note 21) | | 1,174,698 | | 1,114,298 |
| Other Liabilities (Note 15) | | 204,056 | | 368,713 |
| Total Intragovernmental | | 1,984,872 | | 2,046,238 |
| Accounts Payable | | 4,203,261 | | 4,108,056 |
| Accrued Grant Liabilities | | 387,629 | | 604,119 |
| Actuarial Federal Employees' Compensation Act Liabilities | | 1,632,616 | | 1,474,278 |
| Accrued Payroll and Benefits | | 269,621 | | 653,909 |
| Accrued Annual and Compensatory Leave Liabilities | | 826,369 | | 838,252 |
| Environmental and Disposal Liabilities (Note 12) | | 76,676 | | 74,441 |
| Deferred Revenue | | 621,440 | | 556,464 |
| Seized Cash and Monetary Instruments (Note 14) | | 1,485,687 | | 1,587,167 |
| Contingent Liabilities (Note 16) | | 26,571 | | 28,671 |
| Capital Lease Liabilities (Note 13) | | 8,763 | | 17,096 |
| Radiation Exposure Compensation Act Liabilities (Note 25) | | 660,465 | | 731,237 |
| September 11th Victim Compensation Fund (Note 25) | | 2,751,712 | | 2,766,400 |
| Other Liabilities (Note 15) | | 411,311 | | 455,657 |
| **Total Liabilities** | **$** | **15,346,993** | **$** | **15,941,985** |
| **NET POSITION** | | | | |
| Unexpended Appropriations - Funds from Dedicated Collections (Note 17) | $ | 35,768 | $ | 25,963 |
| Unexpended Appropriations - All Other Funds | | 8,649,121 | | 10,568,815 |
| Cumulative Results of Operations - Funds from Dedicated Collections (Note 17) | | 11,940,472 | | 10,949,539 |
| Cumulative Results of Operations - All Other Funds | | 5,446,406 | | 5,704,412 |
| **Total Net Position** | **$** | **26,071,767** | **$** | **27,248,729** |
| **Total Liabilities and Net Position** | **$** | **41,418,760** | **$** | **43,190,714** |

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

**U. S. Department of Justice**
**Consolidated Statements of Net Cost**
**For the Fiscal Years Ended September 30, 2013 and 2012**

**Dollars in Thousands**

| | | Gross Costs | | | Less: Earned Revenues | | | Net Cost of Operations (Note 18) |
|---|---|---|---|---|---|---|---|---|
| | FY | Intra-governmental | With the Public | Total | Intra-governmental | With the Public | Total | |
| **Goal 1** | **2013** | $ 1,353,549 | $ 3,940,664 | $ 5,294,213 | $ 399,097 | $ 16,391 | $ 415,488 | $ 4,878,725 |
| | **2012** | $ 1,426,981 | $ 4,300,297 | $ 5,727,278 | $ 439,321 | $ 30,912 | $ 470,233 | $ 5,257,045 |
| **Goal 2** | **2013** | 3,649,282 | 11,371,420 | 15,020,702 | 712,127 | 720,450 | 1,432,577 | 13,588,125 |
| | **2012** | 3,361,356 | 16,698,326 | 20,059,682 | 468,597 | 646,666 | 1,115,263 | 18,944,419 |
| **Goal 3** | **2013** | 2,325,612 | 11,623,920 | 13,949,532 | 665,460 | 599,892 | 1,265,352 | 12,684,180 |
| | **2012** | 2,729,014 | 12,794,400 | 15,523,414 | 867,132 | 663,176 | 1,530,308 | 13,993,106 |
| **Total** | **2013** | **$ 7,328,443** | **$ 26,936,004** | **$ 34,264,447** | **$ 1,776,684** | **$ 1,336,733** | **$ 3,113,417** | **$ 31,151,030** |
| | **2012** | **$ 7,517,351** | **$ 33,793,023** | **$ 41,310,374** | **$ 1,775,050** | **$ 1,340,754** | **$ 3,115,804** | **$ 38,194,570** |

Goal 1 Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law
Goal 2 Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law
Goal 3 Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels

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

**U. S. Department of Justice**
**Consolidated Statements of Changes in Net Position**
**For the Fiscal Year Ended September 30, 2013**

**Dollars in Thousands**

| | 2013 | | | |
|---|---|---|---|---|
| | Funds from Dedicated Collections | All Other Funds | Eliminations | Total |
| **Unexpended Appropriations** | | | | |
| **Beginning Balances** | **$ 25,963** | **$ 10,568,815** | **$ -** | **$ 10,594,778** |
| **Budgetary Financing Sources** | | | | |
| Appropriations Received | 80,267 | 28,042,760 | - | 28,123,027 |
| Appropriations Transferred-In/Out | 5,343 | 250,502 | - | 255,845 |
| Other Adjustments | (3,419) | (2,547,144) | - | (2,550,563) |
| Appropriations Used | (72,386) | (27,665,812) | - | (27,738,198) |
| **Total Budgetary Financing Sources** | **9,805** | **(1,919,694)** | **-** | **(1,909,889)** |
| **Unexpended Appropriations** | **$ 35,768** | **$ 8,649,121** | **$ -** | **$ 8,684,889** |
| **Cumulative Results of Operations** | | | | |
| **Beginning Balances** | **$ 10,949,539** | **$ 5,704,412** | **$ -** | **$ 16,653,951** |
| Adjustments (Note 26) | | | | |
| Changes in Accounting Principles | (2,091) | (272,557) | - | **(274,648)** |
| **Beginning Balances, as Adjusted** | **10,947,448** | **5,431,855** | **-** | **16,379,303** |
| **Budgetary Financing Sources** | | | | |
| Other Adjustments | - | (26,000) | - | (26,000) |
| Appropriations Used | 72,386 | 27,665,812 | - | 27,738,198 |
| Nonexchange Revenues | 1,496,030 | 322 | - | 1,496,352 |
| Donations and Forfeitures of Cash and Cash Equivalents | 1,826,480 | - | - | 1,826,480 |
| Transfers-In/Out Without Reimbursement | - | 140,230 | - | 140,230 |
| **Other Financing Sources** | | | | |
| Donations and Forfeitures of Property | 185,769 | 3 | - | 185,772 |
| Transfers-In/Out Without Reimbursement | (7,280) | 9,360 | - | 2,080 |
| Imputed Financing from Costs Absorbed by Others (Note 19) | 15,218 | 807,510 | (21,069) | 801,659 |
| Other Financing Sources | - | (6,166) | - | (6,166) |
| **Total Financing Sources** | **3,588,603** | **28,591,071** | **(21,069)** | **32,158,605** |
| **Net Cost of Operations** | **(2,595,579)** | **(28,576,520)** | **21,069** | **(31,151,030)** |
| **Net Change** | 993,024 | 14,551 | - | 1,007,575 |
| **Cumulative Results of Operations** | **$ 11,940,472** | **$ 5,446,406** | **$ -** | **$ 17,386,878** |
| **Net Position** | **$ 11,976,240** | **$ 14,095,527** | **$ -** | **$ 26,071,767** |

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

**U. S. Department of Justice**
**Consolidated Statements of Changes in Net Position**
**For the Fiscal Year Ended September 30, 2012**

**Dollars in Thousands**

| | 2012 | | | |
|---|---|---|---|---|
| | **Funds from Dedicated Collections** | **All Other Funds** | **Eliminations** | **Total** |
| **Unexpended Appropriations** | | | | |
| **Beginning Balances** | **$ 21,727** | **$ 11,952,581** | **$ -** | **$ 11,974,308** |
| **Budgetary Financing Sources** | | | | |
| Appropriations Received | 72,044 | 27,621,645 | - | 27,693,689 |
| Appropriations Transferred-In/Out | - | 330,471 | - | 330,471 |
| Other Adjustments | - | (152,761) | - | (152,761) |
| Appropriations Used | (67,808) | (29,183,121) | - | (29,250,929) |
| **Total Budgetary Financing Sources** | **4,236** | **(1,383,766)** | **-** | **(1,379,530)** |
| **Unexpended Appropriations** | **$ 25,963** | **$ 10,568,815** | **$ -** | **$ 10,594,778** |
| **Cumulative Results of Operations** | | | | |
| **Beginning Balances** | **$ 9,066,816** | **$ 8,482,489** | **$ -** | **$ 17,549,305** |
| **Budgetary Financing Sources** | | | | |
| Other Adjustments | - | (40,000) | - | (40,000) |
| Appropriations Used | 67,808 | 29,183,121 | - | 29,250,929 |
| Nonexchange Revenues | 2,802,985 | 975 | - | 2,803,960 |
| Donations and Forfeitures of Cash and Cash Equivalents | 4,194,465 | - | - | 4,194,465 |
| Transfers-In/Out Without Reimbursement | - | 109,395 | - | 109,395 |
| **Other Financing Sources** | | | | |
| Donations and Forfeitures of Property | 120,245 | 30 | - | 120,275 |
| Transfers-In/Out Without Reimbursement | (149,908) | 137,285 | - | (12,623) |
| Imputed Financing from Costs Absorbed by Others (Note 19) | 15,446 | 887,286 | (24,718) | 878,014 |
| Other Financing Sources | - | (5,199) | - | (5,199) |
| **Total Financing Sources** | **7,051,041** | **30,272,893** | **(24,718)** | **37,299,216** |
| **Net Cost of Operations** | **(5,168,318)** | **(33,050,970)** | **24,718** | **(38,194,570)** |
| **Net Change** | 1,882,723 | (2,778,077) | - | (895,354) |
| **Cumulative Results of Operations** | **$ 10,949,539** | **$ 5,704,412** | **$ -** | **$ 16,653,951** |
| **Net Position** | **$ 10,975,502** | **$ 16,273,227** | **$ -** | **$ 27,248,729** |

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

## U. S. Department of Justice
## Combined Statements of Budgetary Resources
## For the Fiscal Years Ended September 30, 2013 and 2012

| Dollars in Thousands | | 2013 | | 2012 |
|---|---|---|---|---|
| **Budgetary Resources:** | | | | |
| Unobligated Balance, Net, Brought Forward, October 1 | $ | 4,036,432 | $ | 3,882,323 |
| Recoveries of Prior Year Unpaid Obligations | | 1,029,004 | | 877,535 |
| Other Changes in Unobligated Balance | | (18,946) | | (12,383) |
| Unobligated Balance from Prior Year Budget Authority, Net | | 5,046,490 | | 4,747,475 |
| Appropriations (discretionary and mandatory) | | 29,174,293 | | 33,346,750 |
| Spending Authority from Offsetting Collections (discretionary and mandatory) | | 5,275,914 | | 7,193,483 |
| **Total Budgetary Resources** | $ | 39,496,697 | $ | 45,287,708 |
| **Status of Budgetary Resources:** | | | | |
| Obligations Incurred (Note 20) | | 35,501,730 | | 41,251,276 |
| Unobligated Balance, End of Period: | | | | |
| Apportioned | | 2,757,986 | | 2,730,163 |
| Exempt from Apportionment | | 266,607 | | 218,191 |
| Unapportioned | | 970,374 | | 1,088,078 |
| Total Unobligated Balance - End of Period | | 3,994,967 | | 4,036,432 |
| **Total Status of Budgetary Resources** | $ | 39,496,697 | $ | 45,287,708 |
| **Change in Obligated Balance:** | | | | |
| Unpaid Obligations: | | | | |
| Unpaid obligations, Brought Forward, October 1 | $ | 16,930,377 | $ | 16,676,653 |
| Obligations Incurred | | 35,501,730 | | 41,251,276 |
| Outlays, Gross (-) | | (36,605,083) | | (40,120,017) |
| Recoveries of Prior Year Unpaid Obligations (-) | | (1,029,004) | | (877,535) |
| Unpaid Obligations, End of Period | | 14,798,020 | | 16,930,377 |
| Uncollected Payments: | | | | |
| Uncollected Payments from Federal Sources, Brought Forward, October 1 (-) | | (1,890,361) | | (1,790,659) |
| Change in Uncollected Customer Payments from Federal Sources | | 223,456 | | (99,702) |
| Uncollected Customer Payments from Federal Sources | | (1,666,905) | | (1,890,361) |
| Memorandum (non-add) Entries: | | | | |
| Obligated balance, Start of Period | $ | 15,040,016 | $ | 14,885,994 |
| Obligated balance, End of Period | $ | 13,131,115 | $ | 15,040,016 |
| **Budgetary Authority and Outlays, Net:** | | | | |
| Budgetary Authority, Gross (discretionary and mandatory) | $ | 34,450,207 | $ | 40,540,233 |
| Less: Actual Offsetting Collections (discretionary and mandatory) | | 5,499,369 | | 7,093,777 |
| Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory) | | 223,456 | | (99,702) |
| Budget Authority, Net (discretionary and mandatory) | $ | 29,174,294 | $ | 33,346,754 |
| Outlays, Gross (discretionary and mandatory) | $ | 36,605,083 | $ | 40,120,017 |
| Less: Actual Offsetting Collections (discretionary and mandatory) | | 5,499,369 | | 7,093,777 |
| Outlays, Net (discretionary and mandatory) | | 31,105,714 | | 33,026,240 |
| Less: Distributed Offsetting Receipts | | 933,877 | | 1,425,127 |
| Agency Outlays, Net (discretionary and mandatory) | $ | 30,171,837 | $ | 31,601,113 |

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

## U. S. Department of Justice
## Combined Statements of Custodial Activity
## For the Years Ended September 30, 2013 and 2012

| Dollars in Thousands | 2013 | 2012 |
|---|---|---|
| **Revenue Activity** | | |
| **Sources of Cash Collections** | | |
| Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986 | $ 5,595,261 | $ 6,995,798 |
| Fees and Licenses | 43,392 | 36,710 |
| Fines, Penalties and Restitution Payments - Civil | 86,845 | 21,554 |
| Fines, Penalties and Restitution Payments - Criminal | 42,603 | 39,970 |
| Miscellaneous | 42,030 | 4,619 |
| Total Cash Collections | 5,810,131 | 7,098,651 |
| **Accrual Adjustments** | (914) | (1,405) |
| **Total Custodial Revenue** | 5,809,217 | 7,097,246 |
| **Disposition of Collections** | | |
| Transferred to Federal Agencies | | |
| Library of Congress | (509) | - |
| U.S. Department of Agriculture | (136,258) | (105,670) |
| U.S. Department of Commerce | (6,000) | (3,746) |
| U.S. Department of the Interior | (36,174) | (129,015) |
| U.S. Department of Justice | (99,558) | (21,085) |
| U.S. Department of Labor | (3,897) | (9,175) |
| U.S. Postal Service | (26,790) | (7,675) |
| U.S. Department of State | (2,208) | (26,613) |
| U.S. Department of the Treasury | (2,025,807) | (917,662) |
| Office of Personnel Management | (43,447) | (157,714) |
| National Credit Union Administration | (1) | - |
| Federal Communications Commission | (757) | (310) |
| Social Security Administration | (699) | (921) |
| Smithsonian Institution | (8) | (8) |
| U.S. Department of Veterans Affairs | (123,179) | (125,354) |
| Equal Employment Opportunity Commission | (2) | - |
| General Services Administration | (51,966) | (130,087) |
| Securities and Exchange Commission | (3) | (411) |
| Federal Deposit Insurance Corporation | (419) | (59) |
| Railroad Retirement Board | (414) | (288) |
| Tennessee Valley Authority | (291) | (8) |
| Environmental Protection Agency | (185,060) | (189,137) |
| U.S. Department of Transportation | (5,185) | (13,674) |
| U.S. Department of Homeland Security | (131,067) | (66,585) |
| Agency for International Development | (44,212) | (511) |
| Small Business Administration | (14,792) | (6,371) |
| U.S. Department of Health and Human Services | (1,151,278) | (1,283,167) |
| National Aeronautics and Space Administration | (5,288) | (725) |
| Export-Import Bank of the United States | (13,855) | (17,264) |
| U.S. Department of Housing and Urban Development | (24,226) | (1,129,547) |
| National Archives & Records Administration | - | (29) |
| U.S. Department of Energy | (10,585) | (3,313) |
| U.S. Department of Education | (23,219) | (14,452) |
| Independent Agencies | (114,607) | (63,619) |
| Treasury General Fund | (676,060) | (705,503) |
| U.S. Department of Defense | (120,707) | (217,607) |
| Transferred to the Public | (416,166) | (508,622) |
| (Increase)/Decrease in Amounts Yet to be Transferred | (51,378) | (566,077) |
| Refunds and Other Payments | (104,834) | (513,185) |
| Retained by the Reporting Entity | (158,311) | (162,057) |
| **Total Disposition of Collections** | (5,809,217) | (7,097,246) |
| **Net Custodial Activity (Note 21)** | $ - | $ - |

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

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 1. Summary of Significant Accounting Policies

### A. Reporting Entity

The Department of Justice (Department) has a wide range of responsibilities which include: detecting, apprehending, prosecuting, and incarcerating criminal offenders; operating federal prison factories; upholding the civil rights of all Americans; enforcing laws to protect the environment; ensuring healthy competition of business in the United States' free enterprise system; safeguarding the consumer from fraudulent activity; carrying out the immigration laws of the United States; and representing the American people in all legal matters involving the U.S. Government. Under the direction of the Attorney General, these responsibilities are discharged by the components of the Department.

For purposes of these consolidated/combined financial statements, the following components comprise the Department's reporting entity:

- Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF)
- Offices, Boards and Divisions (OBDs)
- U.S. Marshals Service (USMS)
- Office of Justice Programs (OJP)
- Drug Enforcement Administration (DEA)
- Federal Bureau of Investigation (FBI)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Bureau of Prisons (BOP)
- Federal Prison Industries, Inc. (FPI)

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### B. Basis of Presentation

These financial statements have been prepared from the books and records of the Department in accordance with United States generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) and presentation guidelines in the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These financial statements are different from the financial reports prepared pursuant to OMB directives which are used to monitor and control the use of the Department's budgetary resources. The accompanying financial statements include the accounts of all funds under the Department's control. To ensure that the Department financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Inventory and Related Property, Other Assets, and Other Liabilities, as defined by OMB Circular A-136, have been disaggregated on the Consolidated Balance Sheets. These include Forfeited Property, Net; Advances and Prepayments; Accrued Grant Liabilities; Accrued Federal Employees' Compensation Act (FECA) Liabilities; Custodial Liabilities; Accrued Payroll and Benefits; Accrued Annual and Compensatory Leave Liabilities; Deferred Revenue; Seized Cash and Monetary Instruments; Contingent Liabilities; Capital Lease Liabilities; Radiation Exposure Compensation Act (RECA) Liabilities; and September 11$^{th}$ Victim Compensation Fund Liabilities.

### C. Basis of Consolidation

The consolidated/combined financial statements of the Department include the accounts of the AFF/SADF, OBDs, USMS, OJP, DEA, FBI, ATF, BOP, and FPI. All significant proprietary intra-departmental transactions and balances have been eliminated in consolidation. The Statements of Budgetary Resources and Statements of Custodial Activity are combined statements for FYs 2013 and 2012, and as such, intra-departmental transactions have not been eliminated.

### D. Basis of Accounting

Transactions are recorded on the accrual and budgetary bases of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the budgetary basis, however, funds availability is recorded based upon legal considerations and constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements. FPI is non-appropriated and self-sustaining. While FPI performs budgetary accounting in preparing its financial statements, FPI does not record budgetary information at the transaction level.

Custodial activity reported on the Combined Statements of Custodial Activity is prepared on the modified cash basis. Civil and Criminal Debt Collections are recorded when the Department receives payment from debtors. Accrual adjustments are made related to collections of fees and licenses.

The financial 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 and legal authority to do so.

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**E. Non-Entity Assets**

Non-entity assets are not available for use by the Department and consist primarily of restricted undisbursed civil and criminal debt collections, seized cash, accounts receivable, and other monetary assets.

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

Funds with the Department of the Treasury (Treasury) represent primarily appropriated, revolving, and trust funds available to pay current liabilities and finance future authorized purchases. The Treasury, as directed by authorized certifying officers, processes cash receipts and disbursements. The Department does not, for the most part, maintain cash in commercial bank accounts. Certain receipts, however, are processed by commercial banks for deposit into individual accounts maintained at the Treasury. The Department's cash and other monetary assets consist of undeposited collections, imprest funds, cash used in undercover operations, cash held as evidence, and seized cash.

**G. Investments**

Investments are market-based Treasury securities issued by the Bureau of Public Debt. When securities are purchased, the investment is recorded at face value (the value at maturity). The Department's intent is to hold investments to maturity, unless the invested funds are needed to sustain operations. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity. The market value of the investments is the current market value at the end of the reporting period. It is calculated by using the "End of Day" price listed in The FedInvest Price File which can be found on the Bureau of Public Debt website (http://www.fedinvest.gov/). Investments are reported on the Consolidated Balance Sheets at their net value, the face value plus or minus any unamortized premium or discount. Premiums and discounts are amortized over the life of the Treasury security. The interest method is used for the amortization of premium and discount of Treasury notes and the straight-line method is used for Treasury bills. Amortization is based on the straight-line method over the term of the securities.

The AFF, the U.S. Trustee System Fund, and the Federal Prison Commissary Fund are three Funds from Dedicated Collections that invest in Treasury securities. The Treasury does not set aside assets to pay future expenditures associated with Funds from Dedicated Collections. Instead, the cash generated from Funds from Dedicated Collections is used by the Treasury for general government purposes. When these funds redeem their Treasury securities to make expenditures, the Treasury will finance the expenditures in the same manner that it finances all other expenditures.

Treasury securities are issued to the funds as evidence of fund receipts and provide the funds with the authority to draw upon the U.S. Treasury for future authorized expenditures. Treasury securities held by Funds from Dedicated Collections are an asset of the fund and a liability of the Treasury, so they are eliminated in consolidation for the U.S. Government-wide financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### H. Accounts Receivable

Net accounts receivable includes reimbursement and refund receivables due from federal agencies and the public, less the allowance for doubtful accounts. Generally, most intragovernmental accounts receivable are considered fully collectible. The allowance for doubtful accounts for public receivables is estimated based on past collection experience and analysis of outstanding receivable balances at year end.

### I. Inventory and Related Property

Inventory is maintained primarily for the manufacture of goods for sale to customers. This inventory is composed of three categories: Raw Materials, Work in Process, and Finished Goods. Raw material inventory value is based upon moving average costs. Inventories are valued at the lower of average cost or market value (LCM) and include materials, labor and manufacturing overhead. Market value is calculated on the basis of the contractual or anticipated selling price, less allowance for administrative expenses. DOJ values its finished goods and sub-assembly items at a standard cost that is periodically adjusted to approximate actual cost. DOJ has established inventory allowances to account for LCM adjustments and obsolete items that may not be utilized in future periods.

