



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



# **Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2014**



**U.S. DEPARTMENT OF JUSTICE  
ANNUAL FINANCIAL STATEMENTS  
FISCAL YEAR 2014**

**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, 2014, and September 30, 2013. 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. The FY 2014 audit resulted in an unmodified opinion on the financial statements. 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. For FY 2013, the Department also received an unmodified opinion on its financial statements (OIG Audit Report No. 14-04).

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 2014 *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 2014, the Department made measurable progress toward implementing the Unified Financial Management System, which replaced four of five major non-integrated legacy accounting systems. 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, and achieve the economies of scale that it originally envisioned. As discussed in past years, we believe the most important challenge facing the Department in its financial management is to fully implement an integrated financial management system to replace the remaining major non-integrated legacy accounting system used by three of the Department's nine reporting components.

No instances of non-compliance or other matters were identified during the audit that are required to be reported under *Government Auditing Standards*, in the FY 2014 *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 November 12, 2014, 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.

**AUDIT OF THE  
U.S. DEPARTMENT OF JUSTICE  
ANNUAL FINANCIAL STATEMENTS  
FISCAL YEAR 2014**

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**Management's Discussion and Analysis**

**(Unaudited)**

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## Management's Discussion and Analysis (Unaudited)

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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) 2014-2018, 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:

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**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.

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

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**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.

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**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.

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### 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 2014 – 2018 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/strategic-plan-fiscal-years-2014-2018-0>.

The table below provides an overview of the Department’s FY 2014 - 2018 strategic goals and objectives.

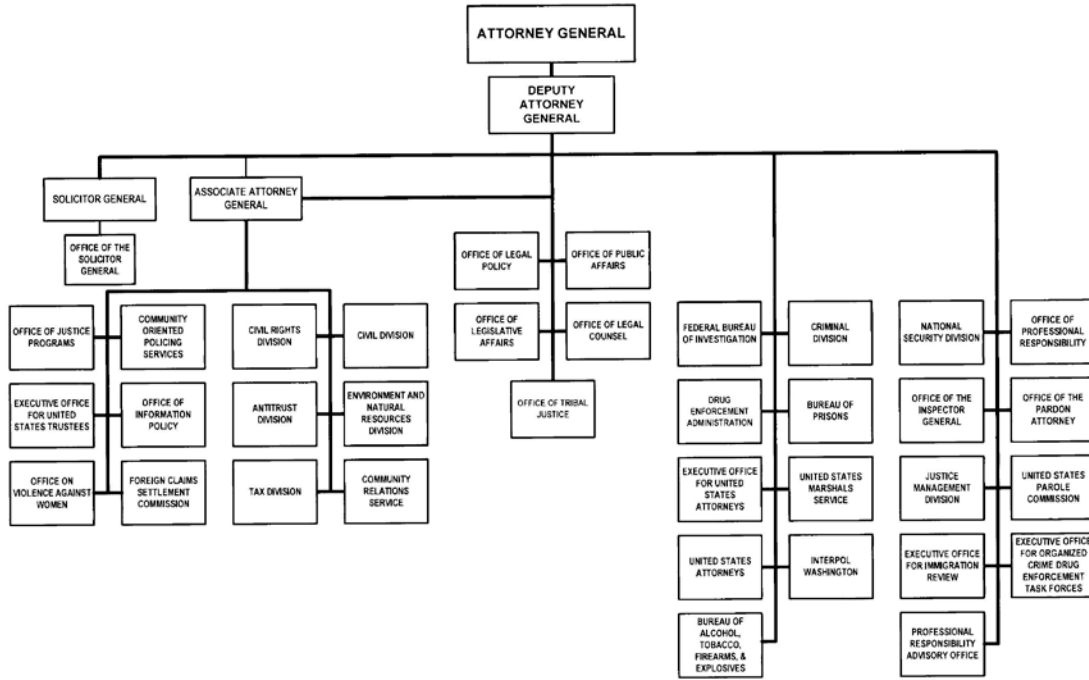
<b>Strategic Goal</b>		<b>Strategic Objectives</b>
<b>1</b>	Prevent Terrorism and Promote the Nation’s Security Consistent with the Rule of Law	<p><b>1.1</b> Prevent, disrupt, and defeat terrorist operations before they occur by integrating intelligence and law enforcement efforts to achieve a coordinated response to terrorist threats</p> <p><b>1.2</b> Prosecute those involved in terrorists acts</p> <p><b>1.3</b> Investigate and prosecute espionage activity against the United States, strengthen partnerships with potential targets of intelligence intrusions, and proactively prevent insider threats</p> <p><b>1.4</b> Combat cyber-based threats and attacks through the use of all available tools, strong public-private partnerships, and the investigation and prosecution of cyber threat actors</p>
<b>2</b>	Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law	<p><b>2.1</b> Combat the threat, incidence, and prevalence of violent crime by leveraging strategic partnerships to investigate, arrest, and prosecute violent offenders and illegal firearms traffickers</p> <p><b>2.2</b> Prevent and intervene in crimes against vulnerable populations and uphold the rights of, and improve services to, America’s crime victims</p> <p><b>2.3</b> Disrupt and dismantle major drug trafficking organizations to combat the threat, trafficking, and use of illegal drugs and the diversion of licit drugs</p> <p><b>2.4</b> Investigate and prosecute corruption, economic crimes, and transnational organized crime</p> <p><b>2.5</b> Promote and protect American civil rights by preventing and prosecuting discriminatory practices</p> <p><b>2.6</b> Protect the federal fisc and defend the interests of the United States</p>
<b>3</b>	Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels	<p><b>3.1</b> Promote and strengthen relationships and strategies for the administration of justice with law enforcement agencies, organizations, prosecutors, and defenders through innovative leadership and programs</p> <p><b>3.2</b> Protect judges, witnesses, and other participants in federal proceedings by anticipating, deterring, and investigating threats of violence</p> <p><b>3.3</b> Provide safe, secure, humane, and cost-effective confinement and transportation of federal detainees and inmates</p> <p><b>3.4</b> Reform and strengthen America’s criminal justice system by targeting the most serious offenses for federal prosecution, expanding the use of diversion programs, and aiding inmates in reentering society</p> <p><b>3.5</b> Apprehend fugitives to ensure their appearance for federal judicial proceedings or confinement</p> <p><b>3.6</b> Prevent and respond to genocide and mass atrocities and ensure that perpetrators of such crimes are held accountable in the United States, and if appropriate, their home countries</p> <p><b>3.7</b> Adjudicate all immigration cases promptly and impartially in accordance with due process</p> <p><b>3.8</b> Strengthen the government-to-government relationship between tribes and the United States, improve public safety in Indian Country, and honor treaty and trust responsibilities through consistent, coordinated policies, activities, and litigation</p>