Additional inventories consist of new and rehabilitated office furniture, equipment and supplies used for the repair of airplanes, administrative supplies and materials, commissary sales to inmates (sundry items), metals, plastics, electronics, graphics, and optics.

### J. General Property, Plant and Equipment

DOJ Financial Management Policy Memorandum (FMPM) 13-12, *Capitalization of General Property, Plant and Equipment and Internal Use Software*, was issued in FY 2013 with an effective date for reporting periods ending after September 30, 2014. Early implementation of the policy's increased thresholds was encouraged beginning October 1, 2012. The majority of the Department's components implemented or partially implemented the increased capitalization thresholds in FY 2013. Partial implementation included Internal Use Software only. Full implementation is required for DOJ components by the beginning of FY 2015.

| Department Components | FY 2013 Fully Implemented | FY 2013 Partially Implemented | FY 2014 or beyond |
|---|---|---|---|
| AFF/SADF | ✓ | | |
| OBDs | ✓ | | |
| USMS | | ✓ | |
| OJP | ✓ | | |
| DEA | | ✓ | |
| FBI | ✓ | | |
| ATF | | | ✓ |
| BOP | | ✓ | |
| FPI | N/A | N/A | N/A |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### J. General Property, Plant and Equipment (continued)

FPI, as a revolving fund, is an exception to FMPM 13-12, which states that "Revolving Funds, Working Capital Funds, and Trust Fund entities may establish their own thresholds on capitalization of general PP&E and IUS projects." These thresholds must not conflict with FMPM 13-12, but may be more restrictive, at the discretion of the entity. Appropriation funded projects must comply with the capitalization thresholds as outlined in FMPM 13-12, as listed below.

| Type of Property | New Capitalization Threshold | Old Capitalization Threshold |
|---|---|---|
| Real Property | $250 | $100 |
| Personal Property | $50 | $25 |
| Aircraft | $100 | $100 |
| Internal Use Software | $5,000 | $500 |

Except for land, all general PP&E will be capitalized when the cost of acquiring or improving the property meets the threshold noted in the table above and has a useful life of two or more years. Land is capitalized regardless of the acquisition cost. Except for land, all general PP&E is depreciated or amortized, based on historical cost, using the straight-line method over the estimated useful life of the asset.

For FY 2012, except for BOP and FPI, Department acquisitions of personal property, excluding internal use software, costing $25 or more is capitalized if the asset has an estimated useful life of two or more years. BOP and FPI capitalize personal property acquisitions over $5 and $10, respectively. Personal property is depreciated, based on historical cost, using the straight-line method over the estimated useful life of the asset. Land is never depreciated.

### K. Advances and Prepayments

Advances and prepayments, classified as assets on the Consolidated Balance Sheets, consist primarily of funds disbursed to grantees in excess of total expenditures made by those grantees to third parties, funds advanced to state and local participants in the DEA Domestic Cannabis Eradication and Suppression Program, and travel advances issued to federal employees for official travel. Travel advances are limited to meals and incidental expenses expected to be incurred by the employees during official travel. Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of payment and are recognized as expenses when the goods and services are received.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### L. Forfeited and Seized Property

Forfeited property is property for which the title has passed to the U.S. Government. This property is recorded at the estimated fair market value at the time of forfeiture and is not adjusted for any subsequent increases and decreases in estimated fair market value. The value of the property is reduced by the estimated liens of record.

Property is seized in consequence of a violation of public law. Seized property can include monetary instruments, real property, and tangible personal property of others in the actual or constructive possession of the custodial agency. Most non-cash property is held by the USMS from the point of seizure until its disposition. This property is recorded at the estimated fair market value at the time of seizure and is not adjusted for any subsequent increases and decreases in estimated fair market value.

### M. Liabilities

Liabilities represent the monies or other resources that are likely to be paid by the Department as the result of a transaction or event that has already occurred. However, no liability can be paid by the Department absent proper budget authority. Liabilities that are not funded by the current year appropriation are classified as liabilities not covered by budgetary resources in Note 11. Accrued payroll and benefits are accrued based on the number of days in a pay period earned but not paid to employees at the end of the fiscal year.

### N. Accrued Grant Liabilities

Disbursements of grant funds are recognized as expenses at the time of disbursement. However, some grant recipients incur expenditures prior to initiating a request for disbursement based on the nature of the expenditures. The OBDs and OJP accrue a liability for expenditures incurred by grantees prior to receiving grant funds for expenditures. The amount to be accrued is determined through an analysis of historic grant expenditures. These estimates are based on the most current information available at the time the financial statements are prepared.

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

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**O. Contingencies and Commitments**

The Department is involved in various administrative proceedings, legal actions, and claims. The Consolidated Balance Sheets include an estimated liability for those legal actions where management and the Chief Counsel consider adverse decisions "probable" and amounts are reasonably estimable. Legal actions where management and the Chief Counsel consider adverse decisions "probable" or "reasonably possible" and the amounts are reasonably estimable are disclosed in Note 16. However, there are cases where amounts have not been accrued or disclosed because the amounts of the potential loss cannot be estimated or the likelihood of an unfavorable outcome is considered "remote".

**P. Annual, Sick, and Other Leave**

Annual and compensatory leave is expensed with an offsetting liability as it is earned and the liability is reduced as leave is taken. Each year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual and compensatory leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of nonvested leave are expensed as taken.

**Q. Interest on Late Payments**

Pursuant to the Prompt Payment Act, 31 U.S.C. § 3901-3907, the Department pays interest on payments for goods or services made to business concerns after the due date. The due date is generally 30 days after receipt of a proper invoice or acceptance of the goods or services, whichever is later.

**R. Retirement Plan**

With few exceptions, employees of the Department are covered by one of the following retirement programs:

1. Employees hired before January 1, 1984, are covered by the Civil Service Retirement System (CSRS). For employees covered by CSRS, the Department contributes 7% of the employees' gross pay for regular and 7.5% for law enforcement officers' retirement.

2. Employees hired between January 1, 1984 and December 31, 2012, are covered by the Federal Employees Retirement System (FERS). For employees covered by FERS, the Department contributes 11.9% of the employees' gross pay for regular and 26.3% for law enforcement officers' retirement.

3. Employees hired after January 1, 2013, are covered by the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE) System. For employees covered by FERS-RAE, the Department contributes 9.6% of the employees' gross pay for regular and 24.0% for law enforcement officers' retirement.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**R. Retirement Plan (continued)**

All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For those employees covered by the FERS and FERS-RAE, a TSP account is automatically established to which the Department is required to contribute an additional 1% of gross pay and match employee contributions up to 4%. No government contributions are made to the TSP accounts established by the CSRS employees. The Department does not report CSRS, FERS, or FERS-RAE assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to its employees. Such reporting is the responsibility of the Office of Personnel Management (OPM). Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees' active years of service. Refer to Note 19, *Imputed Financing from Costs Absorbed by Others*, for additional details.

**S. Federal Employee Compensation Benefits**

The FECA provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The total FECA liability consists of an actuarial and an accrued portion as discussed below.

Actuarial Liability: The Department of Labor (DOL) calculates the liability of the federal government for future compensation benefits, which includes the expected liability for death, disability, medical, and other approved costs. The liability is determined using the paid-losses extrapolation method calculated over the next 37-year period. This method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments are discounted to present value. The resulting federal government liability is then distributed by agency. The Department's portion of this liability includes the estimated future cost of death benefits, workers' compensation, medical, and miscellaneous cost for approved compensation cases for the Department employees. The Department liability is further allocated to component reporting entities on the basis of actual payments made to the FECA Special Benefits Fund (SBF) for the three prior years as compared to the total Department payments made over the same period.

The FECA actuarial liability is recorded for reporting purposes only. This liability constitutes an extended future estimate of cost, which will not be obligated against budgetary resources until the fiscal year in which the cost is actually billed to the Department. The cost associated with this liability cannot be met by the Department without further appropriation action.

Accrued Liability: The accrued FECA liability is the amount owed to the DOL for the benefits paid from the FECA SBF directly to Department employees.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### T. Intragovernmental Activity

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

### U. Revenues and Other Financing Sources

The Department receives the majority of funding needed to support its programs through Congressional appropriations. The Department receives annual, multi-year, and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Additional funding is obtained through exchange revenues, nonexchange revenues, and transfers-in.

Appropriations Used are recognized as budgetary financing sources at the time the related program or administrative expenses are incurred. Exchange revenues are recognized when earned, for example, when goods have been delivered or services rendered. Nonexchange revenues are resources that the Government demands or receives, for example, forfeiture revenue and fines and penalties.

The Department's exchange revenue consists of the following activities: licensing fees to manufacture and distribute controlled substances; services rendered for legal activities; space management; data processing services; sale of merchandise and telephone services to inmates; sale of manufactured goods and services to other federal agencies; and other services. Fees are set by law and are periodically evaluated in accordance with OMB guidance.

The Department's nonexchange revenue consists of forfeiture income resulting from the sale of forfeited property, penalties in lieu of forfeiture, recovery of returned asset management cost, judgment collections, and other miscellaneous income. Other nonexchange revenue includes the OJP Crime Victims Fund receipts, ATF fees from firearms and ammunition industries, and AFF/SADF interest on investments with the Treasury.

The Department's deferred revenue includes licenses with DEA that are valid for multiple years. These monies are recorded as liabilities in the financial statements. Deferred revenue also includes forfeited property held for sale. When the property is sold, deferred revenue is reversed and forfeiture revenue in the amount of the gross proceeds of the sale is recorded.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### V. Funds from Dedicated Collections

SFFAS No. 27*, Identifying and Reporting Earmarked Funds, as amended by SFFAS 43 Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds* (SFFAS No. 27, as amended), defines 'Funds from Dedicated Collections' as being financed by specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the Government's general revenues. The three required criteria for a fund from dedicated collections are:

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

The following funds meet the definition of a fund from dedicated collections: AFF, U.S. Trustee System Fund, Antitrust Division, Crime Victims Fund, Diversion Control Fee Account, and Federal Prison Commissary Fund.

### W. Allocation Transfer of Appropriation

The Department is a party to allocation transfers with other federal agencies as a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Two exceptions to this general rule affecting the Department include the funds transferred from the Judicial Branch to the USMS, and funds transferred from the Executive Office of the President to OJP. Per OMB's guidance, USMS and OJP report all activity relative to these allocation transfers in the respective financial statements.

The activity related to these transfers, included as part of these financial statements, is highlighted below:

OJP, as the parent, transfers funds from the Crime Victims Fund to the Department of Health and Human Services (HHS). This transfer is required by 42 U.S.C. §10603a {Sec. 14-4A} for *Child Abuse Prevention and Treatment Grants.* Amounts made available by section §10601(d) (2) of this title, for the purposes of this section, are to be obligated and expended by the Secretary of HHS for grants under section §5106c of this title.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### W. Allocation Transfer of Appropriation (continued)

OJP receives, as a child entity, allocation transfers of appropriations from the Executive Office of the President. This transfer is authorized by P.L. 111-117 and P.L. 112-74. Per OMB guidance OJP reports all budgetary and proprietary activity for *Do Right by Youth Pilot* transferred from the Executive Office of the President to OJP.

The Department also allocated funds from BOP, as the parent, to the Public Health Service (PHS), a primary division of the Department of Health and Human Services. PHS provides a portion of medical treatment for federal inmates. The money is designated and expended for current year obligation of PHS staff salaries, benefits, and applicable relocation expenses.

USMS, as the child, receives allocation transfers of appropriation from the Administrative Office of the U.S. Courts. The allocation transfers are used for costs associated with protective guard services - Court Security Officers at United States courthouses and other facilities housing federal court operations. These costs include their salaries (paid through contracts), equipment, and supplies. This transfer is performed on an annual basis. Per OMB guidance, the USMS reports all budgetary and proprietary activity transferred from the Administrative Office of the U.S. Courts to the USMS.

### X. Tax Exempt Status

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

### Y. Use of Estimates

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

### Z. Reclassifications

The FY 2012 financial statements were reclassified to conform to the FY 2013 Departmental financial statement presentation requirements. Changes to the presentation of the Combined and Combining Statements of Budgetary Resources were made, in accordance with guidance provided in OMB Circular A-136 and as such, activity and balances reported on the FY 2012 Combined and Combining Statement of Budgetary Resources have been reclassified to conform to the presentation in the current year. Certain other prior year amounts have also been reclassified to conform with the current year presentation. The reclassifications have no material effect on total assets, liabilities, net position, change in net position or budgetary resources, as previously reported.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### AA. Subsequent Events

Subsequent events and transactions occurring after September 30, 2013 through the date of the auditors' opinion have been evaluated for potential recognition or disclosure in the financial statements. The date of the auditors' opinion also represents the date that the financial statements were available to be issued.

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 2. Non-Entity Assets

As of September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Intragovernmental | | |
| Fund Balance with U.S. Treasury | $ 1,359,177 | $ 1,294,306 |
| Investments, Net | 1,457,380 | 1,516,625 |
| Total Intragovernmental | 2,816,557 | 2,810,931 |
| With the Public | | |
| Cash and Monetary Assets | 129,621 | 229,373 |
| Accounts Receivable, Net | 3,244 | 4,032 |
| Total With the Public | 132,865 | 233,405 |
| Total Non-Entity Assets | 2,949,422 | 3,044,336 |
| Total Entity Assets | 38,469,338 | 40,146,378 |
| Total Assets | $ 41,418,760 | $ 43,190,714 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 3. Fund Balance with U.S. Treasury

The Fund Balances with U.S. Treasury represent the unexpended balances on the Department's books for the entire Department's Treasury Symbols.

As of September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Fund Balances | | |
| Trust Funds | $ 109,777 | $ 100,106 |
| Special Funds | 10,398,592 | 9,564,996 |
| Revolving Funds | 623,703 | 572,010 |
| General Funds | 12,026,880 | 14,447,788 |
| Other Fund Types | 67,119 | 60,398 |
| Total Fund Balances with U.S. Treasury | $ 23,226,071 | $ 24,745,298 |
| | | |
| Status of Fund Balances | | |
| Unobligated Balance - Available | $ 3,024,593 | $ 2,948,354 |
| Unobligated Balance - Unavailable | 970,374 | 1,088,078 |
| Obligated Balance not yet Disbursed | 13,131,115 | 15,040,015 |
| Other Funds (With)/Without Budgetary Resources | 6,099,989 | 5,668,851 |
| Total Status of Fund Balances | $ 23,226,071 | $ 24,745,298 |

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

Unobligated Balance - Unavailable includes amounts appropriated in prior fiscal years that are no longer available to fund new obligations, but can be used for upward and/or downward adjustments for existing obligations. Additionally, this line includes amounts received that are restricted to future use and as a result are not apportioned for current use. Other restricted funds include the collections of fees in excess of amounts budgeted for administering the Diversion Control Program. These collections may not be used until authorized by Congress.

Other Funds (With)/Without Budgetary Resources primarily represent the net of 1) investments in short-term securities with budgetary resources, 2) resources temporarily not available pursuant to public law, 3) custodial liabilities, and 4) miscellaneous receipts.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 4. Cash and Monetary Assets

As of September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Cash | | |
| Undeposited Collections | $ (74) | $ 16,439 |
| Imprest Funds | 45,255 | 14,876 |
| Seized Cash Deposited | 40,063 | 82,166 |
| Other Cash | 14,994 | 72,557 |
| Total Cash | 100,238 | 186,038 |
| Monetary Assets | | |
| Seized Monetary Instruments | 74,560 | 74,644 |
| Total Monetary Assets | 74,560 | 74,644 |
| Total Cash and Monetary Assets | $ 174,798 | $ 260,682 |

The majority of Other Cash consists of project-generated proceeds from undercover operations.

### Note 5. Investments, Net

| | Face Value | Unamortized Premium (Discount) | Interest Receivable | Investments, Net | Market Value |
|---|---|---|---|---|---|
| As of September 30, 2013 | | | | | |
| Intragovernmental | | | | | |
| Non-Marketable Securities | | | | | |
| Market Based | $ 6,652,198 | $ (1,425) | $ 187 | $ 6,650,960 | $ 6,652,572 |
| As of September 30, 2012 | | | | | |
| Intragovernmental | | | | | |
| Non-Marketable Securities | | | | | |
| Market Based | $ 6,213,792 | $ (76) | $ 187 | $ 6,213,903 | $ 6,214,504 |

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 6. Accounts Receivable, Net

As of September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Intragovernmental | | |
| Accounts Receivable | $ 452,533 | $ 324,425 |
| Allowance for Uncollectible Accounts | (206) | (98) |
| Total Intragovernmental | 452,327 | 324,327 |
| With the Public | | |
| Accounts Receivable | 96,219 | 131,503 |
| Allowance for Uncollectible Accounts | (14,327) | (15,891) |
| Total With the Public | 81,892 | 115,612 |
| Total Accounts Receivable, Net | $ 534,219 | $ 439,939 |

Intragovernmental accounts receivable consists mainly of amounts due under reimbursable agreements with federal entities for services and goods provided.

The accounts receivable with the public primarily consists of OBDs U.S. Trustee Chapter 11 quarterly fees, FBI Non-Federal User Fee Program, FBI National Name Check Program, court mandated restitution, and refunds due from the public.

### Note 7. Inventory and Related Property, Net

As of September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Inventory | | |
| Raw Materials | $ 32,392 | $ 45,078 |
| Work in Process | 24,377 | 26,081 |
| Finished Goods | 36,930 | 53,949 |
| Inventory Purchased for Resale | 18,775 | 19,715 |
| Excess, Obsolete, and Unserviceable | 28,325 | 30,562 |
| Inventory Allowance | (26,613) | (26,416) |
| Operating Materials and Supplies | | |
| Held for Current Use | 18,628 | 17,640 |
| Total Inventory and Related Property, Net | $ 132,814 | $ 166,609 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Note 8. Forfeited and Seized Property**

**Equitable Sharing Payments:**

The statute governing the use of the AFF (28 U.S.C. §524(c)) permits the payment of equitable shares of forfeiture proceeds to participating foreign governments and state and local law enforcement agencies. The statute does not require such sharing and permits the Attorney General wide discretion in determining those transfers. Actual sharing is difficult to predict because many factors influence both the amount and timing of disbursement of equitable sharing payments, such as the length of time required to move an asset through the forfeiture process to disposition, the amount of net proceeds available for sharing, the elapse of time for Departmental approval of equitable sharing requests for cases with asset values exceeding $1 million, and appeal of forfeiture judgments. Because of uncertainties surrounding the timing and amount of any equitable sharing payment, an obligation and expense are recorded only when the actual disbursement of the equitable sharing payment is imminent. The anticipated equitable sharing allocation level for FY 2014 is $387 million.

**Analysis of Change in Forfeited Property:**

The number of items represents quantities calculated using many different units of measure. If necessary, the adjustments column includes property status and valuation changes received after, but properly credited to a prior fiscal year. The valuation changes include updates and corrections to an asset's value recorded in a prior year.

**Method of Disposition of Forfeited Property:**

During FYs 2013 and 2012, $115,856 and $132,710 of forfeited property were sold, $1,038 and $2,672 were destroyed or donated, $17,081 and $10,349 were returned to owners, and $55,077 and $36,542 were disposed of by other means, respectively. Other means of disposition include property transferred to other federal agencies for official use or equitable sharing, or property distributed to a state or local agency.

# Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

## Note 8. Forfeited and Seized Property (continued)

For the Fiscal Year Ended September 30, 2013

| Forfeited Property Category | | Beginning Balance | Adjust-ments | Forfeitures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|---|---|---|---|---|---|---|---|---|
| Financial Instruments | Number | 178 | - | 275 | (241) | 212 | - | 212 |
| | Value | $ 1,329 | $ - | $ 45,294 | $ (44,206) | $ 2,417 | $ - | $ 2,417 |
| Real Property | Number | 418 | (2) | 445 | (335) | 526 | - | 526 |
| | Value | $ 81,996 | $ (987) | $ 86,903 | $ (69,139) | $ 98,773 | $ (1,072) | $ 97,701 |
| Personal Property | Number | 3,858 | - | 5,512 | (5,948) | 3,422 | - | 3,422 |
| | Value | $ 63,972 | $ - | $ 53,505 | $ (75,707) | $ 41,770 | $ (534) | $ 41,236 |
| Non-Valued Firearms | Number | 26,796 | - | 9,156 | (11,951) | 24,001 | - | 24,001 |
| Total | Number | 31,250 | (2) | 15,388 | (18,475) | 28,161 | - | 28,161 |
| | Value | $ 147,297 | $ (987) | $ 185,702 | $ (189,052) | $ 142,960 | $ (1,606) | $ 141,354 |

For the Fiscal Year Ended September 30, 2012

| Forfeited Property Category | | Beginning Balance | Adjust-ments | Forfeitures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|---|---|---|---|---|---|---|---|---|
| Financial Instruments | Number | 117 | - | 283 | (222) | 178 | - | 178 |
| | Value | $ 1,730 | $ - | $ 25,544 | $ (25,945) | $ 1,329 | $ (658) | $ 671 |
| Real Property | Number | 452 | - | 390 | (424) | 418 | - | 418 |
| | Value | $ 98,008 | $ - | $ 64,732 | $ (80,744) | $ 81,996 | $ (977) | $ 81,019 |
| Personal Property | Number | 3,384 | - | 6,156 | (5,682) | 3,858 | - | 3,858 |
| | Value | $ 74,846 | $ (16,146) | $ 80,856 | $ (75,584) | $ 63,972 | $ (551) | $ 63,421 |
| Non-Valued Firearms | Number | 23,593 | - | 17,525 | (14,322) | 26,796 | - | 26,796 |
| Total | Number | 27,546 | - | 24,354 | (20,650) | 31,250 | - | 31,250 |
| | Value | $ 174,584 | $ (16,146) | $ 171,132 | $ (182,273) | $ 147,297 | $ (2,186) | $ 145,111 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Note 8. Forfeited and Seized Property (continued)**

**Analysis of Change in Seized Property:**

Property seized for any purpose other than forfeiture and held by the seizing agency or a custodial agency should be disclosed by the seizing agency. All property seized for forfeiture, including property with evidentiary value, will be reported by the AFF/SADF. The Department has established a reporting threshold of $1 or more for Personal Property seized for evidentiary purposes.

A seizure is the act of taking possession of goods in consequence of a violation of public law. Seized property consists of seized cash, monetary instruments, real property and tangible personal property in the actual or constructive possession of the seizing and the custodial agencies. The Department, until judicially or administratively forfeited, does not legally own such property. Seized evidence includes cash, financial instruments, non-monetary valuables, firearms, and drugs. The AFF/SADF reports property seized for forfeiture and the FBI, DEA, and ATF report property seized for evidence.

The number of items represents quantities calculated using may different units of measure. If necessary, the adjustments column includes property status and valuation changes received after, but properly credited to a prior fiscal year. The valuation changes include updates and corrections to an asset's value recorded in a prior year.

The DEA, FBI, and ATF have custody of drugs taken as evidence for legal proceedings. In accordance with Federal Financial Accounting and Auditing Technical Release No. 4, *Reporting on Non-Valued Seized and Forfeited Property*, the Department reports the total amount of seized drugs by quantity only, as drugs have no value and are destroyed upon resolution of legal proceedings.

Analyzed drug evidence includes cocaine, heroin, marijuana and methamphetamine and represents actual laboratory tested classification and weight in kilograms (KG). Since enforcing the controlled substances laws and regulations of the United States is a primary mission of the DEA, the DEA reports all analyzed drug evidence regardless of seizure weight. However, the enforcement of these laws and regulations is incidental to the missions of the FBI and ATF and therefore they only report those individual seizures exceeding 1 KG in weight.

"Other" primarily consists of substances, both controlled and non-controlled as defined per the Controlled Substances Act, other than those discussed above. "Bulk Drug Evidence" is comprised of controlled substances housed by the DEA in secured storage facilities of which only a sample is taken for laboratory analysis. The actual bulk drug weight may vary from seizure weight due to changes in moisture content over time.

Unanalyzed drug evidence is qualitatively different from analyzed and bulk drug evidence because unanalyzed drug evidence includes the weight of packaging and drug categories are based on the determination of Special Agents instead of laboratory chemists. For these reasons, unanalyzed drug evidence is not reported by the Department. Seized drug evidence must be analyzed and confirmed through laboratory testing to be placed in one of the five categories of drug above.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Note 8. Forfeited and Seized Property (continued)**

"Disposals" occur when seized property is forfeited, returned to parties with a bona fide interest, or destroyed in accordance with federal guidelines.

**Method of Disposition of Seized Property:**

During FYs 2013 and 2012, $1,863,985 and $4,121,701 of seized property were forfeited, $216,945 and $100,681 were returned to parties with a bonafide interest, and $24,997 and $40,896 were either released to a designated party or transferred to the appropriate federal entity under forfeiture or abandonment procedures. Non-valued property was primarily disposed of through destruction.

These notes are an integral part of the financial statements.

# Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

## Note 8. Forfeited and Seized Property (continued)

For the Fiscal year Ended, September 30, 2013

| Seized Property Category | | Beginning Balance | Adjust-ments | Seizures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|---|---|---|---|---|---|---|---|---|
| **Seized for Forfeiture** | | | | | | | | |
| Seized Cash and Monetary Instuments | Value | $ 1,536,523 | $ 24,251 | $ 1,738,021 | $ (1,863,512) | $ 1,435,283 | $ (114,622) | $ 1,320,661 |
| Financial Instruments | Number | 520 | - | 49 | (165) | 404 | - | 404 |
| | Value | $ 68,368 | $ - | $ 39,165 | $ (61,520) | $ 46,013 | $ (2,395) | $ 43,618 |
| Real Property | Number | 127 | 3 | 227 | (217) | 140 | - | 140 |
| | Value | $ 45,084 | $ (3,013) | $ 75,390 | $ (53,678) | $ 63,783 | $ (20,618) | $ 43,165 |
| Personal Property | Number | 8,019 | - | 6,224 | (7,107) | 7,136 | - | 7,136 |
| | Value | $ 183,797 | $ - | $ 59,118 | $ (98,493) | $ 144,422 | $ (21,356) | $ 123,066 |
| Non-Valued Firearms | Number | 33,572 | - | 13,496 | (16,787) | 30,281 | - | 30,281 |

For the Fiscal Year Ended, September 30, 2012

| Seized Property Category | | Beginning Balance | Adjust-ments | Seizures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|---|---|---|---|---|---|---|---|---|
| **Seized for Forfeiture** | | | | | | | | |
| Seized Cash and Monetary Instruments | Value | $ 4,016,891 | $ - | $ 1,587,055 | $ (4,067,423) | $ 1,536,523 | $(125,969) | $ 1,410,554 |
| Financial Instruments | Number | 477 | (135) | 328 | (150) | 520 | - | 520 |
| | Value | $ 53,241 | $ (33,852) | $ 55,920 | $ (6,941) | $ 68,368 | $ (4,851) | $ 63,517 |
| Real Property | Number | 146 | (2) | 131 | (148) | 127 | - | 127 |
| | Value | $ 48,364 | $ 365 | $ 35,139 | $ (38,784) | $ 45,084 | $ (9,710) | $ 35,374 |
| Personal Property | Number | 7,477 | - | 8,264 | (7,722) | 8,019 | - | 8,019 |
| | Value | $ 184,003 | $ - | $ 107,126 | $ (107,332) | $ 183,797 | $ (16,667) | $ 167,130 |
| Non-Valued Firearms | Number | 36,915 | - | 19,716 | (23,059) | 33,572 | - | 33,572 |

These notes are an integral part of the financial statements.

# Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

## Note 8. Forfeited and Seized Property (continued)

For the Fiscal Year Ended September 30, 2013

| Seized Property Category | | Beginning Balance | Adjust-ments | Seizures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|---|---|---|---|---|---|---|---|---|
| **Seized for Evidence** | | | | | | | | |
| Seized Monetary Instruments | Value | $ 50,644 | $ (5,543) | $ 25,272 | $ (19,969) | $ 50,404 | $ - | $ 50,404 |
| Personal Property | Number | 1,414 | 35 | 217 | (460) | 1,206 | - | 1,206 |
| | Value | $ 30,337 | $ 312 | $ 6,574 | $ (8,755) | $ 28,468 | $ - | $ 28,468 |
| Non-Valued | | | | | | | | |
| Firearms | Number | 64,331 | (1,789) | 12,558 | (13,488) | 61,612 | - | 61,612 |
| Drug Evidence | | | | | | | | |
| Cocaine | KG | 53,584 | 846 | 36,340 | (39,156) | 51,614 | - | 51,614 |
| Heroin | KG | 3,421 | (20) | 934 | (674) | 3,661 | - | 3,661 |
| Marijuana | KG | 17,423 | 114 | 2,987 | (4,084) | 16,440 | - | 16,440 |
| Bulk Drug Evidence | KG | 397,644 | 1,587 | 1,085,804 | (1,228,164) | 256,871 | - | 256,871 |
| Methamphetamine | KG | 8,503 | - | 4,568 | (2,364) | 10,707 | - | 10,707 |
| Other | KG | 21,854 | 45 | 3,315 | (2,975) | 22,239 | - | 22,239 |
| Total Drug Evidence | KG | 502,429 | 2,572 | 1,133,948 | (1,277,417) | 361,532 | - | 361,532 |

For the Fiscal Year Ended September 30, 2012

| Seized Property Category | | Beginning Balance | Adjust-ments | Seizures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|---|---|---|---|---|---|---|---|---|
| **Seized for Evidence** | | | | | | | | |
| Seized Monetary Instruments | Value | $ 46,847 | $ (2,185) | $ 33,100 | $ (27,118) | $ 50,644 | $ - | $ 50,644 |
| Personal Property | Number | 1,421 | 41 | 323 | (371) | 1,414 | - | 1,414 |
| | Value | $ 36,379 | $ (35) | $ 9,673 | $ (15,680) | $ 30,337 | $ - | $ 30,337 |
| Non-Valued | | | | | | | | |
| Firearms | Number | $ 62,595 | $ (197) | $ 16,088 | $ (14,155) | $ 64,331 | $ - | $ 64,331 |
| Drug Evidence | | | | | | | | |
| Cocaine | KG | 56,161 | 421 | 28,033 | (31,031) | 53,584 | - | 53,584 |
| Heroin | KG | 3,108 | (50) | 1,124 | (761) | 3,421 | - | 3,421 |
| Marijuana | KG | 17,807 | (321) | 4,626 | (4,689) | 17,423 | - | 17,423 |
| Bulk Drug Evidence | KG | 278,152 | 252 | 995,893 | (876,653) | 397,644 | - | 397,644 |
| Methamphetamine | KG | 6,957 | 10 | 3,413 | (1,877) | 8,503 | - | 8,503 |
| Other Drugs | KG | 24,763 | (1,145) | 3,923 | (5,687) | 21,854 | - | 21,854 |
| Total Drug Evidence | KG | 386,948 | (833) | 1,037,012 | (920,698) | 502,429 | - | 502,429 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 9. General Property, Plant and Equipment, Net

As of September 30, 2013

| | Acquisition Cost | Accumulated Depreciation | Net Book Value | Useful Life |
|---|---|---|---|---|
| Land and Land Rights | $ 185,103 | $ - | $ 185,103 | N/A |
| Improvements to Land | 5,008 | (1,521) | 3,487 | 15 yrs |
| Construction in Progress | 474,893 | - | 474,893 | N/A |
| Buildings, Improvements and Renovations | 10,548,557 | (4,654,564) | 5,893,993 | 2-50 yrs |
| Other Structures and Facilities | 902,563 | (515,672) | 386,891 | 10-50 yrs |
| Aircraft | 478,808 | (163,709) | 315,099 | 5-30 yrs |
| Boats | 11,138 | (4,149) | 6,989 | 5-25 yrs |
| Vehicles | 542,048 | (327,706) | 214,342 | 2-25 yrs |
| Equipment | 1,534,212 | (970,840) | 563,372 | 2-25 yrs |
| Assets Under Capital Lease | 90,856 | (54,955) | 35,901 | 2-30 yrs |
| Leasehold Improvements | 1,618,801 | (927,884) | 690,917 | 2-20 yrs |
| Internal Use Software | 1,514,256 | (540,220) | 974,036 | 2-10 yrs |
| Internal Use Software in Development | 272,300 | - | 272,300 | N/A |
| Total | $ 18,178,543 | $ (8,161,220) | $ 10,017,323 | |

| | Federal | Public | Total |
|---|---|---|---|
| Sources of Capitalized Property, Plant and Equipment Purchases for FY 2013 | $ 147,390 | $ 793,376 | $ 940,766 |

Based upon early implementation of DOJ Financial Management Policy Memorandum (FMPM) 13-12, *Capitalization of General Property, Plant and Equipment and Internal Use Software*, the Department revised its method for reporting the capitalization of real property, personal property, and internal use software in FY 2013 which caused a decrease in the General Property, Plant and Equipment, Net Book Value Balance by $274,648, as described in Note 26.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 9. General Property, Plant and Equipment, Net (continued)

As of September 30, 2012

| | Acquisition Cost | Accumulated Depreciation | Net Book Value | Useful Life |
|---|---|---|---|---|
| Land and Land Rights | $ 184,622 | $ - | $ 184,622 | N/A |
| Improvements to Land | 4,926 | (1,187) | 3,739 | 15 yrs |
| Construction in Progress | 658,901 | - | 658,901 | N/A |
| Buildings, Improvements and Renovations | 10,075,903 | (4,329,867) | 5,746,036 | 2-50 yrs |
| Other Structures and Facilities | 887,732 | (472,971) | 414,761 | 10-50 yrs |
| Aircraft | 456,739 | (151,139) | 305,600 | 5-30 yrs |
| Boats | 12,420 | (7,005) | 5,415 | 5-25 yrs |
| Vehicles | 651,787 | (397,427) | 254,360 | 2-25 yrs |
| Equipment | 1,743,587 | (1,048,695) | 694,892 | 2-25 yrs |
| Assets Under Capital Lease | 93,139 | (53,503) | 39,636 | 2-30 yrs |
| Leasehold Improvements | 1,498,657 | (834,558) | 664,099 | 2-20 yrs |
| Internal Use Software | 1,266,385 | (455,765) | 810,620 | 3-10 yrs |
| Internal Use Software in Development | 403,463 | - | 403,463 | N/A |
| Total | $ 17,938,261 | $ (7,752,117) | $ 10,186,144 | |

| | Federal | Public | Total |
|---|---|---|---|
| Sources of Capitalized Property, Plant and Equipment Purchases for FY 2012 | $ 230,403 | $ 843,795 | $ 1,074,198 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 10. Other Assets

As of September 30, 2013 and 2012

| | | 2013 | | 2012 |
|---|---|---|---|---|
| Intragovernmental | | | | |
| Advances and Prepayments | $ | 92,355 | $ | 266,561 |
| Other Intragovernmental Assets | | 15 | | 12 |
| Total Intragovernmental | | 92,370 | | 266,573 |
| Other Assets With the Public | | 4,677 | | 5,585 |
| Total Other Assets | $ | 97,047 | $ | 272,158 |

The FY 2012 Advances and Prepayments include an advance to the United States District Court to initiate the condemnation proceeding for the acquisition of a prison facility in Illinois. Other Intragovernmental Assets include amounts due from Treasury General Fund related to ATF. Other Assets With the Public primarily consist of farm livestock held by the BOP.

### Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2013 and 2012

| | | 2013 | | 2012 |
|---|---|---|---|---|
| Intragovernmental | | | | |
| Accrued FECA Liabilities | $ | 263,862 | $ | 257,897 |
| Other Unfunded Employment Related Liabilities | | 1,542 | | 1,584 |
| Other | | 4,479 | | 5,315 |
| Total Intragovernmental | | 269,883 | | 264,796 |
| With the Public | | | | |
| Actuarial FECA Liabilities | | 1,632,616 | | 1,474,278 |
| Accrued Annual and Compensatory Leave Liabilities | | 819,032 | | 830,119 |
| Environmental and Disposal Liabilities (Note 12) | | 76,676 | | 74,441 |
| Deferred Revenue | | 477,890 | | 409,396 |
| Contingent Liabilities (Note 16) | | 26,571 | | 28,551 |
| Capital Lease Liabilities (Note 13) | | 8,716 | | 16,627 |
| RECA Liabilities (Note 25) | | 660,465 | | 731,237 |
| September 11th Victim Compensation Fund (Note 25) | | 2,751,712 | | 2,766,400 |
| Other | | 113,384 | | 99,979 |
| Total With the Public | | 6,567,062 | | 6,431,028 |
| Total Liabilities not Covered by Budgetary Resources | | 6,836,945 | | 6,695,824 |
| Total Liabilities Covered by Budgetary Resources | | 8,510,048 | | 9,246,161 |
| Total Liabilities | $ | 15,346,993 | $ | 15,941,985 |

These notes are an integral part of the financial statements.

**Note 11. Liabilities not Covered by Budgetary Resources (continued)**

Generally, liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. However, some liabilities do not require appropriations and will be liquidated by the assets of the entities holding these liabilities. Such assets include civil and criminal debt collections, seized cash and monetary instruments, and revolving fund operations.

Other Liabilities with the Public consists primarily of future funded energy savings performance contracts and utilities.

**Note 12. Environmental and Disposal Liabilities**

Per SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, Technical Release No. 2 *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, Technical Release No. 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment,* and Technical Release No. 11, *Implementation Guidance on Cleanup Costs Associated with Equipment,* federal agencies are required to recognize liabilities for environmental clean-up costs when the future outflow or sacrifice of resources is probable and reasonably estimable.

**Firing Ranges**

The BOP operates firing ranges on 67 of the sites where its institutions are located. Use of these firing ranges generates waste consisting primarily of lead shot and spent rounds from rifles, shotguns, pistols, and automatic weapons. At operational firing ranges, lead-containing bullets are fired and eventually fall to the ground at or near the range. As of September 30, 2012, BOP management determined their estimated clean-up liability to be $26,935. In FY 2013, BOP management adjusted the estimated clean-up liability by the current U.S. inflation rate as determined by the U.S. Treasury and as such determined that an estimated firing range clean-up liability of $27,820, based on an inflation rate of 1.7 percent, should be recorded.

**Asbestos**

BOP conducted a review of 46 institutions that were built prior to 1980; the review provided an estimate of the extent of friable and non-friable Asbestos Containing Materials (ACM) remaining in each of the institutions as of October 30, 2009. As of September 30, 2012, BOP management determined their estimated clean-up liability to be $37,287. As of September 30, 2013, BOP management adjusted the clean-up liability by an overall amount of $1,118. The adjustments include a decrease in the amount of $78 for the abatement of asbestos at two locations; and increases in the amounts of $538 due to additional asbestos found at three locations and $658 by the current U.S. inflation rate of 1.7 percent as determined by the U.S. Treasury. The estimated asbestos clean-up liability as of September 30, 2013 was $38,405.

The FBI operates facilities in Quantico, Virginia that contain friable and non-friable ACM. The facilities have a useful life of 50 years. The estimated total liability of $11,613 is based on the square footage of the facilities that may be contaminated. This value, divided by the useful life and multiplied by the

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Asbestos (continued)**

number of years in service, is the estimated cleanup liability. As of September 30, 2013 and 2012, the FBI recognized the estimated cleanup liability of $10,451 and $10,219 respectively. The estimated asbestos cleanup liability is increased each quarter by recording future expenses for the asbestos clean-up costs. During FY 2013, future funded expense for asbestos cleanup is $232. There are no other potentially responsible parties to the environmental liability and there are no unrecognized amounts to disclose as of September 30, 2013.

**Note 13. Leases**

Capital leases include a Federal Transfer Center (25 year lease term) in Oklahoma City, Oklahoma; and other machinery and equipment that expire over future periods.

As of September 30, 2013 and 2012

| Capital Leases | 2013 | 2012 |
|---|---|---|
| Summary of Assets Under Capital Lease | | |
| Land and Buildings | $ 89,625 | $ 89,625 |
| Machinery and Equipment | 1,231 | 3,514 |
| Accumulated Amortization | (54,955) | (53,503) |
| Total Assets Under Capital Lease (Note 9) | $ 35,901 | $ 39,636 |

Future Capital Lease Payments Due

| Fiscal Year | Land and Buildings | Machinery and Equipment | Total |
|---|---|---|---|
| 2014 | $ 9,073 | $ 28 | $ 9,101 |
| 2015 | 32 | 20 | 52 |
| 2016 | 32 | 19 | 51 |
| 2017 | 32 | 5 | 37 |
| 2018 | 32 | 3 | 35 |
| After 2018 | 32 | - | 32 |
| Total Future Capital Lease Payments | $ 9,233 | $ 75 | $ 9,308 |
| Less: Imputed Interest | (517) | (7) | (524) |
| Less: Executory Costs | - | (21) | (21) |
| FY 2013 Net Capital Lease Liabilities | $ 8,716 | $ 47 | $ 8,763 |
| FY 2012 Net Capital Lease Liabilities | $ 16,627 | $ 469 | $ 17,096 |

| | 2013 | 2012 |
|---|---|---|
| Net Capital Lease Liabilities Covered by Budgetary Resources | $ 47 | $ 469 |
| Net Capital Lease Liabilities not Covered by Budgetary Resources | $ 8,716 | $ 16,627 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Note 13. Leases (continued)**

The net capital lease liability not covered by budgetary resources primarily represents the capital lease of the Federal Transfer Center for which the Department received Congressional authority to fund with annual appropriations.

Future Noncancelable Operating Lease Payments

| Fiscal Year | Land and Buildings | Machinery and Equipment | Total |
|---|---|---|---|
| 2014 | $ 285,275 | $ 23,714 | $ 308,989 |
| 2015 | 304,218 | 21,507 | 325,725 |
| 2016 | 317,206 | 4,557 | 321,763 |
| 2017 | 314,776 | 4,692 | 319,468 |
| 2018 | 309,728 | 4,779 | 314,507 |
| After 2018 | 2,818,361 | 1 | 2,818,362 |
| Total Future Noncancelable Operating Lease Payments | $ 4,349,564 | $ 59,250 | $ 4,408,814 |

**Note 14. Seized Cash and Monetary Instruments**

The Seized Cash and Monetary Instruments represent liabilities for seized assets held by the Department pending disposition.

As of September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Investments, Net | $ 1,371,064 | $ 1,430,357 |
| Seized Cash Deposited | 40,063 | 82,166 |
| Seized Monetary Instruments | 74,560 | 74,644 |
| Total Seized Cash and Monetary Instruments | $ 1,485,687 | $ 1,587,167 |

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 15. Other Liabilities

As of September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Intragovernmental | | |
| Other Accrued Liabilities | $ 1 | $ - |
| Employer Contributions and Payroll Taxes Payable | 82,117 | 205,477 |
| Other Post-Employment Benefits Due and Payable | 866 | 23 |
| Other Unfunded Employment Related Liabilities | 1,542 | 1,584 |
| Advances from Others | 110,038 | 152,447 |
| Liability for Clearing Accounts | 3,981 | 2,474 |
| Other Liabilities | 5,511 | 6,708 |
| Total Intragovernmental | 204,056 | 368,713 |
| With the Public | | |
| Other Accrued Liabilities | 6,035 | 5,945 |
| Advances from Others | 10,233 | 11,020 |
| Liability for Nonfiduciary Deposit Funds and Undeposited Collections | 71,872 | 61,803 |
| Liability for Clearing Accounts | 35 | 482 |
| Custodial Liabilities | 200,744 | 209,775 |
| Other Liabilities | 122,392 | 166,632 |
| Total With the Public | 411,311 | 455,657 |
| Total Other Liabilities | $ 615,367 | $ 824,370 |

The majority of Intragovernmental Other Liabilities are composed of tenant allowances for operating leases, monies received from prisoner funds, and certain receipts of cash that are in suspense, clearing, deposit, or general fund accounts that are owed to the Treasury.

Other Liabilities with the Public are composed of future funded energy savings performance contracts and utilities. Other Liabilities with the Public also consists of project-generated proceeds from undercover operations. The proceeds not subject to forfeiture will be returned to the Department of Treasury General Fund at the conclusion of the project.

The majority of Liabilities are current with the exception of a portion that consists of capital leases and those liabilities related to future employee related expenses, such as accrued retirement contributions, life insurance, and retiree health benefits.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 16. Contingencies and Commitments

| | Accrued Liabilities | Estimated Range of Loss | |
|---|---|---|---|
| | | Lower | Upper |
| As of September 30, 2013 | | | |
| Probable | $ 26,571 | $ 26,571 | $ 51,101 |
| Reasonably Possible | | 83,310 | 117,481 |
| As of September 30, 2012 | | | |
| Probable | $ 28,671 | $ 25,871 | $ 41,366 |
| Reasonably Possible | | 52,860 | 76,131 |

These notes are an integral part of the financial statements.

# Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

## Note 17. Funds from Dedicated Collections

Funds from Dedicated Collections are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes, and must be accounted for separately from the Government's general revenues. See SFFAS No. 27, as amended, for the required criteria for Funds from Dedicated Collections.