## Organizational Structure

Led by the Attorney General, the Department is comprised of forty separate component organizations. More than 112,000 employees ensure that the Department carries out the individual missions of its components. 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



Approved by  Date: 11/26/12  
 ERIC H. HOLDER, JR.  
 Attorney General

## 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**

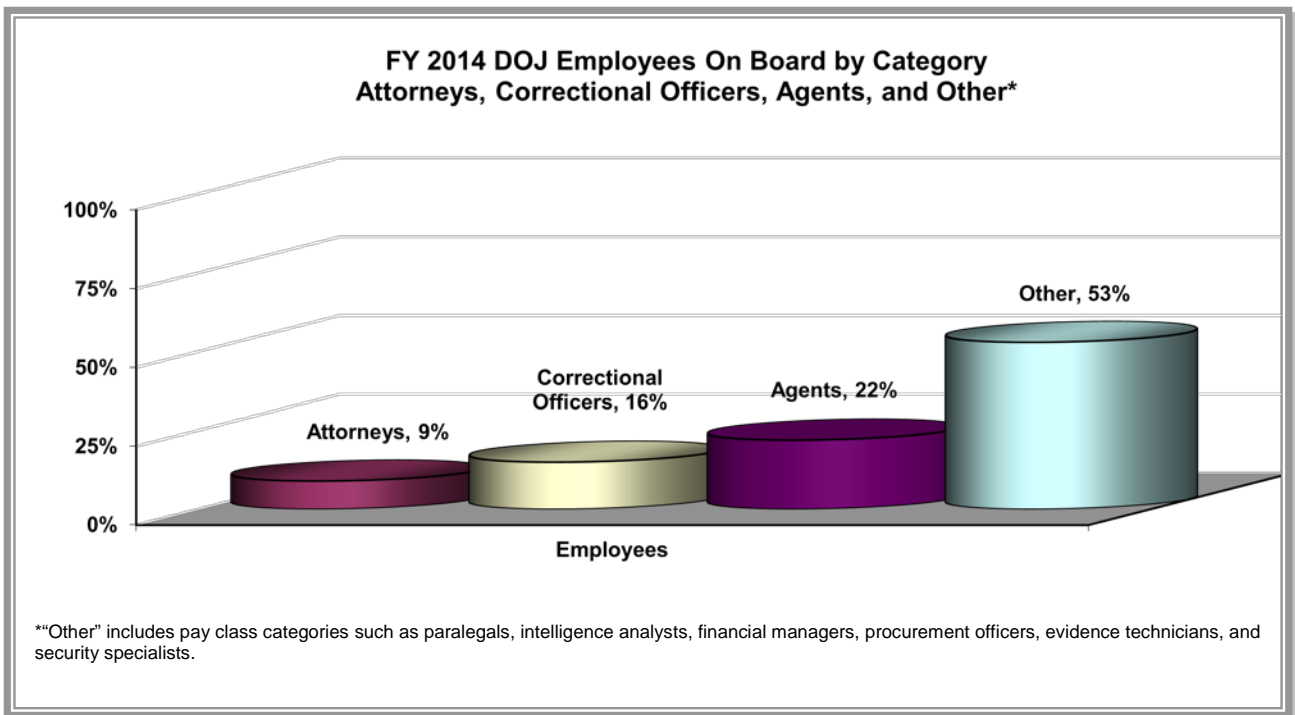
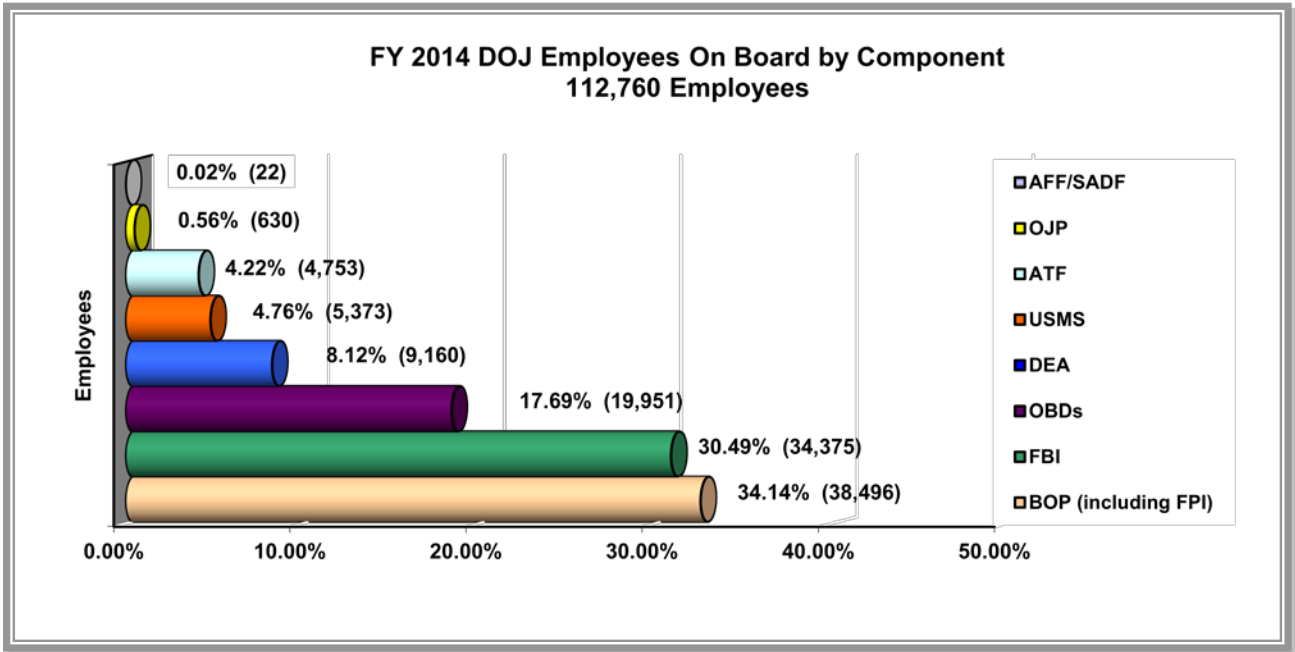
Foreign Claims Settlement Commission  
U.S. Parole Commission

#### **Divisions**

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

## FY 2014 Resource Information

The following pages provide summary-level resource and performance information regarding the Department's operations for FY 2014. The charts on this page reflect employees on board as of September 20, 2014.



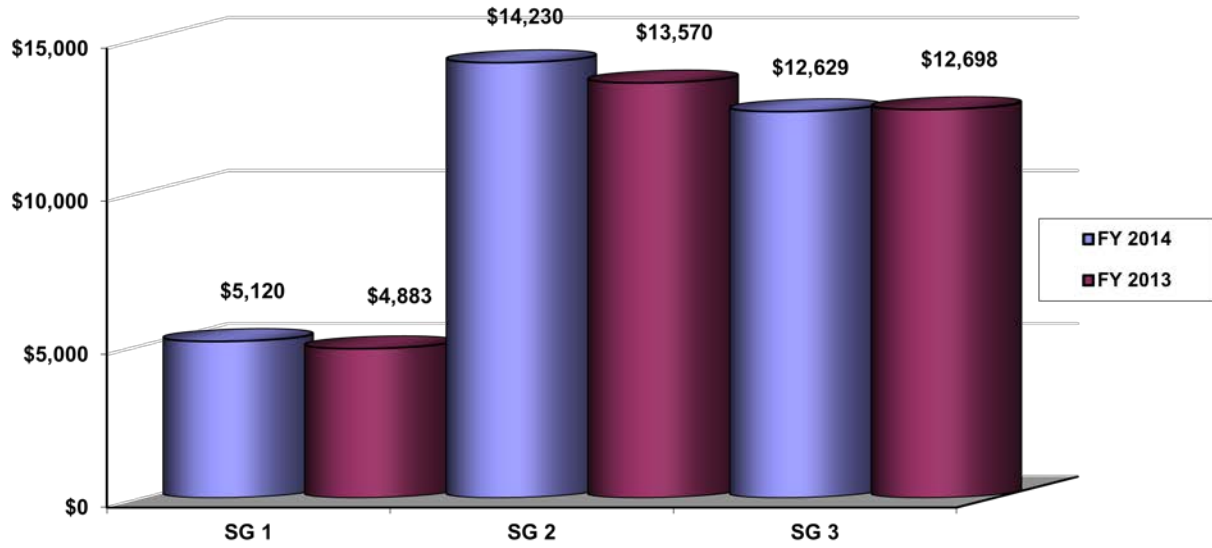
**Table 1. Sources of DOJ Resources**  
(Dollars in Thousands)