As of September 30, 2013

| | Assets Forfeiture Fund | U S Trustee System Fund | Antitrust Division | Crime Victims Fund | Diversion Control Fee Account | Federal Prison Commissary Fund | Total Funds from Dedicated Collections |
|---|---|---|---|---|---|---|---|
| Balance Sheet | | | | | | | |
| Assets | | | | | | | |
| Fund Balance with U S Treasury | $ 110,344 | $ 3,524 | $ 37,614 | $ 10,133,214 | $ 149,960 | $ 88,136 | $ 10,522,792 |
| Investments, Net | 4,697,101 | 231,959 | - | - | - | - | 4,929,060 |
| Other Assets | 145,279 | 46,803 | 1,067 | 182 | 37,595 | 27,399 | 258,325 |
| Total Assets | $ 4,952,724 | $ 282,286 | $ 38,681 | $ 10,133,396 | $ 187,555 | $ 115,535 | $ 15,710,177 |
| Liabilities | | | | | | | |
| Accounts Payable | $ 2,952,453 | $ 8,236 | $ 5,712 | $ 20,112 | $ 7,495 | $ 10,592 | $ 3,004,600 |
| Other Liabilities | 144,504 | 15,457 | 10,931 | 55,643 | 491,552 | 11,250 | 729,337 |
| Total Liabilities | $ 3,096,957 | $ 23,693 | $ 16,643 | $ 75,755 | $ 499,047 | $ 21,842 | $ 3,733,937 |
| Net Position | | | | | | | |
| Unexpended Appropriations | $ - | $ 5,055 | $ 30,713 | $ - | $ - | $ - | $ 35,768 |
| Cumulative Results of Operations | 1,855,767 | 253,538 | (8,675) | 10,057,641 | (311,492) | 93,693 | 11,940,472 |
| Total Net Position | $ 1,855,767 | $ 258,593 | $ 22,038 | $ 10,057,641 | $ (311,492) | $ 93,693 | $ 11,976,240 |
| Total Liabilities and Net Position | $ 4,952,724 | $ 282,286 | $ 38,681 | $ 10,133,396 | $ 187,555 | $ 115,535 | $ 15,710,177 |

For the Fiscal Year Ended September 30, 2013

| | Assets Forfeiture Fund | U S Trustee System Fund | Antitrust Division | Crime Victims Fund | Diversion Control Fee Account | Federal Prison Commissary Fund | Total Funds from Dedicated Collections |
|---|---|---|---|---|---|---|---|
| Statement of Net Cost | | | | | | | |
| Gross Cost of Operations | $ 1,787,551 | $ 210,200 | $ 155,191 | $ 705,051 | $ 309,740 | $ 366,668 | $ 3,534,401 |
| Less: Earned Revenues | 12,201 | 198,902 | 82,043 | - | 275,553 | 370,123 | 938,822 |
| Net Cost of Operations | $ 1,775,350 | $ 11,298 | $ 73,148 | $ 705,051 | $ 34,187 | $ (3,455) | $ 2,595,579 |
| Statement of Changes in Net Position | | | | | | | |
| Net Position Beginning of Period | $ 1,619,856 | $ 262,901 | $ 17,693 | $ 9,273,109 | $ (286,360) | $ 86,212 | $ 10,973,411 |
| Budgetary Financing Sources | 1,831,586 | 6,397 | 77,135 | 1,489,583 | - | - | 3,404,701 |
| Other Financing Sources | 179,675 | 593 | 358 | - | 9,055 | 4,026 | 193,707 |
| Total Financing Sources | $ 2,011,261 | $ 6,990 | $ 77,493 | $ 1,489,583 | $ 9,055 | $ 4,026 | $ 3,598,408 |
| Net Cost of Operations | $ (1,775,350) | $ (11,298) | $ (73,148) | $ (705,051) | $ (34,187) | $ 3,455 | $ (2,595,579) |
| Net Change | 235,911 | (4,308) | 4,345 | 784,532 | (25,132) | 7,481 | 1,002,829 |
| Net Position End of Period | $ 1,855,767 | $ 258,593 | $ 22,038 | $ 10,057,641 | $ (311,492) | $ 93,693 | $ 11,976,240 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 17. Funds from Dedicated Collections (continued)

As of September 30, 2012

| | Assets Forfeiture Fund | U S Trustee System Fund | Antitrust Division | Crime Victims Fund | Diversion Control Fee Account | Federal Prison Commissary Fund | Total Funds from Dedicated Collections |
|---|---|---|---|---|---|---|---|
| Balance Sheet | | | | | | | |
| Assets | | | | | | | |
| Fund Balance with U S Treasury | $ 78,375 | $ 17,623 | $ 37,506 | $ 9,359,797 | $ 107,051 | $ 86,948 | $ 9,687,300 |
| Investments, Net | 4,200,767 | 224,210 | - | - | - | - | 4,424,977 |
| Other Assets | 154,634 | 52,124 | 1,587 | 13,666 | 42,699 | 27,298 | 292,008 |
| Total Assets | $ 4,433,776 | $ 293,957 | $ 39,093 | $ 9,373,463 | $ 149,750 | $ 114,246 | $ 14,404,285 |
| Liabilities | | | | | | | |
| Accounts Payable | $ 2,667,843 | $ 9,020 | $ 5,871 | $ 19,031 | $ 7,543 | $ 14,775 | $ 2,724,083 |
| Other Liabilities | 145,546 | 21,648 | 14,830 | 81,323 | 428,094 | 13,259 | 704,700 |
| Total Liabilities | $ 2,813,389 | $ 30,668 | $ 20,701 | $ 100,354 | $ 435,637 | $ 28,034 | $ 3,428,783 |
| Net Position | | | | | | | |
| Unexpended Appropriations | $ - | $ - | $ 25,963 | $ - | $ - | $ - | $ 25,963 |
| Cumulative Results of Operations | 1,620,387 | 263,289 | (7,571) | 9,273,109 | (285,887) | 86,212 | 10,949,539 |
| Total Net Position | $ 1,620,387 | $ 263,289 | $ 18,392 | $ 9,273,109 | $ (285,887) | $ 86,212 | $ 10,975,502 |
| Total Liabilities and Net Position | $ 4,433,776 | $ 293,957 | $ 39,093 | $ 9,373,463 | $ 149,750 | $ 114,246 | $ 14,404,285 |

For the Fiscal Year Ended September 30, 2012

| | Assets Forfeiture Fund | U S Trustee System Fund | Antitrust Division | Crime Victims Fund | Diversion Control Fee Account | Federal Prison Commissary Fund | Total Funds from Dedicated Collections |
|---|---|---|---|---|---|---|---|
| Statement of Net Cost | | | | | | | |
| Gross Cost of Operations | $ 4,319,407 | $ 227,203 | $ 156,773 | $ 724,712 | $ 307,498 | $ 361,981 | $ 6,097,574 |
| Less: Earned Revenues | 10,585 | 226,566 | 87,461 | - | 244,354 | 360,290 | 929,256 |
| Net Cost of Operations | $ 4,308,822 | $ 637 | $ 69,312 | $ 724,712 | $ 63,144 | $ 1,691 | $ 5,168,318 |
| Statement of Changes in Net Position | | | | | | | |
| Net Position Beginning of Period | $ 1,760,544 | $ 259,137 | $ 15,219 | $ 7,202,248 | $ (232,162) | $ 83,557 | $ 9,088,543 |
| Budgetary Financing Sources | 4,197,792 | 4,085 | 72,044 | 2,795,573 | - | - | 7,069,494 |
| Other Financing Sources | (29,127) | 704 | 441 | - | 9,419 | 4,346 | (14,217) |
| Total Financing Sources | 4,168,665 | 4,789 | 72,485 | 2,795,573 | 9,419 | 4,346 | 7,055,277 |
| Net Cost of Operations | (4,308,822) | (637) | (69,312) | (724,712) | (63,144) | (1,691) | (5,168,318) |
| Net Change | (140,157) | 4,152 | 3,173 | 2,070,861 | (53,725) | 2,655 | 1,886,959 |
| Net Position End of Period | $ 1,620,387 | $ 263,289 | $ 18,392 | $ 9,273,109 | $ (285,887) | $ 86,212 | $ 10,975,502 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Note 17. Funds from Dedicated Collections (continued)**

The Comprehensive Crime Control Act of 1984 established the AFF to receive the proceeds of forfeiture and to pay the costs associated with such forfeitures, including the costs of managing and disposing of property, satisfying valid liens, mortgages, and other innocent owner claims, and costs associated with accomplishing the legal forfeiture of the property. Authorities of the fund have been amended by various public laws enacted since 1984. Under current law, authority to use the fund for certain investigative expenses shall be specified in annual appropriation acts. Expenses necessary to seize, detain, inventory, safeguard, maintain, advertise or sell property under seizure are funded through a permanent, indefinite appropriation. In addition, beginning in FY 1993, other general expenses of managing and operating the Asset Forfeiture Program are paid from the permanent, indefinite portion of the fund. Once all expenses are covered, the balance is maintained to meet ongoing expenses of the program. Excess unobligated balances may also be allocated by the Attorney General in accordance with 28 U.S.C. §524(c)(8)(E).

The United States Trustees (UST) supervises the administration of bankruptcy cases and private trustees in the Federal Bankruptcy Courts. The Bankruptcy Judges, UST, and Family Farmer Bankruptcy Act of 1986 (Public Law 99–554) expanded the pilot trustee program to a 21 region, nationwide program encompassing 88 judicial districts. The UST System Fund collects user fees assessed against debtors, which offset the annual appropriation.

The Antitrust Division administers and enforces antitrust and related statutes. This program primarily involves the investigation of suspected violations of the antitrust laws, the conduct of civil and criminal proceedings in the federal courts, and the maintenance of competitive conditions. The Antitrust Division collects filing fees for pre-merger notifications and retains these fees for expenditure in support of its programs.

The Crime Victims Fund is financed by collections of fines, penalty assessments, and bond forfeitures from defendants convicted of federal crimes. This fund supports victim assistance and compensation programs around the country and advocates, through policy development, for the fair treatment of crime victims. The Office for Victims of Crime administers formula and discretionary grants for programs designed to benefit victims, provides training for diverse professionals who work with victims, develops projects to enhance victims' rights and services, and undertakes public education and awareness activities on behalf of crime victims.

The Diversion Control Fee Account is established in the General Fund of the Treasury as a separate account. Fees charged by the DEA under the Diversion Control Program are set at a level that ensures the recovery of the full costs of operating this program. The program’s purpose is to prevent, detect, and investigate the diversion of controlled substances from legitimate channels, while ensuring an adequate and uninterrupted supply of controlled substances required to meet legitimate needs.

The Federal Prison Commissary Fund was created in the early 1930s to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds, e.g., personal grooming products, snacks, postage stamps, and telephone services. The Trust Fund is a self-sustaining trust revolving fund account that is funded through sales of goods and services to inmates.

# Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

## Note 18. Net Cost of Operations by Suborganization

For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law** | | | | | | | | | | | |
| Gross Cost | - | 175,613 | 80,268 | - | 138,056 | 5,011,528 | 4,834 | - | - | (116,086) | $ 5,294,213 |
| Less: Earned Revenues | - | 13,310 | - | - | 44,670 | 473,594 | - | - | - | (116,086) | 415,488 |
| Net Cost of Operations | - | 162,303 | 80,268 | - | 93,386 | 4,537,934 | 4,834 | - | - | - | 4,878,725 |
| **Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law** | | | | | | | | | | | |
| Gross Cost | 1,787,551 | 5,809,609 | 243,802 | 1,048,978 | 2,794,999 | 3,029,264 | 1,244,413 | 7,907 | - | (945,821) | 15,020,702 |
| Less: Earned Revenues | 12,201 | 1,216,551 | - | 11,164 | 720,062 | 343,140 | 75,280 | - | - | (945,821) | 1,432,577 |
| Net Cost of Operations | 1,775,350 | 4,593,058 | 243,802 | 1,037,814 | 2,074,937 | 2,686,124 | 1,169,133 | 7,907 | - | - | 13,588,125 |
| **Goal 3: Ensure and support the Fair, Impartial , Efficient and Transpaerent Administration of Justice at the Federal, State, Local, Tribal and International Levels** | | | | | | | | | | | |
| Gross Cost | - | 530,097 | 2,842,469 | 1,655,613 | - | 1,053,013 | - | 7,615,902 | 647,553 | (395,115) | 13,949,532 |
| Less: Earned Revenues | - | 6,731 | 57,752 | 27,196 | - | 513,384 | - | 419,593 | 614,742 | (374,046) | 1,265,352 |
| Net Cost of Operations | - | 523,366 | 2,784,717 | 1,628,417 | - | 539,629 | - | 7,196,309 | 32,811 | (21,069) | 12,684,180 |
| **Net Cost of Operations** | $ 1,775,350 | $ 5,278,727 | $ 3,108,787 | $ 2,666,231 | $ 2,168,323 | $ 7,763,687 | $ 1,173,967 | $ 7,204,216 | $ 32,811 | $ (21,069) | $ 31,151,030 |

For the Fiscal Year Ended September 30, 2012

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law** | | | | | | | | | | | |
| Gross Cost | - | 381,836 | 4,794 | - | 111,714 | 5,341,870 | 6,419 | - | - | (119,355) | $ 5,727,278 |
| Less: Earned Revenues | - | 116,119 | - | - | 12,630 | 460,839 | - | - | - | (119,355) | 470,233 |
| Net Cost of Operations | - | 265,717 | 4,794 | - | 99,084 | 4,881,031 | 6,419 | - | - | - | 5,257,045 |
| **Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law** | | | | | | | | | | | |
| Gross Cost | 4,319,407 | 8,591,116 | 32,637 | 998,795 | 2,837,798 | 2,964,275 | 1,278,676 | 7,242 | - | (970,264) | 20,059,682 |
| Less: Earned Revenues | 10,585 | 924,300 | - | 4,839 | 724,373 | 340,061 | 81,369 | - | - | (970,264) | 1,115,263 |
| Net Cost of Operations | 4,308,822 | 7,666,816 | 32,637 | 993,956 | 2,113,425 | 2,624,214 | 1,197,307 | 7,242 | - | - | 18,944,419 |
| **Goal 3: Ensure and support the Fair, Impartial , Efficient and Transpaerent Administration of Justice at the Federal, State, Local, Tribal and International Levels** | | | | | | | | | | | |
| Gross Cost | - | 2,473,536 | 3,154,286 | 2,465,313 | - | 1,050,783 | - | 7,499,577 | 763,098 | (1,883,179) | 15,523,414 |
| Less: Earned Revenues | - | 225,181 | 1,543,645 | 22,458 | - | 485,894 | - | 410,305 | 701,286 | (1,858,461) | 1,530,308 |
| Net Cost of Operations | - | 2,248,355 | 1,610,641 | 2,442,855 | - | 564,889 | - | 7,089,272 | 61,812 | (24,718) | 13,993,106 |
| **Net Cost of Operations** | $ 4,308,822 | $ 10,180,888 | $ 1,648,072 | $ 3,436,811 | $ 2,212,509 | $ 8,070,134 | $ 1,203,726 | $ 7,096,514 | $ 61,812 | $ (24,718) | $ 38,194,570 |

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 19. Imputed Financing from Costs Absorbed by Others

Imputed Inter-Departmental Financing Sources are the unreimbursed (i.e., non-reimbursed and under-reimbursed) portion of the full costs of goods and services received by the Department from a providing entity that is not part of the Department. In accordance with SFFAS No. 30, *Inter-Entity Cost Implementation Amending SFFAS No.4, Managerial Cost Accounting Concepts and Standards*, the material Imputed Inter-Departmental financing sources currently recognized by the Department include the cost of benefits for the Federal Employees Health Benefits Program (FEHB), the Federal Employees' Group Life Insurance Program (FEGLI), and the Federal Pension plans that are paid by other federal entities, and any un-reimbursed payments made from the Treasury Judgment Fund on behalf of the Department. The Treasury Judgment Fund was established by the Congress and funded at 31 U.S.C. §1304 to pay in whole or in part the court judgments and settlement agreements negotiated by the Department on behalf of agencies, as well as certain types of administrative awards. Interpretation of Federal Financial Accounting Standards Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions*, requires agencies to recognize liabilities and expenses when unfavorable litigation outcomes are probable and the amount can be estimated and will be paid by the Treasury Judgment Fund.

SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, requires that employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires OPM to provide cost factors necessary to calculate the cost. OPM actuaries calculate the value of pension benefits expected to be paid in the future, and then determine the total funds to be contributed by and for covered employees, such that the amount calculated would be sufficient to fund the projected pension benefits. For employees covered by Civil Service Retirement System (CSRS), the cost factors are 32.3% of basic pay for regular, 54.9% law enforcement officers, 24.6% regular offset, and 48.1% law enforcement officers offset. For employees covered by Federal Employees Retirement System (FERS) and Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE), the cost factors are 14.2% of basic pay for regular and 30.7% for law enforcement officers.

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

For the Fiscal Years Ended September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Imputed Inter-Departmental Financing | | |
| U.S. Treasury Judgment Fund | $ 18,470 | $ 39,181 |
| Health Insurance | 505,851 | 572,584 |
| Life Insurance | 2,120 | 2,038 |
| Pension | 275,218 | 264,211 |
| Total Imputed Inter-Departmental | $ 801,659 | $ 878,014 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 19. Imputed Financing from Costs Absorbed by Others (continued)

Imputed Intra-Departmental Financing Sources as defined in SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, are the unreimbursed portion of the full costs of goods and services received by a Department component from a providing entity that is part of the Department. Recognition is required for those transactions determined to be material to the receiving entity. The determination of whether the cost is material requires considerable judgment based on the specific facts and circumstances of each type of good or service provided. SFFAS No. 4 also states that costs for broad and general support need not be recognized by the receiving entity, unless such services form a vital and integral part of the operations or output of the receiving entity. Costs are considered broad and general if they are provided to many, if not all, reporting components and not specifically related to the receiving entity's output. The FPI imputed $21,069 and $24,718 for FYs 2013 and 2012, respectively of unreimbursed costs for BOP warehouse space used in the production of goods by the FPI and for managerial and operational services BOP provided to FPI. These imputed costs have been eliminated from the consolidated financial statements.

### Note 20. Information Related to the Statement of Budgetary Resources

**Apportionment Categories of Obligations Incurred:**

| | Direct Obligations | Reimbursable Obligations | Total Obligations Incurred |
|---|---|---|---|
| For the Fiscal Year Ended September 30, 2013 | | | |
| Obligations Apportioned Under | | | |
| Category A | $ 26,637,125 | $ 4,327,099 | $ 30,964,224 |
| Category B | 3,743,760 | 219,525 | 3,963,285 |
| Exempt from Apportionment | - | 574,221 | 574,221 |
| Total | $ 30,380,885 | $ 5,120,845 | $ 35,501,730 |
| For the Fiscal Year Ended September 30, 2012 | | | |
| Obligations Apportioned Under | | | |
| Category A | $ 28,500,520 | $ 5,919,576 | $ 34,420,096 |
| Category B | 5,928,795 | 204,702 | 6,133,497 |
| Exempt from Apportionment | - | 697,683 | 697,683 |
| Total | $ 34,429,315 | $ 6,821,961 | $ 41,251,276 |

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

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Note 20. Information Related to the Statement of Budgetary Resources (continued)**

**Status of Undelivered Orders:**

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

As of September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| UDO Obligations Unpaid | $ 8,989,622 | $ 10,343,834 |
| UDO Obligations Prepaid/Advanced | 605,618 | 1,172,884 |
| Total UDO | $ 9,595,240 | $ 11,516,718 |

**Permanent Indefinite Appropriations:**

A permanent indefinite appropriation is open-ended as to both its period of availability (amount of time the agency has to spend the funds) and its amount. Following are the Department's permanent indefinite appropriations.

- 28 U.S.C. §524(c)(4) authorized the Attorney General to retain AFF receipts to pay operations expenses, equitable sharing to state and local law enforcement agencies who assist in forfeiture cases, and lien holders.

- On October 5, 1990, Congress passed the Radiation Exposure Compensation Act ("RECA" or "the Act"), 42 U.S.C. §2210, providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department of Justice and published in the Federal Register on April 10, 1992. These regulations established procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the Federal Register on March 22, 1999, served to greater assist claimants in establishing entitlement to an award. On July 10, 2000, P.L. 106-245, the Radiation Exposure Compensation Act Amendments of 2000 ("the 2000 Amendments") were passed. On November 2, 2002, the President signed the "21st Century Department of Justice Appropriation Authorization Act" (P.L. 107-273). Contained in the law were several provisions relating to RECA. While most of these amendments were "technical" in nature, some affected eligibility criteria and revised claims adjudication procedures. The Consolidated Appropriations Act, 2005 provides a permanent indefinite appropriation for the OBDs' Radiation Exposure Compensation Act program beginning FY 2006.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Note 20. Information Related to the Statement of Budgetary Resources (continued)**

**Permanent Indefinite Appropriations (continued):**

- Congress established the Federal Prison Commissary Fund (Trust Fund) in 1932 to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds. The BOP Trust Fund is now a self-sustaining revolving account that is funded through the sales of goods and services, rather than annual or no-year appropriations.

- The Public Safety Officers' Benefits Act of 1976 (the "PSOB Act") is generally codified at 42 U.S.C. §46 Subchapter XII.

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

  1. Death Benefits, a one-time financial benefit to survivors of public safety officers whose deaths resulted from injuries sustained in the line of duty. Under the Hometown Heroes Survivors Benefit Act of 2003, survivors of public safety officers who die of a heart attack or stroke within 24 hours of stressful, non-routine public safety activities may also qualify for death benefits.

  2. Disability Benefits, a one-time financial benefit to public safety officers permanently disabled by catastrophic injuries sustained in the line of duty.

  3. Education Benefits, which provide financial support for higher education expenses (such as tuition and fees, books, supplies, and room and board) to the eligible spouses and children of public safety officers killed or permanently disabled in the line of duty.