Source	FY 2014	FY 2013	% Change
<b>Earned Revenue:</b>	\$3,251,190	\$3,113,417	4.4%
<b>Budgetary Financing Sources:</b>			
Appropriations Received	27,997,724	28,123,027	(0.5)%
Appropriations Transferred-In/Out	345,106	255,845	34.9%
Nonexchange Revenues	3,598,993	1,496,352	140.5%
Donations and Forfeitures of Cash and Cash Equivalents	4,158,820	1,826,480	127.7%
Transfers-In/Out Without Reimbursement	(595,090)	140,230	(524.4)%
Other Adjustments	(302,829)	(2,576,563)	88.3%
<b>Other Financing Sources:</b>			
Donations and Forfeitures of Property	308,307	185,772	66.0%
Transfers-In/Out Without Reimbursement	3,635	2,080	74.8%
Imputed Financing from Costs Absorbed by Others	939,382	801,659	17.2%
Other Financing Sources	(8,193)	(6,166)	(32.9)%
<b>Total DOJ Resources</b>	<b>\$39,697,045</b>	<b>\$33,362,133</b>	<b>19.0%</b>

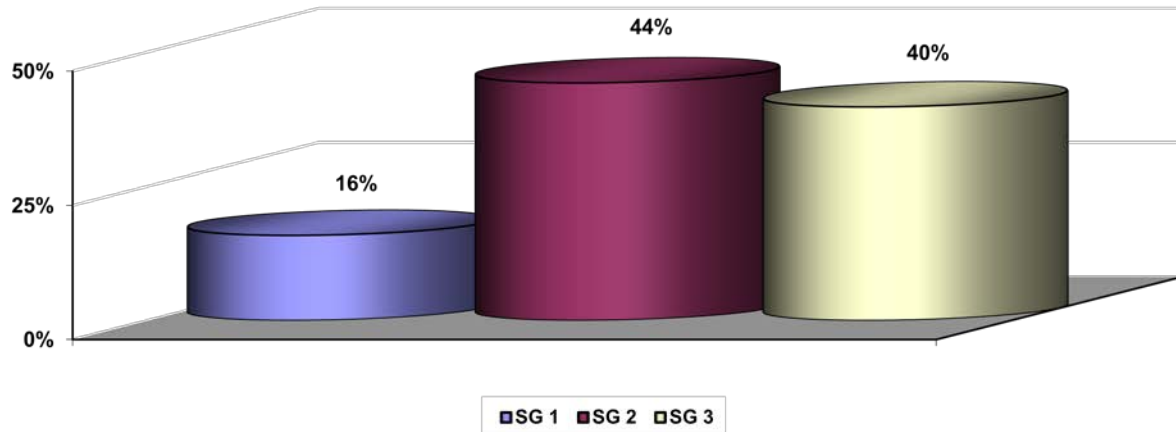
**Table 2. How DOJ Resources Are Spent**  
(Dollars in Thousands)

Strategic Goal (SG)	FY 2014	FY 2013	% Change
<b>1</b> Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law			
Gross Cost	\$5,459,954	\$5,298,969	
Less: Earned Revenue	<u>340,166</u>	<u>415,733</u>	
<i>Net Cost</i>	5,119,788	4,883,236	4.84%
<b>2</b> Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law			
Gross Cost	15,878,744	14,933,060	
Less: Earned Revenue	<u>1,648,894</u>	<u>1,432,506</u>	
<i>Net Cost</i>	14,229,850	13,569,554	4.87%
<b>3</b> Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels			
Gross Cost	13,891,586	13,972,418	
Less: Earned Revenue	<u>1,262,130</u>	<u>1,274,178</u>	
<i>Net Cost</i>	12,629,456	12,698,240	(0.54)%
<b>Total Gross Cost</b>	<b>35,230,284</b>	<b>34,264,447</b>	
<b>Less: Total Earned Revenue</b>	<b><u>3,251,190</u></b>	<b><u>3,113,417</u></b>	
<b>Total Net Cost of Operations</b>	<b>\$31,979,094</b>	<b>\$31,151,030</b>	<b>2.66%</b>

**Comparison of Net Costs by Strategic Goal - FY 2014 and 2013**  
(Dollars in Millions)



**FY 2014 Percentage of Net Costs by Strategic Goal**





## Analysis of Financial Statements

The Department's financial statements received an unmodified audit opinion for the fiscal years ended September 30, 2014 and 2013. 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 2014. The complete set of financial statements, related notes, and the opinion of the Department's auditors are provided in pages 33 through 95 of this document.