**Legal Arrangements Affecting Use of Unobligated Balances:**

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

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 20. Information Related to the Statement of Budgetary Resources (continued)

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

The reconciliation as of September 30, 2012 is presented below. The reconciliation as of September 30, 2013 is not presented, because the submission of the Budget of the United States (Budget) for FY 2015, which presents the execution of the FY 2013 Budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website (http://www.whitehouse.gov/omb/budget) and will be available in early February 2014.

| For the Fiscal Year Ended September 30, 2012 (Dollars in Millions) | Budgetary Resources | Obligations Incurred | Distributed Offsetting Receipts | Net Outlays |
|---|---|---|---|---|
| Statement of Budgetary Resources (SBR) | $ 45,288 | $ 41,251 | $ 1,425 | $ 31,601 |
| Funds not Reported in the Budget | | | | |
| Expired Funds: OBDs, USMS, DEA, OJP, FBI, ATF & BOP | (864) | (130) | - | - |
| AFF/SADF Forfeiture Activity | (106) | - | - | - |
| OCDETF Adjustments | (25) | (26) | - | - |
| USMS Court Security Funds | (438) | (425) | - | (426) |
| Distributed Offsetting Receipts | - | - | (818) | 818 |
| Special and Trust Fund Receipts | - | - | - | 609 |
| Other | (14) | (3) | (1) | (1) |
| Budget of the United States Government | $ 43,841 | $ 40,667 | $ 606 | $ 32,601 |

Other differences represent financial statement adjustments, timing differences and other immaterial differences between amounts reported in the Department SBR and the Budget of the United States Government.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 21. Net Custodial Revenue Activity

Custodial revenue activity represents those collections of non-exchange revenue on behalf of other recipient entities. These collections are not recorded as revenue by the Department but as activity on the Statements of Custodial Activity. The custodial liabilities presented on the Consolidated Balance Sheets and Note 15 represent funds held by the Department that have yet to be disbursed to the appropriate Federal agency or individual.

The primary source of the Department's Office of Debt Collection Management (DCM) collections consists of civil litigated matters, e.g., student loan defaults, and health care fraud. The DCM also processes certain payments on criminal debts as an accommodation for the BOP and the Clerks of the U.S. District Courts. The BOP aggregates collections of inmate criminal debt by correction facility, and the DCM sorts the collections by judicial district and disburses payments to the respective Clerks of the U.S. Court. The DCM also accepts wire transfers or other payments on a criminal debt if a Clerk of the U.S. Court is unable or unwilling to do so. In addition, other negligible custodial collections occur for interest, fines, and penalties.

The OBDs collect civil fines, penalties, and restitution payments that are incidental to its mission. By court order, the OBDs were given the investment authority and the settlement funds collected must be invested. The OBDs invest these funds with the Treasury Bureau of the Public Debt. As of September 30, 2013 and 2012, the custodial assets and liabilities recorded by the OBDs on the Consolidated Balance Sheets are $1,372,581 and $1,320,292, respectively. The OBDs custodial collections totaled $5,637,603 and $7,035,591 for the fiscal years ended September 30, 2013 and 2012.

For the fiscal years ended September 30, 2013 and 2012, DEA collected $101,630 and $27,595, respectively. DEA's collections include $15 million of the total fees collected for the Diversion Control Program and civil monetary penalties related to violations of the Controlled Substances Act that were incidental to DEA's mission. Since DEA has no statutory authority to use these excess funds, DEA transmits them to the Treasury General Fund. The DEA has a custodial liability for funds that have not yet been transmitted to the Treasury General Fund. As of September 30, 2013 and 2012 balances for custodial liabilities were $2,856 and $3,781, respectively.

As an agent of the federal government and as authorized by 26 U.S.C. § 6301, ATF collects fees from firearms and explosives industries, as well as import, permit and license fees. Special Occupational Taxes are collected from certain firearms businesses. Miscellaneous collections include project-generated proceeds. As ATF is unable to use these collections in its operations, ATF also has the authority to transfer these collections to the Treasury General Fund. The ATF custodial collections totaled $69,980 and $24,675 for the fiscal years ended September 30, 2013 and 2012, respectively.

The FBI collected $872 and $10,736, in September 30, 2013 and 2012, respectively, in restitution payments, seized abandoned cash, and project generated proceeds. These collections were incidental to the FBI's mission. Since the FBI does not have statutory authority to use these funds, the FBI remits these funds upon receipt to the U.S. Treasury's General Fund. The FBI reports a custodial liability when custodial revenues are held by the FBI, but have not yet been transmitted to the U.S. Treasury's General Fund. As of September 30, 2013 and 2012, balances for custodial liabilities were $5 and $0, respectively.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Note 21. Net Custodial Revenue Activity (continued)**

As of September 30, 2013 and 2012, the BOP collected $46 and $54, respectively, in collections of fines and penalties, confiscated funds, found money on institution grounds, inmate's funds whose whereabouts are unknown and excess meal ticket collections. These collections were incidental to the BOP's mission. Since the BOP does not have statutory authority to use these funds, the BOP remits these funds to the Treasury's General Fund. As of September 30, 2013 and 2012, the BOP did not have any custodial liabilities.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 22. OMB Circular A-136 Consolidated Balance Sheet Presentation

**U.S. Department of Justice**
**Consolidated Balance Sheets**
**As of September 30, 2013 and 2012**

| Dollars in Thousands | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| Intragovernmental | | |
| Fund Balance with U.S. Treasury | $ 23,226,071 | $ 24,745,298 |
| Investments, Net | 6,650,960 | 6,213,903 |
| Accounts Receivable, Net | 452,327 | 324,327 |
| Other Assets | 92,370 | 266,573 |
| Total Intragovernmental | 30,421,728 | 31,550,101 |
| Cash and Other Monetary Assets | 174,798 | 260,682 |
| Accounts Receivable, Net | 81,892 | 115,612 |
| Inventory and Related Property, Net | 132,814 | 166,609 |
| General Property, Plant and Equipment, Net | 10,017,323 | 10,186,144 |
| Other Assets | 590,205 | 911,566 |
| **Total Assets** | **$ 41,418,760** | **$ 43,190,714** |
| **LIABILITIES** | | |
| Intragovernmental | | |
| Accounts Payable | $ 339,253 | $ 302,575 |
| Other Liabilities | 1,645,619 | 1,743,663 |
| Total Intragovernmental | 1,984,872 | 2,046,238 |
| Accounts Payable | 4,203,261 | 4,108,056 |
| Federal Employee and Veteran Benefits | 1,632,616 | 1,474,278 |
| Environmental and Disposal Liabilities | 76,676 | 74,441 |
| Other Liabilities | 7,449,568 | 8,238,972 |
| **Total Liabilities** | **$ 15,346,993** | **$ 15,941,985** |
| **NET POSITION** | | |
| Unexpended Appropriations - Funds from Dedicated Collections | $ 35,768 | $ 25,963 |
| Unexpended Appropriations - All Other Funds | 8,649,121 | 10,568,815 |
| Cumulative Results of Operations - Funds from Dedicated Collections | 11,940,472 | 10,949,539 |
| Cumulative Results of Operations - All Other Funds | 5,446,406 | 5,704,412 |
| **Total Net Position** | **$ 26,071,767** | **$ 27,248,729** |
| **Total Liabilities and Net Position** | **$ 41,418,760** | **$ 43,190,714** |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Note 23. Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)**

For the Fiscal Years Ended September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Resources Used to Finance Activities | | |
| Budgetary Resources Obligated | | |
| Obligations Incurred | $ 35,501,730 | $ 41,251,276 |
| Less: Spending Authority from Offsetting Collections and Recoveries | 6,304,918 | 8,071,018 |
| Obligations Net of Offsetting Collections and Recoveries | 29,196,812 | 33,180,258 |
| Less: Offsetting Receipts | 933,877 | 1,425,127 |
| Net Obligations | 28,262,935 | 31,755,131 |
| Other Resources | | |
| Donations and Forfeitures of Property | 185,772 | 120,275 |
| Transfers-In/Out Without Reimbursement | 2,080 | (12,623) |
| Imputed Financing from Costs Absorbed by Others (Note 19) | 801,659 | 878,014 |
| Other | (6,166) | (5,199) |
| Net Other Resources Used to Finance Activities | 983,345 | 980,467 |
| Total Resources Used to Finance Activities | 29,246,280 | 32,735,598 |
| Resources Used to Finance Items not Part of the Net Cost of Operations | | |
| Net Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not Yet Provided | 1,664,943 | 1,565,963 |
| Resources That Fund Expenses Recognized in Prior Periods (Note 24) | (106,481) | (68,557) |
| Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations | 99,050 | 700,546 |
| Resources That Finance the Acquisition of Assets | (905,379) | (1,069,993) |
| Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations | (15,500) | 24,810 |
| Total Resources Used to Finance Items not Part of the Net Cost of Operations | 736,633 | 1,152,769 |
| Total Resources Used to Finance the Net Cost of Operations | $ 29,982,913 | $ 33,888,367 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

**Note 23. Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing) (continued)**

| For the Fiscal Years Ended September 30, 2013 and 2012 | 2013 | 2012 |
|---|---|---|
| Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period | | |
| Components Requiring or Generating Resources in Future Periods | | |
| Components That will Require or Generate Resources in Future Periods (Note 24) | $ 260,293 | $ 3,174,134 |
| Depreciation and Amortization | 854,143 | 1,059,391 |
| Revaluation of Assets or Liabilities | (1,912) | 35,468 |
| Other | 55,593 | 37,210 |
| Total Components of Net Cost of Operations That will not Require or Generate Resources | 907,824 | 1,132,069 |
| Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period | 1,168,117 | 4,306,203 |
| Net Cost of Operations | $ 31,151,030 | $ 38,194,570 |

These notes are an integral part of the financial statements.

# Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

## Note 24. Explanation of Differences Between Liabilities not Covered by Budgetary Resources and Components of Net Cost of Operations Requiring or Generating Resources in Future Periods

Liabilities that are not covered by realized budgetary resources and for which there is no certainty that budgetary authority will be realized, such as the enactment of an appropriation, are considered liabilities not covered by budgetary resources. These liabilities totaling $6,836,945 and $6,695,824 as of September 30, 2013 and 2012, respectively, are discussed in Note 11, *Liabilities not Covered by Budgetary Resources.* Decreases in these liabilities result from current year budgetary resources that were used to fund expenses recognized in prior periods. Increases in these liabilities represent unfunded expenses that were recognized in the current period. These increases along with the change in the portion of exchange revenue receivables from the public, which are not considered budgetary resources until collected, represent components of current period net cost of operations that will require or generate budgetary resources in future periods. The changes in liabilities not covered by budgetary resources and receivables generating resources in future periods are comprised of the following:

For the Fiscal Years Ended September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Resources that Fund Expenses Recognized in Prior Periods | | |
| Decrease in Accrued Annual and Compensatory Leave Liabilities | $ (11,087) | $ - |
| Other | | |
| Decrease in Contingent Liabilities | (1,980) | (40,101) |
| Decrease in Unfunded Capital Lease Liabilities | (7,911) | (7,314) |
| Decrease in RECA Liabilities | (70,772) | - |
| Decrease in September 11th Victim Compensation Fund Liabilities | (14,688) | - |
| Decrease in Other Unfunded Employment Related Liabilities | (43) | (594) |
| Decrease in Other Liabilities | - | (20,548) |
| Total Other | (95,394) | (68,557) |
| Total Resources that Fund Expenses Recognized in Prior Periods | $ (106,481) | $ (68,557) |
| Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods | | |
| Increase in Accrued Annual and Compensatory Leave Liabilities | $ - | $ 7,228 |
| Increase in Environmental and Disposal Liabilities | 2,235 | 1,732 |
| (Increase)/Decrease in Exchange Revenue Receivable from the Public | 14,119 | 21,078 |
| Other | | |
| Increase in Actuarial FECA Liabilities | 158,338 | 114,918 |
| Increase in Accrued FECA Liabilities | 5,965 | 10,084 |
| Increase in Deferred Revenue | 68,494 | 50,654 |
| Increase in RECA Liabilities | - | 195,399 |
| Increase in September 11th Victim Compensation Fund Liabilities | - | 2,766,400 |
| Increase in Other Liabilities | 12,569 | - |
| (Increase)/Decrease in Nonexchange Receivables from the Public | - | (96) |
| (Increase)/Decrease in Surcharge Revenue Receivable from Other Federal Agencies | (1,427) | 6,737 |
| Total Other | 243,939 | 3,144,096 |
| Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods | $ 260,293 | $ 3,174,134 |

These notes are an integral part of the financial statements.

**Notes to the Principal Financial Statements**
**(Dollars in Thousands, Except as Noted)**

## Note 25. Compensation Funds

### Radiation Exposure Compensation Act

On October 15, 1990, Congress passed the Radiation Exposure Compensation Act (RECA), 42 U.S.C. § 2210, providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department and published in the Federal Register on April 10, 1992, establishing procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the Federal Register on March 22, 1999, served to greater assist claimants in establishing entitlement to an award.

On July 10, 2000, the Radiation Exposure Compensation Act Amendments of 2000, P.L. 106-245, was enacted. Some of the widespread changes include new claimant populations, additional compensable diseases, lower radiation exposure thresholds, modified medical documentation requirements, and removal of certain disease restrictions. Pursuant to the 2000 Amendments, the Department was directed to issue implementing regulations. The Department published two related rulemakings in the Federal Register to implement the legislation.

Subsequent action by Congress required modification to those rulemakings. Therefore, the Department published a “final” rule in the Federal Register on March 23, 2004, which went into effect on April 22, 2004.

There are now five categories of claimants: uranium miners, uranium millers, ore transporters, downwinders, and on-site participants. Each category requires similar eligibility criteria: if claimants can demonstrate that they contracted a compensable disease after working or residing in a designated location for a specified period of time, they qualify for compensation.

The enactment of two pieces of legislation changed the funding sources for RECA claimants. The National Defense Authorization Act for FY 2005 requires that RECA Section 5 claimants (uranium miners, millers, and ore transporters) be paid out of the Department of Labor’s (Labor) Energy Employees Occupational Illness Compensation Fund. The RECA Section 5 liability of $316,993 as of March 30, 2004, was transferred to Labor during FY 2005. The RECA Fund began exclusively paying RECA Section 4 claimants (downwinders and on-site participants) in FY 2005. The Consolidated Appropriations Act, 2005, contains language that made funding for the RECA Trust Fund mandatory and indefinite beginning in FY 2006.

The OBDs recognized liabilities of $660,465 and $731,237 for estimated future benefits payable by the Department as of September 30, 2013 and 2012, respectively, to eligible individuals under the Act through FY 2023. The estimated liability is based on historical data. Key factors in determining future liability are trends in the number of claims filed, trends in the percentage of claims adjudicated, and trends in the percentage of claims approved. These estimates are then discounted in accordance with the discount rates set by the Office of Management and Budget.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 25. Compensation Funds (continued)

### September 11th Victim Compensation Fund

Title II of The *James Zadroga 9/11 Health and Compensation Act of 2010 (Zadroga Act)* P.L. 111-347, reactivated the September 11th Victim Compensation Fund of 2001 and requires a Special Master, appointed by the Attorney General, to provide compensation to any individual (or a personal representative of a deceased individual) who suffered physical harm or was killed as a result of the terrorist-related aircraft crashes of September 11, 2001, or the debris removal efforts that took place in the immediate aftermath of those crashes. The Zadroga Act amends the Air Transportation Safety and System Stabilization Act by among other things: Expanding the geographic zone recognized as a 9/11 crash site and providing greater consistency with the World Trade Center Health Program by adding additional forms of proof that may be used to establish eligibility.

The Zadroga Act requires that the total amount of Federal funds paid including compensation with respect to claims filed on or after October 3, 2011, shall not exceed $2,775,000. Furthermore, the total amount of Federal funds expended during the period from October 3, 2011, through October 3, 2016, may not exceed $875,000. As of September 30, 2013, the Department of Justice received appropriations of $521,280, which included rescissions of $720. Based on OMB guidance DOJ is to return all apportioned unobligated funds at the end of each fiscal year via Treasury's FMS 2108, Year-End Closing Statement. Summarized financial information about appropriated funds received, donations received from the public, benefit payments disbursed and payable, and the Fund balance is presented below:

As of September 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Appropriated Funds Received - Current Year | $ 322,000 | $ - |
| Appropriated Funds Received - Carryforward | 193,788 | 200,000 |
| Rescission | (720) | - |
| Total Funds Received | 515,068 | 200,000 |
| Less: Adjudicated Benefit Claims Disbursements | 559 | - |
| Salaries and Expenses Disbursements | 7,789 | 6,212 |
| Funds Returned to Treasury | 497,992 | - |
| Total Disbursements | 506,340 | 6,212 |
| Fund Balance with Treasury | $ 8,728 | $ 193,788 |
| Federal Funds Available for September 11th Victim Compensation Fund | $ 2,766,400 | $ 2,775,000 |
| Less: Change in Unpaid Obligations | 6,340 | 2,388 |
| Adjudicated Benefit Claims Disbursements | 559 | - |
| Salaries and Expenses Disbursements | 7,789 | 6,212 |
| Total Funded Liabilities | 14,688 | 8,600 |
| Unfunded Liability for September 11th Victim Compensation Fund | $ 2,751,712 | $ 2,766,400 |

These notes are an integral part of the financial statements.

## Notes to the Principal Financial Statements
**(Dollars in Thousands, Except as Noted)**

### Note 26. Changes in Accounting Principles

Based upon early implementation of DOJ Financial Management Policy Memorandum, (FMPM) 13-12, *Capitalization of General Property, Plant, and Equipment and Internal Use Software*, most of the Department's components fully or partially revised their capitalization thresholds. Effective FY 2013, the AFF, OBDs, OJP, and FBI revised capitalization thresholds for real property, personal property, and internal use software; and the USMS, DEA, and BOP revised capitalization threshold for internal use software. DEA has planned to fully implement the revised capitalization thresholds in FY 2014. Full implementation of revised capitalization thresholds for components meeting the defined criteria is required by FY 2015. This policy is preferable because it increases the efficiency and cost effectiveness of DOJ property management efforts while maintaining a system of internal controls.

For financial statement purposes, DOJ recognized adjustments relating to the change in the capitalization thresholds as changes to the General PP&E's Net Book Value primarily for real property, including leasehold improvements; personal property, and internal use software. DOJ reported the offsetting change as "Changes in Accounting Principles" in the Statement of Changes in Net Position. For the fiscal year ended September 30, 2013, DOJ's management has determined the adjustment to the beginning balance in the amount of $274,648.

The adjustment by component is illustrated in the table below.

| Type of Property | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | BOP | Total |
|---|---|---|---|---|---|---|---|---|
| Real Property | $ - | $ (9,422) | N/A | $ - | N/A | $ (28,890) | N/A | $ (38,312) |
| Personal Property | $ - | $ (3,838) | N/A | $ (1,199) | N/A | $ (168,859) | N/A | $ (173,896) |
| Internal Use Software | $ (531) | $ (1,354) | $ - | $ - | $ (12,340) | $ (39,428) | $ (8,787) | $ (62,440) |
| **Total** | **$ (531)** | **$ (14,614)** | **$ -** | **$ (1,199)** | **$ (12,340)** | **$ (237,177)** | **$ (8,787)** | **$ (274,648)** |

These notes are an integral part of the financial statements.

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**Required Supplementary Information**
**(Unaudited)**

**U. S. Department of Justice**
**Combining Statement of Budgetary Resources**
**For the Fiscal Year Ended September 30, 2013**

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined |
|---|---|---|---|---|---|---|---|---|---|---|
| **Budgetary Resources** | | | | | | | | | | |
| Unobligated Balance, Net, Brought Forward, October 1 | $ 762,009 | $ 1,127,089 | $ 101,959 | $ 177,965 | $ 167,398 | $ 1,099,469 | $ 46,209 | $ 395,915 | $ 158,419 | $ 4,036,432 |
| Recoveries of Prior Year Unpaid Obligations | 76,720 | 281,144 | 42,537 | 109,297 | 124,497 | 358,191 | 21,838 | 14,780 | - | 1,029,004 |
| Other Changes in Unobligated Balance | - | 15,854 | 46,940 | (3,468) | (386) | (16,230) | (1,570) | (60,086) | - | (18,946) |
| Unobligated Balance from Prior Year Budget Authority, Net | 838,729 | 1,424,087 | 191,436 | 283,794 | 291,509 | 1,441,430 | 66,477 | 350,609 | 158,419 | 5,046,490 |
| Appropriations (discretionary and mandatory) | 1,849,037 | 4,838,144 | 3,045,350 | 2,168,196 | 2,255,829 | 7,419,644 | 1,070,888 | 6,527,205 | - | 29,174,293 |
| Spending Authority from Offsetting Collections (discretionary and mandatory) | 20,595 | 2,115,083 | 86,010 | 209,014 | 497,424 | 1,237,756 | 79,299 | 415,990 | 614,743 | 5,275,914 |
| **Total Budgetary Resources** | $ 2,708,361 | $ 8,377,314 | $ 3,322,796 | $ 2,661,004 | $ 3,044,762 | $ 10,098,830 | $ 1,216,664 | $ 7,293,804 | $ 773,162 | $ 39,496,697 |
| **Status of Budgetary Resources:** | | | | | | | | | | |
| Obligations Incurred (Note 21) | $ 1,821,623 | $ 7,469,473 | $ 3,166,404 | $ 2,480,371 | $ 2,811,950 | $ 8,974,391 | $ 1,183,167 | $ 7,020,130 | $ 574,221 | $ 35,501,730 |
| Unobligated Balance, End of Period | | | | | | | | | | |
| Apportioned | 639,271 | 671,491 | 126,660 | 170,590 | 203,634 | 831,392 | 15,908 | 99,040 | - | 2,757,986 |
| Exempt from Apportionment | - | - | - | - | - | - | - | 67,666 | 198,941 | 266,607 |
| Unapportioned | 247,467 | 236,350 | 29,732 | 10,043 | 29,178 | 293,047 | 17,589 | 106,968 | - | 970,374 |
| Total Unobligated Balance - End of Period | 886,738 | 907,841 | 156,392 | 180,633 | 232,812 | 1,124,439 | 33,497 | 273,674 | 198,941 | 3,994,967 |
| **Total Status of Budgetary Resources:** | **$ 2,708,361** | **$ 8,377,314** | **$ 3,322,796** | **$ 2,661,004** | **$ 3,044,762** | **$ 10,098,830** | **$ 1,216,664** | **$ 7,293,804** | **$ 773,162** | **$ 39,496,697** |
| **Change in Obligated Balance:** | | | | | | | | | | |
| Unpaid Obligations | | | | | | | | | | |
| Unpaid obligations, Brought Forward, October 1 | $ 2,849,380 | $ 4,179,328 | $ 537,767 | $ 4,278,196 | $ 722,184 | $ 3,072,245 | $ 258,628 | $ 868,945 | $ 163,704 | $ 16,930,377 |
| Obligations Incurred | 1,821,623 | 7,469,473 | 3,166,404 | 2,480,371 | 2,811,950 | 8,974,391 | 1,183,167 | 7,020,130 | 574,221 | 35,501,730 |
| Outlays, Gross (-)** | (1,462,508) | (8,031,666) | (3,202,913) | (2,734,354) | (2,903,259) | (9,262,651) | (1,225,296) | (7,162,998) | (619,438) | (36,605,083) |
| Recoveries of Prior Year Unpaid Obligations (-)** | (76,720) | (281,144) | (42,537) | (109,297) | (124,497) | (358,191) | (21,838) | (14,780) | - | (1,029,004) |
| Unpaid Obligations, End of Period | 3,131,775 | 3,335,991 | 458,721 | 3,914,916 | 506,378 | 2,425,794 | 194,661 | 711,297 | 118,487 | 14,798,020 |
| Uncollected Payments | | | | | | | | | | |
| Uncollected Payments from Federal Sources, Brought Forward, October 1 (-)** | (8,889) | (840,730) | (160,071) | (27,583) | (185,933) | (568,468) | (67,071) | (10,038) | (21,578) | (1,890,361) |
| Change in Uncollected Customer Payments from Federal Sources | 1,712 | 184,867 | 140,402 | (61,396) | 5,172 | (49,058) | 11,032 | 4,530 | (13,805) | 223,456 |
| Uncollected Customer Payments from Federal Sources | $ (7,177) | $ (655,863) | $ (19,669) | $ (88,979) | $ (180,761) | $ (617,526) | $ (56,039) | $ (5,508) | $ (35,383) | $ (1,666,905) |
| Memorandum (non-add) Entries | | | | | | | | | | |
| Obligated balance, Start of Period | 2,840,491 | 3,338,598 | 377,696 | 4,250,613 | 536,251 | 2,503,777 | 191,557 | 858,907 | 142,126 | 15,040,016 |
| Obligated balance, End of Period | 3,124,598 | 2,680,128 | 439,052 | 3,825,937 | 325,617 | 1,808,268 | 138,622 | 705,789 | 83,104 | 13,131,115 |