**Assets:** The Department's Consolidated Balance Sheet as of September 30, 2014, shows \$47.0 billion in total assets, an increase of \$5.6 billion over the previous year's total assets of \$41.4 billion. Fund Balance with U.S. Treasury (FBWT) was \$26.9 billion, which represented 57.2 percent of total assets.

**Liabilities:** Total Department liabilities were \$16.6 billion as of September 30, 2014, an increase of \$1.3 billion from the previous year's total liabilities of \$15.3 billion. This change is primarily due to the significant increase of activities related to forfeitures of which will subsequently be paid to third parties when settlements are reached.

**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 \$32 billion for the fiscal year ended September 30, 2014, an increase of \$0.8 billion from the previous year's net cost of operations of \$31.2 billion. This increase is related to an overall increase in victim cases related to third party payments and forfeitures.

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 (OLC), 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, 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.<sup>1</sup>

**Budgetary Resources:** The Department's FY 2014 Combined Statement of Budgetary Resources shows \$44.1 billion in total budgetary resources, an increase of \$4.6 billion from the previous year's total budgetary

<sup>1</sup> 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.

resources of \$39.5 billion. The increase shown on the Other Adjustment line in Table 1 is primarily attributed to forfeitures, permanent cancellations, non- exchange revenues, and recoveries.

**Net Outlays:** The Department's FY 2014 Combined Statement of Budgetary Resources shows \$29.0 billion in net outlays, a decrease of \$1.2 billion from the previous year's total net outlays of \$30.2 billion. This decrease is primarily related to forfeitures, permanent cancellations, and receipts.

## Summary of Performance Information

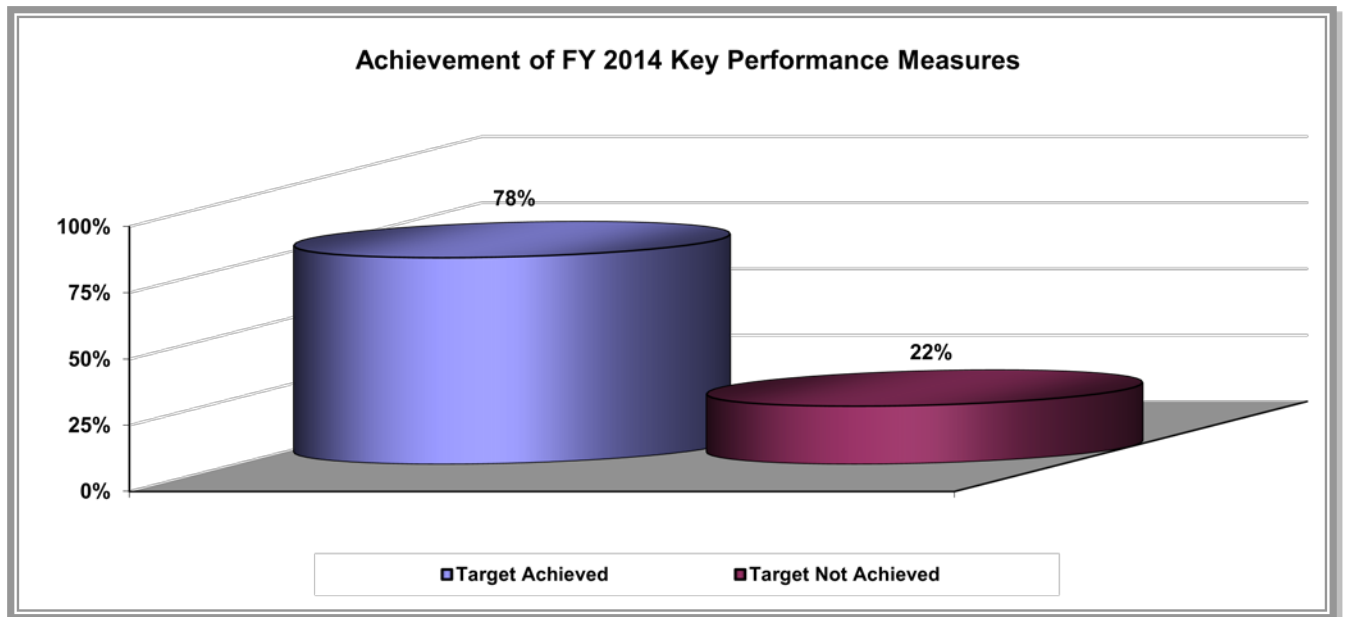
The Government Performance and Results Act Modernization Act of 2010 (GPRAMA) requires an agency's Strategic Plan to be updated every four years and cover a period of not less than four years forward from the fiscal year in which it is submitted.