**U. S. Department of Justice**
**Combining Statement of Budgetary Resources - Continued**
**For the Fiscal Year Ended September 30, 2013**

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined |
|---|---|---|---|---|---|---|---|---|---|---|
| **Budgetary Authority and Outlays, Net:** | | | | | | | | | | |
| Budgetary Authority, Gross (discretionary and mandatory) | $ 1,869,632 | $ 6,953,227 | $ 3,131,360 | $ 2,377,210 | $ 2,753,253 | $ 8,657,400 | $ 1,150,187 | $ 6,943,195 | $ 614,743 | $ 34,450,207 |
| Less Actual Offsetting Collections (discretionary and mandatory) | 22,306 | 2,299,950 | 226,412 | 147,618 | 502,596 | 1,188,698 | 90,331 | 420,520 | 600,938 | 5,499,369 |
| Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory) | 1,712 | 184,867 | 140,402 | (61,396) | 5,172 | (49,058) | 11,032 | 4,530 | (13,805) | 223,456 |
| Budget Authority, Net (discretionary and mandatory) | $ 1 849 038 | $ 4 838 144 | $ 3 045 350 | $ 2 168 196 | $ 2 255 829 | $ 7 419 644 | $ 1 070 888 | $ 6 527 205 | $ - | $ 29 174 294 |
| Outlays, Gross (discretionary and mandatory) | $ 1,462,508 | $ 8,031,666 | $ 3,202,913 | $ 2,734,354 | $ 2,903,259 | $ 9,262,651 | $ 1,225,296 | $ 7,162,998 | $ 619,438 | $ 36,605,083 |
| Less Actual Offsetting Collections (discretionary and mandatory) | 22,306 | 2,299,950 | 226,412 | 147,618 | 502,596 | 1,188,698 | 90,331 | 420,520 | 600,938 | 5,499,369 |
| Outlays, Net (discretionary and mandatory) | 1,440,202 | 5,731,716 | 2,976,501 | 2,586,736 | 2,400,663 | 8,073,953 | 1,134,965 | 6,742,478 | 18,500 | 31,105,714 |
| Less Distributed Offsetting Receipts | 5 106 | 540 343 | - | - | 345 852 | (3 938) | 41 520 | 4 994 | - | 933 877 |
| Agency Outlays, Net (discretionary and mandatory) | $ 1,435,096 | $ 5,191,373 | $ 2,976,501 | $ 2,586,736 | $ 2,054,811 | $ 8,077,891 | $ 1,093,445 | $ 6,737,484 | $ 18,500 | $ 30,171,837 |

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## U. S. Department of Justice
## Combining Statement of Budgetary Resources
## For the Fiscal Year Ended September 30, 2012

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined |
|---|---|---|---|---|---|---|---|---|---|---|
| **Budgetary Resources** | | | | | | | | | | |
| Unobligated Balance, Net, Brought Forward, October 1 | $ 1,088,719 | $ 814,323 | $ 90,397 | 187,462 | $ 158,292 | $ 947,534 | $ 60,967 | $ 379,813 | $ 154,816 | $ 3,882,323 |
| Recoveries of Prior Year Unpaid Obligations | 84,186 | 224,583 | 54,620 | 53,296 | 114,289 | 290,427 | 32,746 | 23,388 | - | 877,535 |
| Other Changes in Unobligated Balance | - | 67,691 | (7,632) | (2,409) | 21 | (53,259) | (14,933) | (1,862) | - | (12,383) |
| Unobligated Balance from Prior Year Budget Authority, Net | 1,172,905 | 1,106,597 | 137,385 | 238,349 | 272,602 | 1,184,702 | 78,780 | 401,339 | 154,816 | 4,747,475 |
| Appropriations (discretionary and mandatory) | 4,100,446 | 7,142,929 | 1,610,644 | 2,286,418 | 2,346,455 | 8,110,411 | 1,151,866 | 6,597,581 | - | 33,346,750 |
| Spending Authority from Offsetting Collections (discretionary and mandatory) | 17,027 | 2,162,444 | 1,538,614 | 196,233 | 525,323 | 1,395,880 | 94,820 | 561,856 | 701,286 | 7,193,483 |
| **Total Budgetary Resources** | $ 5,290,378 | $ 10,411,970 | $ 3,286,643 | $ 2,721,000 | $ 3,144,380 | $ 10,690,993 | $ 1,325,466 | $ 7,560,776 | $ 856,102 | $ 45,287,708 |
| **Status of Budgetary Resources:** | | | | | | | | | | |
| Obligations Incurred (Note 21) | 4,528,369 | 9,284,881 | 3,184,684 | 2,543,035 | 2,976,982 | 9,591,524 | $ 1,279,257 | 7,164,861 | 697,683 | $ 41,251,276 |
| Unobligated Balance, End of Period: | | | | | | | | | | |
| Apportioned | 639,541 | 861,850 | 61,752 | 152,618 | 127,526 | 624,435 | 29,929 | 232,512 | - | 2,730,163 |
| Exempt from Apportionment | - | - | - | - | - | - | - | 59,772 | 158,419 | 218,191 |
| Unapportioned | 122,468 | 265,239 | 40,207 | 25,347 | 39,872 | 475,034 | 16,280 | 103,631 | - | 1,088,078 |
| Total Unobligated Balance - End of Period | 762,009 | 1,127,089 | 101,959 | 177,965 | 167,398 | 1,099,469 | 46,209 | 395,915 | 158,419 | 4,036,432 |
| **Total Status of Budgetary Resources:** | $ 5,290,378 | $ 10,411,970 | $ 3,286,643 | $ 2,721,000 | $ 3,144,380 | $ 10,690,993 | $ 1,325,466 | $ 7,560,776 | $ 856,102 | $ 45,287,708 |
| **Change in Obligated Balance:** | | | | | | | | | | |
| Unpaid Obligations: | | | | | | | | | | |
| Unpaid obligations, Brought Forward, October 1 | $ 1,092,300 | $ 4,564,149 | $ 648,610 | $ 5,025,867 | $ 712,030 | $ 3,165,268 | $ 245,431 | $ 1,051,944 | $ 171,054 | $ 16,676,653 |
| Obligations Incurred | 4,528,369 | 9,284,881 | 3,184,684 | 2,543,035 | 2,976,982 | 9,591,524 | 1,279,257 | 7,164,861 | 697,683 | 41,251,276 |
| Outlays, Gross (-)** | (2,687,103) | (9,445,119) | (3,240,907) | (3,237,410) | (2,852,539) | (9,394,120) | (1,233,314) | (7,324,472) | (705,033) | (40,120,017) |
| Recoveries of Prior Year Unpaid Obligations (-)** | (84,186) | (224,583) | (54,620) | (53,296) | (114,289) | (290,427) | (32,746) | (23,388) | - | (877,535) |
| Unpaid Obligations, End of Period | 2,849,380 | 4,179,328 | 537,767 | 4,278,196 | 722,184 | 3,072,245 | 258,628 | 868,945 | 163,704 | 16,930,377 |
| Uncollected Payments: | | | | | | | | | | |
| Uncollected Payments from Federal Sources, Brought Forward, October 1 | (4,889) | (816,547) | (188,832) | (25,236) | (157,357) | (492,704) | (59,852) | (10,882) | (34,360) | (1,790,659) |
| Change in Uncollected Customer Payments from Federal Sources | (4,000) | (24,183) | 28,761 | (2,347) | (28,576) | (75,764) | (7,219) | 844 | 12,782 | (99,702) |
| Uncollected Customer Payments from Federal Sources | $ (8,889) | $ (840,730) | $ (160,071) | $ (27,583) | $ (185,933) | $ (568,468) | $ (67,071) | $ (10,038) | $ (21,578) | $ (1,890,361) |
| Memorandum (non-add) Entries: | | | | | | | | | | |
| Obligated balance, Start of Period | 1,087,411 | 3,747,602 | 459,778 | 5,000,631 | 554,673 | 2,672,564 | 185,579 | 1,041,062 | 136,694 | 14,885,994 |
| Obligated balance, End of Period | 2,840,491 | 3,338,598 | 377,696 | 4,250,613 | 536,251 | 2,503,777 | 191,557 | 858,907 | 142,126 | 15,040,016 |

**U. S. Department of Justice**
**Combining Statement of Budgetary Resources - Continued**
**For the Fiscal Year Ended September 30, 2012**

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined |
|---|---|---|---|---|---|---|---|---|---|---|
| **Budgetary Authority and Outlays, Net:** | | | | | | | | | | |
| Budgetary Authority, Gross (discretionary and mandatory) | $ 4,117,473 | $ 9,305,373 | $ 3,149,258 | $ 2,482,651 | $ 2,871,778 | $ 9,506,291 | $ 1,246,686 | $ 7,159,437 | $ 701,286 | $ 40,540,233 |
| Less: Actual Offsetting Collections (discretionary and mandatory) | 13,027 | 2,138,261 | 1,567,371 | 193,886 | 496,747 | 1,320,116 | 87,601 | 562,700 | 714,068 | 7,093,777 |
| Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory) | (4,000) | (24,183) | 28,761 | (2,347) | (28,576) | (75,764) | (7,219) | 844 | 12,782 | (99,702) |
| Budget Authority, Net (discretionary and mandatory) | $ 4,100,446 | $ 7,142,929 | $ 1,610,648 | $ 2,286,418 | $ 2,346,455 | $ 8,110,411 | $ 1,151,866 | $ 6,597,581 | $ - | $ 33,346,754 |
| | | | | | | | | | | |
| Outlays, Gross (discretionary and mandatory) | $ 2,687,103 | $ 9,445,119 | $ 3,240,907 | $ 3,237,410 | $ 2,852,539 | $ 9,394,120 | $ 1,233,314 | $ 7,324,472 | $ 705,033 | $ 40,120,017 |
| Less: Actual Offsetting Collections (discretionary and mandatory) | 13,027 | 2,138,261 | 1,567,371 | 193,886 | 496,747 | 1,320,116 | 87,601 | 562,700 | 714,068 | 7,093,777 |
| Outlays, Net (discretionary and mandatory) | 2,674,076 | 7,306,858 | 1,673,536 | 3,043,524 | 2,355,792 | 8,074,004 | 1,145,713 | 6,761,772 | (9,035) | 33,026,240 |
| Less: Distributed Offsetting Receipts | 3,327 | 1,117,582 | - | 26 | 295,736 | 145 | 2,859 | 5,452 | - | 1,425,127 |
| Agency Outlays, Net (discretionary and mandatory) | $ 2,670,749 | $ 6,189,276 | $ 1,673,536 | $ 3,043,498 | $ 2,060,056 | $ 8,073,859 | $ 1,142,854 | $ 6,756,320 | $ (9,035) | $ 31,601,113 |

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# Required Supplementary Stewardship Information

**Unaudited**

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**U.S. Department of Justice**
**Required Supplementary Stewardship Information**
**Consolidated Stewardship Investments**
**For the Fiscal Years Ended September 30, 2013, 2012, 2011, 2010 and 2009**

The Bureau of Justice Assistance administers the Correctional Systems and Correctional Alternatives for Tribal Lands (CSCATL) and the Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) Incentive grant programs. Both programs provide grants for the purposes of building and expanding correctional facilities and jails to increase secure confinement space for violent offenders and implementing correctional alternatives to reduce reliance on incarceration. VOI/TIS funds are available to any of the 50 United States, the District of Columbia, Puerto Rico, U.S. Virgin Islands, American Samoa, Guam, the Northern Mariana Islands, and recognized Tribal governments; while CSCATL funds are available to tribes within the 50 states. The Tribal Law and Order Act of 2010 (Public Law 111-211) expanded the CSCATL grant program scope to include multi-purpose justice centers. The facilities built or expanded with these funds constitute non-federal physical property. Upon completion, the Bureau of Indian Affairs of the Department of Interior, and/or tribal grantees are responsible for supporting, operating, and maintaining the correctional facilities.

The CSCATL strategy broadly addresses tribal justice systems and lends support to tribes that:

− Are interested in establishing/enhancing (tribal/non-tribal) multi-agency cooperation and collaborations;

− Are committed to conducting community-wide assessment for purpose of developing a comprehensive master plan that encompasses the design, use, capacity, and cost of adult and/or juvenile justice sanctions and services;

− Wish to explore an array of detention and correctional building options, including prototypical or quasi-prototypical concepts/designs for local correctional facilities, multipurpose justice centers, and regional facilities; and

− Are interested in learning about/applying community-based alternatives to help control and prevent jail overcrowding due to growing problems involving alcohol, substance abuse, and methamphetamine.

CSCATL and VOI/TIS funds expended from fiscal years 2009 through September 30, 2013, are as follows:

| Dollars in Thousands | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| Grants to Indian Tribes | $52,980 | $97,553 | $52,339 | $24,768 | $14,320 |
| Grants to States | - | 84 | (1,139) | 11,389 | 41,561 |
| Total | $52,980 | $97,637 | $51,200 | $36,157 | $55,881 |

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# Other Information

**Unaudited**

# U. S. Department of Justice
## Consolidating Balance Sheet
## For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | |
| Intragovernmental | | | | | | | | | | | |
| Fund Balance with U.S. Treasury | $ 110,344 | $ 4,864,402 | $ 610,946 | $ 12,960,107 | $ 565,885 | $ 2,896,019 | $ 166,940 | $ 1,033,784 | $ 17,644 | $ - | $ 23,226,071 |
| Investments, Net | 6,068,165 | 318,275 | - | - | - | - | - | - | 264,520 | - | 6,650,960 |
| Accounts Receivable, Net | 3,322 | 273,984 | 15,992 | 4,857 | 47,032 | 319,723 | 26,418 | 4,348 | 35,262 | (278,611) | 452,327 |
| Other Assets | - | 49,978 | 6,052 | 39,907 | 37,257 | 22,779 | 1,021 | - | - | (64,624) | 92,370 |
| Total Intragovernmental | 6 181 831 | 5 506 639 | 632 990 | 13 004 871 | 650 174 | 3 238 521 | 194 379 | 1 038 132 | 317 426 | (343 235) | 30 421 728 |
| Cash and Monetary Assets | 64,219 | 46 | - | - | 14,983 | 85,326 | 9,681 | 543 | - | - | 174,798 |
| Accounts Receivable, Net | - | 43,992 | 130 | 225 | 4,295 | 24,088 | 296 | 5,053 | 3,813 | - | 81,892 |
| Inventory and Related Property, Net | - | - | 2,860 | - | 8,505 | 7,263 | - | 18,775 | 95,411 | - | 132,814 |
| Forfeited Property, Net | 141,354 | - | - | - | - | - | - | - | - | - | 141,354 |
| General Property, Plant and Equipment, Net | 603 | 143,530 | 281,488 | 7,622 | 352,660 | 2,713,644 | 197,183 | 6,239,845 | 80,748 | - | 10,017,323 |
| Advances and Prepayments | - | 1,151 | - | 406,686 | 12,387 | 18,423 | 1,163 | 4,315 | 49 | - | 444,174 |
| Other Assets | - | - | 184 | - | - | - | 28 | 4 189 | 276 | - | 4 677 |
| **Total Assets** | **$ 6,388,007** | **$ 5,695,358** | **$ 917,652** | **$ 13,419,404** | **$ 1,043,004** | **$ 6,087,265** | **$ 402,730** | **$ 7,310,852** | **$ 497,723** | **$ (343,235)** | **$ 41,418,760** |
| **LIABILITIES** | | | | | | | | | | | |
| Intragovernmental | | | | | | | | | | | |
| Accounts Payable | $ 105,395 | $ 176,035 | $ 44,845 | $ 21,825 | $ 28,681 | $ 188,580 | $ 11,830 | $ 36,356 | $ 3,476 | $ (277,770) | $ 339,253 |
| Accrued FECA Liabilities | - | 9,603 | 17,207 | 24 | 26,949 | 31,303 | 20,828 | 158,816 | 2,135 | - | 266,865 |
| Custodial Liabilities | - | 1,171,842 | - | - | 2,856 | - | - | - | - | - | 1,174,698 |
| Other Liabilities | 146 | 36,309 | 4,687 | 67,173 | 7,882 | 57,541 | 4,210 | 31,241 | 60,332 | (65,465) | 204,056 |
| Total Intragovernmental | 105 541 | 1 393 789 | 66 739 | 89 022 | 66 368 | 277 424 | 36 868 | 226 413 | 65 943 | (343 235) | $ 1 984 872 |
| Accounts Payable | 2,847,058 | 292,972 | 213,150 | 20,591 | 80,006 | 323,056 | 38,013 | 347,010 | 41,405 | - | $ 4,203,261 |
| Accrued Grant Liabilities | - | 121,574 | - | 266,055 | - | - | - | - | - | - | 387,629 |
| Actuarial FECA Liabilities | - | 60,484 | 103,024 | 327 | 169,801 | 191,516 | 129,310 | 956,439 | 21,715 | - | 1,632,616 |
| Accrued Payroll and Benefits | 1,278 | 53,231 | 20,855 | 5,540 | 25,606 | 84,948 | 13,008 | 61,401 | 3,754 | - | 269,621 |
| Accrued Annual and Compensatory Leave Liabilities | 1,726 | 178,487 | 42,572 | 5,958 | 96,571 | 273,017 | 49,123 | 171,578 | 7,337 | - | 826,369 |
| Environmental and Disposal Liabilities | - | - | - | - | - | 10,451 | - | 66,225 | - | - | 76,676 |
| Deferred Revenue | 141,354 | - | - | - | 477,890 | - | - | 2,196 | - | - | 621,440 |
| Seized Cash and Monetary Instruments | 1,435,283 | - | - | - | 470 | 46,371 | 3,563 | - | - | - | 1,485,687 |
| Contingent Liabilities | - | 5,000 | - | - | 8,466 | 8,420 | - | 4,685 | - | - | 26,571 |
| Capital Lease Liabilities | - | - | - | - | - | - | - | 8,716 | 47 | - | 8,763 |
| Radiation Exposure Compensation Act Liabilities | - | 660,465 | - | - | - | - | - | - | - | - | 660,465 |
| 9/11 Victim Compensation Fund | - | 2,751,712 | - | - | - | - | - | - | - | - | 2,751,712 |
| Other Liabilities | - | 200 739 | 15 440 | - | 9 886 | 7 669 | 956 | 176 621 | - | - | 411 311 |
| **Total Liabilities** | **$ 4,532,240** | **$ 5,718,453** | **$ 461,780** | **$ 387,493** | **$ 935,064** | **$ 1,222,872** | **$ 270,841** | **$ 2,021,284** | **$ 140,201** | **$ (343,235)** | **$ 15,346,993** |
| **NET POSITION** | | | | | | | | | | | |
| Unexpended Appropriations - Funds from Dedicated Collections | $ - | $ 35,768 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 35,768 |
| Unexpended Appropriations - All Other Funds | - | 2,602,197 | 299,299 | 2,969,711 | 386,251 | 1,822,476 | 131,994 | 437,193 | - | - | 8,649,121 |
| Cumulative Results of Operations - Funds from Dedicated Collections | 1,855,767 | 244,863 | - | 10,057,641 | (311,492) | - | - | 93,693 | - | - | 11,940,472 |
| Cumulative Results of Operations - All Other Funds | - | (2 905 923) | 156 573 | 4 559 | 33 181 | 3 041 917 | (105) | 4 758 682 | 357 522 | - | 5 446 406 |
| **Total Net Position** | **$ 1,855,767** | **$ (23,095)** | **$ 455,872** | **$ 13,031,911** | **$ 107,940** | **$ 4,864,393** | **$ 131,889** | **$ 5,289,568** | **$ 357,522** | **$ -** | **$ 26,071,767** |
| **Total Liabilities and Net Position** | **$ 6,388,007** | **$ 5,695,358** | **$ 917,652** | **$ 13,419,404** | **$ 1,043,004** | **$ 6,087,265** | **$ 402,730** | **$ 7,310,852** | **$ 497,723** | **$ (343,235)** | **$ 41,418,760** |

**U. S. Department of Justice**
**Consolidating Balance Sheet**
**For the Fiscal Year Ended September 30, 2012**

| | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | |
| Intragovernmental | | | | | | | | | | | |
| Fund Balance with U.S. Treasury | $ 78,375 | $ 5,702,037 | $ 488,186 | $ 12,614,717 | $ 694,616 | $ 3,601,365 | $ 232,563 | $ 1,305,195 | $ 28,244 | $ - | $ 24,745,298 |
| Investments, Net | 5,631,124 | 310,479 | - | - | - | - | - | - | 272,300 | - | 6,213,903 |
| Accounts Receivable, Net | 6,035 | 322,530 | 145,641 | 6,642 | 51,930 | 143,146 | 37,105 | 3,653 | 21,578 | (413,933) | 324,327 |
| Other Assets | 2 339 | 79 029 | 7 093 | 47 203 | 32 442 | 30 187 | 1 514 | 165 000 | - | (98 234) | 266 573 |
| Total Intragovernmental | 5 717 873 | 6 414 075 | 640 920 | 12 668 562 | 778 988 | 3 774 698 | 271 182 | 1 473 848 | 322 122 | (512 167) | 31 550 101 |
| Cash and Monetary Assets | 106,166 | 46 | - | - | 15,337 | 67,135 | 71,196 | 802 | - | - | 260,682 |
| Accounts Receivable, Net | - | 66,493 | 29 | 4,348 | 5,397 | 27,069 | 352 | 7,361 | 4,563 | - | 115,612 |
| Inventory and Related Property, Net | - | 106 | 2,742 | - | 7,588 | 7,310 | - | 19,609 | 129,254 | - | 166,609 |
| Forfeited Property, Net | 145,111 | - | - | - | - | - | - | - | - | - | 145,111 |
| General Property, Plant and Equipment, Net | 1,150 | 133,777 | 265,904 | 11,006 | 381,780 | 2,811,251 | 206,737 | 6,286,908 | 87,631 | - | 10,186,144 |
| Advances and Prepayments | - | 1,132 | 47 | 693,159 | 12,030 | 48,789 | 963 | 4,622 | 128 | - | 760,870 |
| Other Assets | - | - | 184 | - | - | - | - | 4,701 | 700 | - | 5,585 |
| **Total Assets** | **$ 5,970,300** | **$ 6,615,629** | **$ 909,826** | **$ 13,377,075** | **$ 1,201,120** | **$ 6,736,252** | **$ 550,430** | **$ 7,797,851** | **$ 544,398** | **$ (512,167)** | **$ 43,190,714** |
| **LIABILITIES** | | | | | | | | | | | |
| Intragovernmental | | | | | | | | | | | |
| Accounts Payable | $ 71,352 | $ 310,984 | $ 25,874 | $ 22,536 | $ 35,216 | $ 183,590 | $ 13,996 | $ 47,558 | $ 3,538 | $ (412,069) | $ 302,575 |
| Accrued FECA Liabilities | - | 9,860 | 16,753 | 69 | 27,152 | 31,101 | 20,852 | 152,884 | 1,981 | - | 260,652 |
| Custodial Liabilities | - | 1,110,517 | - | - | 3,781 | - | - | - | - | - | 1,114,298 |
| Other Liabilities | 39 | 51 451 | 12 439 | 107 620 | 20 095 | 99 996 | 10 450 | 69 148 | 97 573 | (100 098) | 368 713 |
| Total Intragovernmental | 71 391 | 1 482 812 | 55 066 | 130 225 | 86 244 | 314 687 | 45 298 | 269 590 | 103 092 | (512 167) | 2 046 238 |
| Accounts Payable | 2,596,491 | 306,823 | 244,011 | 33,317 | 85,690 | 462,174 | 42,947 | 291,709 | 44,894 | - | 4,108,056 |
| Accrued Grant Liabilities | - | 167,668 | - | 436,451 | - | - | - | - | - | - | 604,119 |
| Actuarial FECA Liabilities | - | 56,121 | 93,617 | 442 | 158,435 | 176,422 | 116,959 | 853,362 | 18,920 | - | 1,474,278 |
| Accrued Payroll and Benefits | 151 | 135,398 | 36,317 | 7,910 | 64,151 | 213,448 | 33,917 | 155,218 | 7,399 | - | 653,909 |
| Accrued Annual and Compensatory Leave Liabilities | 246 | 181,786 | 43,258 | 6,011 | 98,986 | 277,074 | 51,019 | 171,739 | 8,133 | - | 838,252 |
| Environmental and Disposal Liabilities | - | - | - | - | - | 10,219 | - | 64,222 | - | - | 74,441 |
| Deferred Revenue | 145,111 | - | - | - | 409,396 | - | - | 1,957 | - | - | 556,464 |
| Seized Cash and Monetary Instruments | 1,536,523 | - | - | - | 450 | 45,262 | 4,932 | - | - | - | 1,587,167 |
| Contingent Liabilities | - | 3,565 | - | - | 8,968 | 11,788 | - | 4,230 | 120 | - | 28,671 |
| Capital Lease Liabilities | - | - | - | 9 | - | - | 394 | 16,627 | 66 | - | 17,096 |
| Radiation Exposure Compensation Act Liabilities | - | 731,237 | - | - | - | - | - | - | - | - | 731,237 |
| 9/11 Victim Compensation Fund | - | 2,766,400 | - | - | - | - | - | - | - | - | 2,766,400 |
| Other Liabilities | - | 209 775 | 8 532 | - | 10 555 | 6 342 | 61 073 | 159 380 | - | - | 455 657 |
| **Total Liabilities** | **$ 4,349,913** | **$ 6,041,585** | **$ 480,801** | **$ 614,365** | **$ 922,875** | **$ 1,517,416** | **$ 356,539** | **$ 1,988,034** | **$ 182,624** | **$ (512,167)** | **$ 15,941,985** |
| **NET POSITION** | | | | | | | | | | | |
| Unexpended Appropriations - Funds from Dedicated Collections | $ - | $ 25,963 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 25,963 |
| Unexpended Appropriations - All Other Funds | - | 3,355,787 | 259,570 | 3,478,217 | 499,366 | 2,151,355 | 175,104 | 649,416 | - | - | 10,568,815 |
| Cumulative Results of Operations - Funds from Dedicated Collections | 1,620,387 | 255,718 | - | 9,273,109 | (285,887) | - | - | 86,212 | - | - | 10,949,539 |
| Cumulative Results of Operations - All Other Funds | - | (3 063 424) | 169 455 | 11 384 | 64 766 | 3 067 481 | 18 787 | 5 074 189 | 361 774 | - | 5 704 412 |
| **Total Net Position** | **$ 1,620,387** | **$ 574,044** | **$ 429,025** | **$ 12,762,710** | **$ 278,245** | **$ 5,218,836** | **$ 193,891** | **$ 5,809,817** | **$ 361,774** | **$ -** | **$ 27,248,729** |
| **Total Liabilities and Net Position** | **$ 5,970,300** | **$ 6,615,629** | **$ 909,826** | **$ 13,377,075** | **$ 1,201,120** | **$ 6,736,252** | **$ 550,430** | **$ 7,797,851** | **$ 544,398** | **$ (512,167)** | **$ 43,190,714** |

# U. S. Department of Justice
## Consolidating Statement of Net Cost
## For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law** | | | | | | | | | | | |
| Gross Cost - Intragovernmental | $ - | $ 57,140 | $ 37,872 | $ - | $ 12,714 | $ 1,361,909 | $ - | $ - | $ - | $ (116,086) | $ 1,353,549 |
| Gross Cost - With the Public | - | 118,473 | 42,396 | - | 125,342 | 3,649,619 | 4,834 | - | - | - | 3,940,664 |
| Subtotal Gross Costs | - | 175,613 | 80,268 | - | 138,056 | 5,011,528 | 4,834 | - | - | (116,086) | 5,294,213 |
| Earned Revenues - Intragovernmental | - | 13,267 | - | - | 44,666 | 457,250 | - | - | - | (116,086) | 399,097 |
| Earned Revenues - With the Public | - | 43 | - | - | 4 | 16,344 | - | - | - | - | 16,391 |
| Subtotal Earned Revenues | - | 13,310 | - | - | 44,670 | 473,594 | - | - | - | (116,086) | 415,488 |
| Subtotal Net Cost of Operations | $ - | $ 162,303 | $ 80,268 | $ - | $ 93,386 | $ 4,537,934 | $ 4,834 | $ - | $ - | $ - | $ 4,878,725 |
| **Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law** | | | | | | | | | | | |
| Gross Cost - Intragovernmental | $ 501,418 | $ 1,850,572 | $ 79,516 | $ 59,681 | $ 898,217 | $ 829,830 | $ 375,869 | $ - | $ - | $ (945,821) | $ 3,649,282 |
| Gross Cost - With the Public | 1,286,133 | 3,959,037 | 164,286 | 989,297 | 1,896,782 | 2,199,434 | 868,544 | 7,907 | - | - | 11,371,420 |
| Subtotal Gross Costs | 1,787,551 | 5,809,609 | 243,802 | 1,048,978 | 2,794,999 | 3,029,264 | 1,244,413 | 7,907 | - | (945,821) | 15,020,702 |
| Earned Revenues - Intragovernmental | 12,201 | 777,941 | - | 11,164 | 439,466 | 342,743 | 74,433 | - | - | (945,821) | 712,127 |
| Earned Revenues - With the Public | - | 438,610 | - | - | 280,596 | 397 | 847 | - | - | - | 720,450 |
| Subtotal Earned Revenues | 12,201 | 1,216,551 | - | 11,164 | 720,062 | 343,140 | 75,280 | - | - | (945,821) | 1,432,577 |
| Subtotal Net Cost of Operations | $ 1,775,350 | $ 4,593,058 | $ 243,802 | $ 1,037,814 | $ 2,074,937 | $ 2,686,124 | $ 1,169,133 | $ 7,907 | $ - | $ - | $ 13,588,125 |
| **Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels** | | | | | | | | | | | |
| Gross Cost - Intragovernmental | $ - | $ 128,592 | $ 492,089 | $ 77,203 | $ - | $ 254,103 | $ - | $ 1,671,102 | $ 97,638 | $ (395,115) | $ 2,325,612 |
| Gross Cost - With the Public | - | 401,505 | 2,350,380 | 1,578,410 | - | 798,910 | - | 5,944,800 | 549,915 | - | 11,623,920 |
| Subtotal Gross Costs | - | 530,097 | 2,842,469 | 1,655,613 | - | 1,053,013 | - | 7,615,902 | 647,553 | (395,115) | 13,949,532 |
| Earned Revenues - Intragovernmental | - | 6,731 | 52,811 | 26,882 | - | 358,899 | - | 20,950 | 573,233 | (374,046) | 665,460 |
| Earned Revenues - With the Public | - | - | 4,941 | 314 | - | 154,485 | - | 398,643 | 41,509 | - | 599,892 |
| Subtotal Earned Revenues | - | 6,731 | 57,752 | 27,196 | - | 513,384 | - | 419,593 | 614,742 | (374,046) | 1,265,352 |
| Subtotal Net Cost of Operations | $ - | $ 523,366 | $ 2,784,717 | $ 1,628,417 | $ - | $ 539,629 | $ - | $ 7,196,309 | $ 32,811 | $ (21,069) | $ 12,684,180 |
| **Total Net Cost of Operations** | **$ 1,775,350** | **$ 5,278,727** | **$ 3,108,787** | **$ 2,666,231** | **$ 2,168,323** | **$ 7,763,687** | **$ 1,173,967** | **$ 7,204,216** | **$ 32,811** | **$ (21,069)** | **$ 31,151,030** |

## U. S. Department of Justice
## Consolidating Statement of Net Cost
## For the Fiscal Year Ended September 30, 2012

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law** | | | | | | | | | | | |
| Gross Cost - Intragovernmental | $ - | $ 99,284 | $ 4,794 | $ - | $ 17,534 | $ 1,424,724 | $ - | $ - | $ - | $ (119,355) | $ 1,426,981 |
| Gross Cost - With the Public | - | 282,552 | - | - | 94,180 | 3,917,146 | 6,419 | - | - | - | 4,300,297 |
| Subtotal Gross Costs | - | 381,836 | 4,794 | - | 111,714 | 5,341,870 | 6,419 | - | - | (119,355) | 5,727,278 |
| Earned Revenues - Intragovernmental | - | 87,077 | - | - | 12,630 | 458,969 | - | - | - | (119,355) | 439,321 |
| Earned Revenues - With the Public | - | 29,042 | - | - | - | 1,870 | - | - | - | - | 30,912 |
| Subtotal Earned Revenues | - | 116,119 | - | - | 12,630 | 460,839 | - | - | - | (119,355) | 470,233 |
| Subtotal Net Cost of Operations | $ - | $ 265,717 | $ 4,794 | $ - | $ 99,084 | $ 4,881,031 | $ 6,419 | $ - | $ - | $ - | $ 5,257,045 |
| **Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law** | | | | | | | | | | | |
| Gross Cost - Intragovernmental | $ 382,840 | $ 1,804,101 | $ 32,637 | $ 45,938 | $ 892,256 | $ 790,598 | $ 383,250 | $ - | $ - | $ (970,264) | $ 3,361,356 |
| Gross Cost - With the Public | 3,936,567 | 6,787,015 | - | 952,857 | 1,945,542 | 2,173,677 | 895,426 | 7,242 | - | - | 16,698,326 |
| Subtotal Gross Costs | 4,319,407 | 8,591,116 | 32,637 | 998,795 | 2,837,798 | 2,964,275 | 1,278,676 | 7,242 | - | (970,264) | 20,059,682 |
| Earned Revenues - Intragovernmental | 10,585 | 529,236 | - | 4,839 | 473,274 | 340,061 | 80,866 | - | - | (970,264) | 468,597 |
| Earned Revenues - With the Public | - | 395,064 | - | - | 251,099 | - | 503 | - | - | - | 646,666 |
| Subtotal Earned Revenues | 10,585 | 924,300 | - | 4,839 | 724,373 | 340,061 | 81,369 | - | - | (970,264) | 1,115,263 |
| Subtotal Net Cost of Operations | $ 4,308,822 | $ 7,666,816 | $ 32,637 | $ 993,956 | $ 2,113,425 | $ 2,624,214 | $ 1,197,307 | $ 7,242 | $ - | $ - | $ 18,944,419 |
| **Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels** | | | | | | | | | | | |
| Gross Cost - Intragovernmental | $ - | $ 1,808,388 | $ 544,969 | $ 148,858 | $ - | $ 280,253 | $ - | $ 1,664,927 | $ 164,798 | $ (1,883,179) | $ 2,729,014 |
| Gross Cost - With the Public | - | 665,148 | 2,609,317 | 2,316,455 | - | 770,530 | - | 5,834,650 | 598,300 | - | 12,794,400 |
| Subtotal Gross Costs | - | 2,473,536 | 3,154,286 | 2,465,313 | - | 1,050,783 | - | 7,499,577 | 763,098 | (1,883,179) | 15,523,414 |
| Earned Revenues - Intragovernmental | - | 159,062 | 1,537,097 | 22,310 | - | 334,507 | - | 20,904 | 651,713 | (1,858,461) | 867,132 |
| Earned Revenues - With the Public | - | 66,119 | 6,548 | 148 | - | 151,387 | - | 389,401 | 49,573 | - | 663,176 |
| Subtotal Earned Revenues | - | 225,181 | 1,543,645 | 22,458 | - | 485,894 | - | 410,305 | 701,286 | (1,858,461) | 1,530,308 |
| Subtotal Net Cost of Operations | $ - | $ 2,248,355 | $ 1,610,641 | $ 2,442,855 | $ - | $ 564,889 | $ - | $ 7,089,272 | $ 61,812 | $ (24,718) | $ 13,993,106 |
| **Total Net Cost of Operations** | **$ 4,308,822** | **$ 10,180,888** | **$ 1,648,072** | **$ 3,436,811** | **$ 2,212,509** | **$ 8,070,134** | **$ 1,203,726** | **$ 7,096,514** | **$ 61,812** | **$ (24,718)** | **$ 38,194,570** |

**U. S. Department of Justice**
**Consolidating Statement of Changes in Net Position**
**For the Fiscal Year Ended September 30, 2013**

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Unexpended Appropriations** | | | | | | | | | | | |
| **Beginning Balances** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **$ -** | **$ 25,963** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 25,963** |
| **All Other Funds** | **-** | **3,355,787** | **259,570** | **3,478,217** | **499,366** | **2,151,355** | **175,104** | **649,416** | **-** | **-** | **10,568,815** |
| **Budgetary Financing Sources** | | | | | | | | | | | |
| Appropriations Received | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 80,267 | - | - | - | - | - | - | - | - | 80,267 |
| All Other Funds | - | 5,162,454 | 2,853,383 | 1,625,218 | 2,051,904 | 8,276,009 | 1,153,575 | 6,920,217 | - | - | 28,042,760 |
| Appropriations Transferred-In/Out | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 5,343 | - | - | - | - | - | - | - | - | 5,343 |
| All Other Funds | - | (148,325) | 436,713 | (10,533) | 21,557 | (134,901) | (1,223) | 87,214 | - | - | 250,502 |
| Other Adjustments | | | | | | | | | | | |
| Funds from Dedicated Collections | - | (3,419) | - | - | - | - | - | - | - | - | (3,419) |
| All Other Funds | - | (678,225) | (197,806) | (172,141) | (145,260) | (730,365) | (83,035) | (540,312) | - | - | (2,547,144) |
| Appropriations Used | | | | | | | | | | | |
| Funds from Dedicated Collections | - | (72,386) | - | - | - | - | - | - | - | - | (72,386) |
| All Other Funds | - | (5,089,494) | (3,052,561) | (1,951,050) | (2,041,316) | (7,739,622) | (1,112,427) | (6,679,342) | - | - | (27,665,812) |
| **Total Financing Sources** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **-** | **9,805** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **9,805** |
| **All Other Funds** | **-** | **(753,590)** | **39,729** | **(508,506)** | **(113,115)** | **(328,879)** | **(43,110)** | **(212,223)** | **-** | **-** | **(1,919,694)** |
| **Net Change** | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 9,805 | - | - | - | - | - | - | - | - | 9,805 |
| All Other Funds | - | (753,590) | 39,729 | (508,506) | (113,115) | (328,879) | (43,110) | (212,223) | - | - | (1,919,694) |
| **Ending Balances** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **-** | **35,768** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **35,768** |
| **All Other Funds** | **-** | **2,602,197** | **299,299** | **2,969,711** | **386,251** | **1,822,476** | **131,994** | **437,193** | **-** | **-** | **8,649,121** |
| **Total All Funds** | **$ -** | **$ 2,637,965** | **$ 299,299** | **$ 2,969,711** | **$ 386,251** | **$ 1,822,476** | **$ 131,994** | **$ 437,193** | **$ -** | **$ -** | **$ 8,684,889** |

## U. S. Department of Justice
## Consolidating Statement of Changes in Net Position - Continued
## For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cumulative Results of Operations** | | | | | | | | | | | |
| **Beginning Balances** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **$ 1,620,387** | **$ 255,718** | **$ -** | **$ 9,273,109** | **$ (285,887)** | **$ -** | **$ -** | **$ 86,212** | **$ -** | **$ -** | **$ 10,949,539** |
| **All Other Funds** | **-** | **(3,063,424)** | **169,455** | **11,384** | **64,766** | **3,067,481** | **18,787** | **5,074,189** | **361,774** | **-** | **5,704,412** |
| Adjustments: | | | | | | | | | | | |
| Changes in Accounting Principles (Note 26) | | | | | | | | | | | |
| Funds from Dedicated Collections | (531) | (1,087) | - | - | (473) | - | - | - | - | - | (2,091) |
| All Other Funds | - | (13,527) | - | (1,199) | (11,867) | (237,177) | - | (8,787) | - | - | (272,557) |
| **Beginning Balances, as Adjusted** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **1,619,856** | **254,631** | **-** | **9,273,109** | **(286,360)** | **-** | **-** | **86,212** | **-** | **-** | **10,947,448** |
| **All Other Funds** | **-** | **(3,076,951)** | **169,455** | **10,185** | **52,899** | **2,830,304** | **18,787** | **5,065,402** | **361,774** | **-** | **5,431,855** |
| **Budgetary Financing Sources** | | | | | | | | | | | |
| Other Adjustments | | | | | | | | | | | |
| All Other Funds | - | (26,000) | - | - | - | - | - | - | - | - | (26,000) |
| Appropriations Used | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 72,386 | - | - | - | - | - | - | - | - | 72,386 |
| All Other Funds | - | 5,089,494 | 3,052,561 | 1,951,050 | 2,041,316 | 7,739,622 | 1,112,427 | 6,679,342 | - | - | 27,665,812 |
| Nonexchange Revenues | | | | | | | | | | | |
| Funds from Dedicated Collections | 5,106 | 1,341 | - | 1,489,583 | - | - | - | - | - | - | 1,496,030 |
| All Other Funds | - | | | 320 | - | 2 | | | | - | 322 |
| Donations and Forfeitures of Cash and Cash Equivalents | | | | | | | | | | | |
| Funds from Dedicated Collections | 1,826,480 | - | - | - | - | - | - | - | - | - | 1,826,480 |
| Transfers-In/Out Without Reimbursement | | | | | | | | | | | |
| All Other Funds | - | 147,559 | - | - | - | (7,329) | - | - | - | - | 140,230 |
| **Other Financing Sources** | | | | | | | | | | | |
| Donations and Forfeitures of Property | | | | | | | | | | | |
| Funds from Dedicated Collections | 185,769 | - | - | - | - | - | - | - | - | - | 185,769 |
| All Other Funds | - | - | - | - | - | - | - | 3 | - | - | 3 |
| Transfers-In/Out Without Reimbursement | | | | | | | | | | | |
| Funds from Dedicated Collections | (7,273) | - | - | - | - | - | - | (7) | - | - | (7,280) |
| All Other Funds | - | 4,837 | 1,670 | 110 | 4,762 | (7,803) | 5,645 | 139 | - | - | 9,360 |
| Imputed Financing from Costs Absorbed by Others | | | | | | | | | | | |
| Funds from Dedicated Collections | 1,179 | 951 | - | - | 9,055 | - | - | 4,033 | - | - | 15,218 |
| All Other Funds | - | 149,419 | 41,674 | 4,074 | 68,340 | 256,974 | 37,003 | 221,467 | 28,559 | (21,069) | 786,441 |
| Other Financing Sources | | | | | | | | | | | |
| All Other Funds | - | - | - | - | - | (6,166) | - | - | - | - | (6,166) |
| **Total Financing Sources** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **2,011,261** | **74,678** | **-** | **1,489,583** | **9,055** | **-** | **-** | **4,026** | **-** | **-** | **3,588,603** |
| **All Other Funds** | **-** | **5,365,309** | **3,095,905** | **1,955,554** | **2,114,418** | **7,975,300** | **1,155,075** | **6,900,951** | **28,559** | **(21,069)** | **28,570,002** |
| **Net Cost of Operations** | | | | | | | | | | | |
| Funds from Dedicated Collections | (1,775,350) | (84,446) | - | (705,051) | (34,187) | - | - | 3,455 | - | - | (2,595,579) |
| All Other Funds | - | (5,194,281) | (3,108,787) | (1,961,180) | (2,134,136) | (7,763,687) | (1,173,967) | (7,207,671) | (32,811) | 21,069 | (28,555,451) |
| **Net Change** | | | | | | | | | | | |
| Funds from Dedicated Collections | 235,911 | (9,768) | - | 784,532 | (25,132) | - | - | 7,481 | - | - | 993,024 |
| All Other Funds | - | 171,028 | (12,882) | (5,626) | (19,718) | 211,613 | (18,892) | (306,720) | (4,252) | - | 14,551 |
| **Ending Balances** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **1,855,767** | **244,863** | **-** | **10,057,641** | **(311,492)** | **-** | **-** | **93,693** | **-** | **-** | **11,940,472** |
| **All Other Funds** | **-** | **(2,905,923)** | **156,573** | **4,559** | **33,181** | **3,041,917** | **(105)** | **4,758,682** | **357,522** | **-** | **5,446,406** |
| **Total All Funds** | **$ 1,855,767** | **$ (2,661,060)** | **$ 156,573** | **$ 10,062,200** | **$ (278,311)** | **$ 3,041,917** | **$ (105)** | **$ 4,852,375** | **$ 357,522** | **$ -** | **$ 17,386,878** |
| **Net Position - Funds from Dedicated Collections** | **1,855,767** | **280,631** | **-** | **10,057,641** | **(311,492)** | **-** | **-** | **93,693** | **-** | **-** | **11,976,240** |
| **Net Position - All Other Funds** | **-** | **(303,726)** | **455,872** | **2,974,270** | **419,432** | **4,864,393** | **131,889** | **5,195,875** | **357,522** | **-** | **14,095,527** |
| **Net Position - Total** | **$ 1,855,767** | **$ (23,095)** | **$ 455,872** | **$ 13,031,911** | **$ 107,940** | **$ 4,864,393** | **$ 131,889** | **$ 5,289,568** | **$ 357,522** | **$ -** | **$ 26,071,767** |