The Department's FY 2014-2018 Strategic Plan, which contains three strategic goals, is used for this report. The Department's Plan also includes 30 key performance measures addressing DOJ's priorities toward achieving its long-term outcome goals. The performance measures are summarized in this document. The Department's full Performance Report for these measures will be reported in the Department's FY 2014 Annual Performance Report/FY 2016 Annual Performance Plan and submitted with the President's Budget in February 2015. The Department strives to present the highest-level outcome-oriented measures available.

During FY 2014, 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, 84 percent of the performance measures have actual data for FY 2014. The Department achieved 78 percent of its key measures that had data available as of September 30, 2014. For some of the performance measures, the actual data will not be available until early 2015. 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.

The chart below and the table that follows summarize the Department's achievement of its FY 2014 long-term outcome goals (key performance measures).



**FY 2014 Long-term Outcome Goals**  
**(Key Performance Measures)**

[ ] Designates the reporting entity		FY 2013 Revised Actual	FY 2014 Target	FY 2014 Actual	Target Achieved/ Not Achieved
<b>Strategic Objective</b>	<b>Strategic Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law</b>				
1.1	Number of terrorism disruptions [FBI]	N/A*	50*	214	Met
1.2	Percentage of counterterrorism defendants whose cases were favorably resolved [NSD]	90%	90%	92%	Met
1.3	Percentage of counterespionage actions and disruptions against national counterintelligence priorities that result from FBI outreach [FBI]	N/A*	10%*	7.3%	Not Met
	Percentage of counterespionage defendants whose cases were favorably resolved [NSD]	100%	90%	98%	Met
1.4	Number of computer intrusion program disruptions and dismantlements [FBI]	N/A*	100*	2,492	Met
	Percentage of cyber defendants whose cases were favorably resolved [NSD]	N/A*	90%*	N/A**	N/A

	[ ] Designates the reporting entity	FY 2013 Revised Actual	FY 2014 Target	FY 2014 Actual	Target Achieved/ Not Achieved
<b>Strategic Objective</b>	<b>Strategic Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law</b>				
2.1	Number of gangs/criminal enterprise dismantlements (non-CPOT) [FBI]	251	99	167	Met
	Percent of criminal cases favorably resolved [USA, CRM]	92%	90%	93%	Met
2.2	Number of communities with improved capacity for a coordinated response to domestic violence, dating violence, sexual assault, and stalking [OVW]	5,035	5,008	TBD****	TBD
	Percent of children recovered within 72 hours of an issuance of an AMBER alert [OJP]	94.9%	90%	97%	Met
2.3	Consolidated Priority Organizations Target (CPOT)-linked drug trafficking organizations [DEA, FBI (Consolidated data-OCDETF)]				
	Dismantled	219	150	208	Met
	Disrupted	500	350	431	Met
2.4	Number of criminal enterprises engaging in white collar crime dismantled [FBI]	458	368	464	Met
	Percentage of dollar amounts sought by the government recovered [CIV]	85%	85%	85%	Met
2.5	Percent of civil rights cases favorably resolved: criminal cases [CRT]	94%	85%	90%	Met
	Percent of civil rights cases favorably resolved: civil cases [CRT]	84%	85%	99%	Met
2.6	Case resolution for DOJ litigating divisions – percent of criminal cases favorably resolved [ATR, CIV, CRM, ENRD, TAX, USA]	92%	90%	93%	Met
	Case resolution for DOJ litigating divisions – percent of civil cases favorably resolved [ATR, CIV, CRM, ENRD, TAX, USA]	85%	80%	83%	Met

	[ ] Designates the reporting entity	FY 2013 Revised Actual	FY 2014 Target	FY 2014 Actual	Target Achieved/ Not Achieved
<b>Strategic Objective</b>	<b>Strategic Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels</b>				
3.1	Percent of grantees implementing one or more evidence-based programs [OJP/OJJDP]	66%	53%	TBD***	TBD
3.2	Assaults against protected court members [USMS]	0	0	0	Met
3.3	Percent of system-wide crowding in federal prisons [BOP]	36%	33%	30%	Met
3.4	Number of inmate participants in the Residential Drug Abuse Program [BOP]	15,891	16,812	18,102	Met
	Percent of youths who exhibit a desired change in the targeted behavior [OJP]	71%	71%	TBD***	TBD
3.5	Percent and number of USMS federal fugitives apprehended or cleared [USMS]	64%/32,811	58%/30,711	63%/30,792	Met
	Number of red and green notices published on U.S. fugitives and sex offenders [IPOL]	Red-473 Green-769	Red-487 Green-792	Red-431 Green-655	Not Met Not Met
3.6	Number of training sessions or presentations given with the goal of building the capacity of foreign law enforcement, prosecutors, and judicial systems regarding the investigation and prosecution of serious criminal offenses, including genocide and mass atrocities [CRM]	N/A*	N/A*	1,237	Met
	Percent of Institutional Hearing Program cases completed before release [EOIR]	83%	85%	79%	Not Met
3.7	Percent of detained cases completed within 60 days [EOIR]	73%	85%	74%	Not Met
	Percent of detained appeals completed within 150 days [EOIR]	97%	90%	93%	Met
3.8	Number of meetings conducted with the Tribal Nations Leadership Council and the OTJ to further the government-to-government relationship between tribes and the Department, obtain perspective on the Department's activities in Indian Country, and raise issues that have tribal implications [OTJ]	N/A*	14*	12	Not Met
	Number of individuals in Indian Country that are receiving substance abuse treatment services (in-patient or out-patient), including Healing-to-Wellness Court [OJP]	N/A*	N/A*	TBD****	TBD

\*New measure baselined in FY 2014.

\*\*There were no cyber cases resolved during FY 2014.

\*\*\*Final actual figures will be available in May 2015.

\*\*\*\*Final actual figure will be available in December 2014.

## FY 2014 – 2015 Priority Goals

Federal agencies are required 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 represent critical elements of a federal agency's strategic plan and are linked to the larger DOJ policy framework and strategic plan goals.

The Department developed a new set of FY 2014-2015 Priority Goals to replace the FY 2012-2013 Priority Goals. The new Priority Goals align with the FY 2014-2018 Strategic Plan, and are reported on a quarterly basis via [www.performance.gov](http://www.performance.gov). The FY 2014-2015 Priority Goals are:

Priority Goal 1, National Security: Protect Americans from terrorism and other threats to National Security, including cyber security threats.

By September 30, 2015, the Department of Justice will:

- Disrupt 125 terrorist threats and groups and disrupt and dismantle 200 cyber threat actors

Terrorism is the most significant national security threat that 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.

Status: The Department of Justice made significant achievements in its National Security Priority Goal for FY 2014. The Department surpassed its annual FY 2014 targets for both its cyber and its counterterrorism performance measures, and also leveraged technology to effectively share intelligence with the U.S. Intelligence Community and Law Enforcement via the Guardian and eGuardian systems. The Department's Guardian threat and incident tracking system is also now being used by all six federal Cybersecurity Centers for the purpose of coordinating and tracking cyber incidents and for all contact with victim entities.

Throughout FY 2014, the FBI executed its cyber mission by identifying, pursuing, and defeating cyber adversaries targeting global U.S. interests. For FY 2014, the FBI had a total of 2,492 cyber disruptions and dismantlements, substantially exceeding its baseline performance target of 100 disruptions and dismantlements because of significant, coordinated operational activity. In May 2014, the FBI New York Field Office announced the results of the largest law enforcement cyber action in U.S. history. This takedown was of a particularly insidious computer malware known as Blackshades, which was sold and distributed to thousands of people in more than 100 countries and was used to infect more than half a million computers worldwide.

The number of terrorism disruptions effected through counterterrorism investigations greatly surpassed its annual target by 428% (214 vs. 50). In executing the FBI's number one priority to protect the U.S. from terrorist attacks, disruptions remain a key statistic that directly speaks to its counterterrorism responsibilities. The FBI is committed to stopping terrorism of any kind at any stage as evidenced by its transformation into a proactive agency.

Priority Goal 2, Violent Crime: Protect our Communities by Reducing Gun Violence using smart prevention and investigative strategies in order to prevent violent acts from occurring.

By September 30, 2015, the Department will:

- Increase the number of records submitted to the National Instant Criminal Background Check System (NICS) Index by states and federal agencies by 10%;
- Increase the number of records entered into the National Integrated Ballistic Information Network (NIBIN) by 3%; and
- Increase the number of NIBIN “hits”, that is, the linkage of two or more separate crime scene investigations, based upon comparisons of the markings made on fired ammunition recovered from crime scenes by 3%.

Gun-related violence continues to constitute a serious threat to public safety throughout the United States. While data shows that overall violent crime in the United States has decreased in the past thirty years, many communities continue to experience high levels of gun violence. The Department recognizes that the challenges confronting each community are different and require solutions tailored to each community’s needs. The Department will focus its actions and resources on 1) gun-violence prevention, by effecting an increase in the number of records submitted to NICS Index, which in turn supports the Department’s efforts to accurately and expeditiously identify persons who are legally prohibited from possessing firearms and 2) enhanced and more effective investigation by substantially increasing the number of records entered into NIBIN that contribute to investigative leads. Collectively, accomplishment of these goals will demonstrate and facilitate our progress in preventing and investigating gun-related violent crime.