# U. S. Department of Justice
## Consolidating Statement of Changes in Net Position
## For the Fiscal Year Ended September 30, 2012

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Unexpended Appropriations** | | | | | | | | | | | |
| **Beginning Balances** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **$ -** | **$ 21,727** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 21,727** |
| **All Other Funds** | **-** | **3,472,362** | **257,093** | **4,605,970** | **503,763** | **2,194,512** | **174,210** | **744,671** | **-** | **-** | **11,952,581** |
| **Budgetary Financing Sources** | | | | | | | | | | | |
| Appropriations Received | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 72,044 | - | - | - | - | - | - | - | - | 72,044 |
| All Other Funds | - | 6,848,091 | 1,189,000 | 1,638,300 | 2,035,000 | 8,117,973 | 1,152,000 | 6,641,281 | - | - | 27,621,645 |
| Appropriations Transferred-In/Out | | | | | | | | | | | |
| All Other Funds | - | (28,074) | 416,211 | (8,470) | 27,254 | (60,821) | (15,067) | (562) | - | - | 330,471 |
| Other Adjustments | | | | | | | | | | | |
| All Other Funds | - | (40,561) | (2,200) | (55,000) | (10,000) | - | - | (45,000) | - | - | (152,761) |
| Appropriations Used | | | | | | | | | | | |
| Funds from Dedicated Collections | - | (67,808) | - | - | - | - | - | - | - | - | (67,808) |
| All Other Funds | - | (6,896,031) | (1,600,534) | (2,702,583) | (2,056,651) | (8,100,309) | (1,136,039) | (6,690,974) | - | - | (29,183,121) |
| **Total Financing Sources** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **-** | **4,236** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **4,236** |
| **All Other Funds** | **-** | **(116,575)** | **2,477** | **(1,127,753)** | **(4,397)** | **(43,157)** | **894** | **(95,255)** | **-** | **-** | **(1,383,766)** |
| **Net Change** | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 4,236 | - | - | - | - | - | - | - | - | 4,236 |
| All Other Funds | - | (116,575) | 2,477 | (1,127,753) | (4,397) | (43,157) | 894 | (95,255) | - | - | (1,383,766) |
| **Ending Balances** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **-** | **25,963** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **25,963** |
| **All Other Funds** | **-** | **3,355,787** | **259,570** | **3,478,217** | **499,366** | **2,151,355** | **175,104** | **649,416** | **-** | **-** | **10,568,815** |
| **Total All Funds** | **$ -** | **$ 3,381,750** | **$ 259,570** | **$ 3,478,217** | **$ 499,366** | **$ 2,151,355** | **$ 175,104** | **$ 649,416** | **$ -** | **$ -** | **$ 10,594,778** |

# U. S. Department of Justice
## Consolidating Statement of Changes in Net Position - Continued
### For the Fiscal Year Ended September 30, 2012

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cumulative Results of Operations** | | | | | | | | | | | |
| **Beginning Balances** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **$ 1,760,544** | **$ 252,629** | **$ -** | **$ 7,202,248** | **$ (232,162)** | **$ -** | **$ -** | **$ 83,557** | **$ -** | **$ -** | **$ 9,066,816** |
| **All Other Funds** | **-** | **(56,544)** | **165,165** | **13,156** | **87,367** | **2,760,450** | **30,179** | **5,092,691** | **390,025** | **-** | **8,482,489** |
| **Budgetary Financing Sources** | | | | | | | | | | | |
| Other Ajustments | | | | | | | | | | | |
| All Other Funds | - | (40,000) | - | - | - | - | - | - | - | - | (40,000) |
| Appropriations Used | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 67,808 | - | - | - | - | - | - | - | - | 67,808 |
| All Other Funds | - | 6,896,031 | 1,600,534 | 2,702,583 | 2,056,651 | 8,100,309 | 1,136,039 | 6,690,974 | - | - | 29,183,121 |
| Nonexchange Revenues | | | | | | | | | | | |
| Funds from Dedicated Collections | 3,327 | 4,085 | - | 2,795,573 | - | - | - | - | - | - | 2,802,985 |
| All Other Funds | - | - | - | 975 | - | - | - | - | - | - | 975 |
| Donations and Forfeitures of Cash and Cash Equivalents | | | | | | | | | | | |
| Funds from Dedicated Collections | 4,194,465 | - | - | - | - | - | - | - | - | - | 4,194,465 |
| Transfers-In/Out Without Reimbursement | | | | | | | | | | | |
| All Other Funds | - | 109,395 | - | - | - | - | - | - | - | - | 109,395 |
| **Other Financing Sources** | | | | | | | | | | | |
| Donations and Forfeitures of Property | | | | | | | | | | | |
| Funds from Dedicated Collections | 120,245 | - | - | - | - | - | - | - | - | - | 120,245 |
| All Other Funds | - | - | - | - | - | - | - | 30 | - | - | 30 |
| Transfers-In/Out Without Reimbursement | | | | | | | | | | | |
| Funds from Dedicated Collections | (149,908) | - | - | - | - | - | - | - | - | - | (149,908) |
| All Other Funds | - | (36,621) | 58 | 2,295 | (1,374) | 5,333 | 15,949 | 151,645 | - | - | 137,285 |
| Imputed Financing from Costs Absorbed by Others | | | | | | | | | | | |
| Funds from Dedicated Collections | 536 | 1,145 | - | - | 9,419 | - | - | 4,346 | - | - | 15,446 |
| All Other Funds | - | 175,254 | 51,770 | 4,474 | 71,487 | 276,722 | 40,346 | 233,672 | 33,561 | (24,718) | 862,568 |
| Other Financing Sources | | | | | | | | | | | |
| All Other Funds | - | - | - | - | - | (5,199) | - | - | - | - | (5,199) |
| **Total Financing Sources** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **4,168,665** | **73,038** | **-** | **2,795,573** | **9,419** | **-** | **-** | **4,346** | **-** | **-** | **7,051,041** |
| **All Other Funds** | **-** | **7,104,059** | **1,652,362** | **2,710,327** | **2,126,764** | **8,377,165** | **1,192,334** | **7,076,321** | **33,561** | **(24,718)** | **30,248,175** |
| **Net Cost of Operations** | | | | | | | | | | | |
| Funds from Dedicated Collections | (4,308,822) | (69,949) | - | (724,712) | (63,144) | - | - | (1,691) | - | - | (5,168,318) |
| All Other Funds | - | (10,110,939) | (1,648,072) | (2,712,099) | (2,149,365) | (8,070,134) | (1,203,726) | (7,094,823) | (61,812) | 24,718 | (33,026,252) |
| **Net Change** | | | | | | | | | | | |
| Funds from Dedicated Collections | (140,157) | 3,089 | - | 2,070,861 | (53,725) | - | - | 2,655 | - | - | 1,882,723 |
| All Other Funds | - | (3,006,880) | 4,290 | (1,772) | (22,601) | 307,031 | (11,392) | (18,502) | (28,251) | - | (2,778,077) |
| **Ending Balances** | | | | | | | | | | | |
| **Funds from Dedicated Collections** | **1,620,387** | **255,718** | **-** | **9,273,109** | **(285,887)** | **-** | **-** | **86,212** | **-** | **-** | **10,949,539** |
| **All Other Funds** | **-** | **(3,063,424)** | **169,455** | **11,384** | **64,766** | **3,067,481** | **18,787** | **5,074,189** | **361,774** | **-** | **5,704,412** |
| **Total All Funds** | **$ 1,620,387** | **$ (2,807,706)** | **$ 169,455** | **$ 9,284,493** | **$ (221,121)** | **$ 3,067,481** | **$ 18,787** | **$ 5,160,401** | **$ 361,774** | **$ -** | **$ 16,653,951** |
| **Net Position - Funds from Dedicated Collections** | **1,620,387** | **281,681** | **-** | **9,273,109** | **(285,887)** | **-** | **-** | **86,212** | **-** | **-** | **10,975,502** |
| **Net Position - All Other Funds** | **-** | **292,363** | **429,025** | **3,489,601** | **564,132** | **5,218,836** | **193,891** | **5,723,605** | **361,774** | **-** | **16,273,227** |
| **Net Position - Total** | **$ 1,620,387** | **$ 574,044** | **$ 429,025** | **$ 12,762,710** | **$ 278,245** | **$ 5,218,836** | **$ 193,891** | **$ 5,809,817** | **$ 361,774** | **$ -** | **$ 27,248,729** |

# U. S. Department of Justice
## Combining Statement of Custodial Activity
## For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue Activity** | | | | | | | | | | |
| **Sources of Cash Collections** | | | | | | | | | | |
| Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986 | $ - | $ 5,595,261 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 5,595,261 |
| Fees and Licenses | - | - | - | - | 15,000 | - | 28,392 | - | - | 43,392 |
| Fines, Penalties and Restitution Payments - Civil | - | - | - | - | 86,630 | 195 | 20 | - | - | 86,845 |
| Fines, Penalties and Restitution Payments - Criminal | - | 42,295 | - | - | - | 260 | 48 | - | - | 42,603 |
| Miscellaneous | - | 47 | - | - | - | 417 | 41,520 | 46 | - | 42,030 |
| **Total Cash Collections** | **$ -** | **$ 5,637,603** | **$ -** | **$ -** | **$ 101,630** | **$ 872** | **$ 69,980** | **$ 46** | **$ -** | **$ 5,810,131** |
| **Accrual Adjustments** | - | - | - | - | (916) | 5 | (3) | - | - | (914) |
| **Total Custodial Revenue** | **$ -** | **$ 5,637,603** | **$ -** | **$ -** | **$ 100,714** | **$ 877** | **$ 69,977** | **$ 46** | **$ -** | **$ 5,809,217** |
| **Disposition of Collections** | | | | | | | | | | |
| Transferred to Federal Agencies | | | | | | | | | | |
| Library of Congress | - | (509) | - | - | - | - | - | - | - | (509) |
| U S Department of Agriculture | - | (136,258) | - | - | - | - | - | - | - | (136,258) |
| U S Department of Commerce | - | (6,000) | - | - | - | - | - | - | - | (6,000) |
| U S Department of the Interior | - | (36,174) | - | - | - | - | - | - | - | (36,174) |
| U S Department of Justice | - | (99,558) | - | - | - | - | - | - | - | (99,558) |
| U S Department of Labor | - | (3,897) | - | - | - | - | - | - | - | (3,897) |
| U S Postal Service | - | (26,790) | - | - | - | - | - | - | - | (26,790) |
| U S Department of State | - | (2,208) | - | - | - | - | - | - | - | (2,208) |
| U S Department of the Treasury | - | (2,025,807) | - | - | - | - | - | - | - | (2,025,807) |
| Office of Personnel Management | - | (43,447) | - | - | - | - | - | - | - | (43,447) |
| National Credit Union Administration | - | (1) | - | - | - | - | - | - | - | (1) |
| Federal Communications Commission | - | (757) | - | - | - | - | - | - | - | (757) |
| Social Security Administration | - | (699) | - | - | - | - | - | - | - | (699) |
| Smithsonian Institution | - | (8) | - | - | - | - | - | - | - | (8) |
| U S Department of Veterans Affairs | - | (123,179) | - | - | - | - | - | - | - | (123,179) |
| Equal Employment Opportunity Commission | - | (2) | - | - | - | - | - | - | - | (2) |
| General Services Administration | - | (51,966) | - | - | - | - | - | - | - | (51,966) |
| Securities and Exchange Commission | - | (3) | - | - | - | - | - | - | - | (3) |
| Federal Deposit Insurance Corporation | - | (419) | - | - | - | - | - | - | - | (419) |
| Railroad Retirement Board | - | (414) | - | - | - | - | - | - | - | (414) |
| Tennessee Valley Authority | - | (291) | - | - | - | - | - | - | - | (291) |
| Environmental Protection Agency | - | (185,060) | - | - | - | - | - | - | - | (185,060) |
| U S Department of Transportation | - | (5,185) | - | - | - | - | - | - | - | (5,185) |
| U S Department of Homeland Security | - | (131,067) | - | - | - | - | - | - | - | (131,067) |
| Agency for International Development | - | (44,212) | - | - | - | - | - | - | - | (44,212) |
| Small Business Administration | - | (14,792) | - | - | - | - | - | - | - | (14,792) |
| U S Department of Health and Human Services | - | (1,151,278) | - | - | - | - | - | - | - | (1,151,278) |
| National Aeronautics and Space Administration | - | (5,288) | - | - | - | - | - | - | - | (5,288) |
| Export-Import Bank of the United States | - | (13,855) | - | - | - | - | - | - | - | (13,855) |
| U S Department of Housing and Urban Development | - | (24,226) | - | - | - | - | - | - | - | (24,226) |
| U S Department of Energy | - | (10,585) | - | - | - | - | - | - | - | (10,585) |
| U S Department of Education | - | (23,219) | - | - | - | - | - | - | - | (23,219) |
| Independent Agencies | - | (114,607) | - | - | - | - | - | - | - | (114,607) |
| Treasury General Fund | - | (503,972) | - | - | (101,630) | (872) | (69,540) | (46) | - | (676,060) |
| U S Department of Defense | - | (120,707) | - | - | - | - | - | - | - | (120,707) |
| Transferred to the Public | - | (416,166) | - | - | - | - | - | - | - | (416,166) |
| (Increase)/Decrease in Amounts Yet to be Transferred | - | (52,289) | - | - | 916 | (5) | - | - | - | (51,378) |
| Refunds and Other Payments | - | (104,397) | - | - | - | - | (437) | - | - | (104,834) |
| Retained by the Reporting Entity | - | (158,311) | - | - | - | - | - | - | - | (158,311) |
| **Total Disposition Of Collections** | - | (5,637,603) | - | - | (100,714) | (877) | (69,977) | (46) | - | (5,809,217) |
| **Net Custodial Activity** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

## U. S. Department of Justice
## Combining Statement of Custodial Activity
## For the Fiscal Year Ended September 30, 2012

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue Activity** | | | | | | | | | | |
| **Sources of Cash Collections** | | | | | | | | | | |
| Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986 | $ - | $ 6,995,798 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 6,995,798 |
| Fees and Licenses | - | - | - | - | 15,000 | - | 21,710 | - | - | 36,710 |
| Fines, Penalties and Restitution Payments - Civil | - | - | - | - | 12,595 | 8,941 | 18 | - | - | 21,554 |
| Fines, Penalties and Restitution Payments - Criminal | - | 39,750 | - | - | - | 146 | 74 | - | - | 39,970 |
| Miscellaneous | - | 43 | - | - | - | 1,649 | 2,873 | 54 | - | 4,619 |
| **Total Cash Collections** | **$ -** | **$ 7,035,591** | **$ -** | **$ -** | **$ 27,595** | **$ 10,736** | **$ 24,675** | **$ 54** | **$ -** | **$ 7,098,651** |
| **Accrual Adjustments** | - | - | - | - | (1,418) | - | 13 | - | - | (1,405) |
| **Total Custodial Revenue** | **$ -** | **$ 7,035,591** | **$ -** | **$ -** | **$ 26,177** | **$ 10,736** | **$ 24,688** | **$ 54** | **$ -** | **$ 7,097,246** |
| **Disposition of Collections** | | | | | | | | | | |
| Transferred to Federal Agencies | | | | | | | | | | |
| U S Department of Agriculture | - | (105,670) | - | - | - | - | - | - | - | (105,670) |
| U S Department of Commerce | - | (3,746) | - | - | - | - | - | - | - | (3,746) |
| U S Department of the Interior | - | (129,015) | - | - | - | - | - | - | - | (129,015) |
| U S Department of Justice | - | (21,085) | - | - | - | - | - | - | - | (21,085) |
| U S Department of Labor | - | (9,175) | - | - | - | - | - | - | - | (9,175) |
| U S Postal Service | - | (7,675) | - | - | - | - | - | - | - | (7,675) |
| U S Department of State | - | (26,613) | - | - | - | - | - | - | - | (26,613) |
| U S Department of the Treasury | - | (917,662) | - | - | - | - | - | - | - | (917,662) |
| Office of Personnel Management | - | (157,714) | - | - | - | - | - | - | - | (157,714) |
| Federal Communications Commission | - | (310) | - | - | - | - | - | - | - | (310) |
| Social Security Administration | - | (921) | - | - | - | - | - | - | - | (921) |
| Smithsonian Institution | - | (8) | - | - | - | - | - | - | - | (8) |
| U S Department of Veterans Affairs | - | (125,354) | - | - | - | - | - | - | - | (125,354) |
| General Services Administration | - | (130,087) | - | - | - | - | - | - | - | (130,087) |
| Securities and Exchange Commission | - | (411) | - | - | - | - | - | - | - | (411) |
| Federal Deposit Insurance Corporation | - | (59) | - | - | - | - | - | - | - | (59) |
| Railroad Retirement Board | - | (288) | - | - | - | - | - | - | - | (288) |
| Tennessee Valley Authority | - | (8) | - | - | - | - | - | - | - | (8) |
| Environmental Protection Agency | - | (189,137) | - | - | - | - | - | - | - | (189,137) |
| U S Department of Transportation | - | (13,674) | - | - | - | - | - | - | - | (13,674) |
| U S Department of Homeland Security | - | (66,585) | - | - | - | - | - | - | - | (66,585) |
| Agency for International Development | - | (511) | - | - | - | - | - | - | - | (511) |
| Small Business Administration | - | (6,371) | - | - | - | - | - | - | - | (6,371) |
| U S Department of Health and Human Services | - | (1,283,167) | - | - | - | - | - | - | - | (1,283,167) |
| National Aeronautics and Space Administration | - | (725) | - | - | - | - | - | - | - | (725) |
| Export-Import Bank of the United States | - | (17,264) | - | - | - | - | - | - | - | (17,264) |
| U S Department of Housing and Urban Development | - | (1,129,547) | - | - | - | - | - | - | - | (1,129,547) |
| National Archives&Records Administration | - | (29) | - | - | - | - | - | - | - | (29) |
| U S Department of Energy | - | (3,313) | - | - | - | - | - | - | - | (3,313) |
| U S Department of Education | - | (14,452) | - | - | - | - | - | - | - | (14,452) |
| Independent Agencies | - | (63,619) | - | - | - | - | - | - | - | (63,619) |
| Treasury General Fund | - | (642,790) | - | - | (27,595) | (10,736) | (24,328) | (54) | - | (705,503) |
| U S Department of Defense | - | (217,607) | - | - | - | - | - | - | - | (217,607) |
| Transferred to the Public | - | (508,622) | - | - | - | - | - | - | - | (508,622) |
| (Increase)/Decrease in Amounts Yet to be Transferred | - | (567,495) | - | - | 1,418 | - | - | - | - | (566,077) |
| Refunds and Other Payments | - | (512,825) | - | - | - | - | (360) | - | - | (513,185) |
| Retained by the Reporting Entity | - | (162,057) | - | - | - | - | - | - | - | (162,057) |
| **Total Disposition Of Collections** | - | (7,035,591) | - | - | (26,177) | (10,736) | (24,688) | (54) | - | (7,097,246) |
| **Net Custodial Activity** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

**U. S. Department of Justice**
**Combined Schedule of Spending**
**For the Fiscal Year Ended September 30, 2013**

| Dollars in Thousands | | | 2013 |
|---|---|---|---|
| **What Money is Available to Spend?** | | | |
| Total Resources | | $ | 39,496,697 |
| Less: Amount Available but Not Agreed to be Spent | | | 3,024,593 |
| Less: Amount Not Available to be Spent | | | 970,374 |
| **Total Amounts Agreed to be Spent** | | **$** | **35,501,730** |
| **How was the Money Spent?** | | | |
| Personnel Compensation and Benefits | | | |
| 1100 | Personnel Compensation | $ | 10,574,604 |
| 1200 | Personnel Benefits | | 4,256,801 |
| 1300 | Former Personnel | | 5,312 |
| Other Program Related Expenses | | | |
| 2100 | Travel & Transportation of Persons | | 384,746 |
| 2200 | Transportation of Things | | 98,202 |
| 2300 | Rent, Communications, and Utilities | | 3,087,135 |
| 2400 | Printing and Reproduction | | 24,125 |
| 2500 | Other Contractual Services | | 11,998,687 |
| 2600 | Supplies and Materials | | 1,552,974 |
| 3100 | Equipment | | 790,361 |
| 3200 | Land and Structures | | 163,838 |
| 4100 | Grants, Subsidies, and Contributions | | 2,429,742 |
| 4200 | Insurance Claims and Indemnities | | 126,354 |
| 4300 | Interest and Dividends | | 8,849 |
| **Total Amounts Agreed to be Spent** | | **$** | **35,501,730** |
| **Who did the Money go to?** | | | |
| For Profit | | $ | 13,568,632 |
| Government | | | 6,389,316 |
| Employees | | | 13,201,095 |
| Grants | | | 1,952,345 |
| Other | | | 390,342 |
| **Total Amounts Agreed to be Spent** | | **$** | **35,501,730** |