Status: The Department exceeded its FY 2014 targets for the three performance measures for the Violent Crime Priority Goal. The number of records submitted to the NICS Index in FY 2014 exceeded the Department’s annual target of 1,104,426 submitted records by 476,470 records for a total of 1,580,896 records or by 43%. As a result of this action, 87,160 persons were legally denied firearms due to the expeditious and accurate NICS background check and denial process. For the measure concerning the increase in the number of entries submitted to ATF’s NIBIN system, the Department also exceeded its target of 172,826 submitted records by 33,685 records for a total of 206,511 records or 19.4%. 11,506 NIBIN “hits” or a linkage of crime scene investigations as a result of NIBIN data made in FY 2014 surpassed the Department’s annual target of 5,769 hits by 5,737 hits or by 199%.

During FY 2014, the Department also conducted a vigorous outreach program with its law enforcement partners and conducted numerous training activities. 2,726 federal, state, and local users were trained in the uses of NIBIN and 2,058 investigators and analysts were trained to identify how NIBIN can assist in the investigation process. NIBIN presentations were made to task force officers, conferences such as the International Homicide Investigators Conference and the Major City Chiefs Association, and numerous meetings with its law enforcement partners.

Priority Goal 3, Financial and Healthcare Fraud: Reduce financial and healthcare fraud.

By September 30, 2015, the Department of Justice will:

- Reduce by 3%, the number of financial and healthcare fraud investigations pending longer than 2 years to efficiently and effectively drive those investigations to resolution.

Criminals who commit financial fraud, be it mortgage fraud, securities, and commodities fraud, or insider trading, victimize the American public as a whole by undermining the fairness that is critical to all who participate in our economy – from homeowners and private investors to major business leaders. 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 healthcare for all Americans and endangering the short-term and long-term solvency of these essential healthcare programs. The Department will continue to address these critical problems by vigorously



investigating and prosecuting both healthcare fraud and financial fraud, in order to protect American businesses, consumers, and taxpayers.

Status: The Department made significant progress in FY 2014 in reducing the number of financial and healthcare fraud investigations pending longer than 2 years. Through the end of FY 2014, the Department had reduced the number of pending investigations to 4,753, which is 7% below the annual target of 5,075. The decrease in number is due to greater attention to and focus on financial and healthcare fraud investigations pending longer than two years (“aging matters”) by United States Attorneys’ Offices.

The investigation of complex health care and financial fraud schemes necessarily require a greater commitment of time and resources than typical fraud matters. Such investigations often require a mastery of the regulatory scheme governing the underlying government program at issue, the interview of a multitude of witnesses, analyses of massive amounts of documentary material, and the coordination of numerous federal and state law enforcement authorities with responsibility over such matters. Nevertheless, there are compelling reasons to move these matters in as expeditious a manner as possible.

The Department will continue to vigorously investigate and prosecute both financial fraud and healthcare fraud related cases in order to protect American businesses, consumers, and taxpayers. As an example, the Department came to a resolution with global health care giant Johnson & Johnson (J&J) and its subsidiaries to pay more than \$2.2 billion to resolve criminal and civil liability arising from allegations relating to the prescription drugs Risperdal, Invega, and Natrecor, including promotion for uses not approved as safe and effective by the Food and Drug Administration and payment of kickbacks to physicians and to the nation's largest long-term care pharmacy provider. The global resolution is one of the largest health care fraud settlements in U.S. history, including criminal fines and forfeiture totaling \$485 million and civil settlements with the federal government and states totaling \$1.72 billion.

Priority Goal 4, Vulnerable People: Protect vulnerable populations by increasing the number of investigations and litigation matters concerning child exploitation, human trafficking, and non-compliant sex offenders; and by improving programs to prevent victimization, identify victims, and provide services. By September 30, 2015, working with federal, state, local, and tribal partners, protect potential victims from abuse and exploitation through three sets of key indicators:

- Open investigations concerning non-compliant sex offenders (4% over average of FYs 2012, 2013), sexual exploitation of children (3% over average of FYs 2011, 2012, 2013), and human trafficking (2% over FY 2013)
- Open litigation matters concerning sexual exploitation of children and human trafficking (5% increase over baseline)
- Percent of children recovered within 72 hours of issuance of an AMBER alert (90%)

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.

Status: The Department exceeded its FY 2014 Vulnerable People Priority Goal annual performance measure targets for four out of six of its performance measures. Opened investigations concerning non-compliant sex offenders exceeded the annual target (1,805) by 254 or 14%. Opened litigation matters concerning the sexual exploitation of children exceeded the annual target (5,295) by 645 or 12%. Opened investigations concerning human trafficking exceeded the annual target (216) by 71 or 33%. Within 72 hours of an issuance of an AMBER alert, recover at least 90% of the children reported missing exceeded its annual target (90%) by attaining a 97% recovery rate. The fifth measure, opened litigation matters concerning human trafficking, achieved 98% (164) of its annual target (167). These matters are a result of referrals from the FBI and

agencies outside the Department of Justice. The number of referrals varies and is outside the Department's control. The sixth measure, opened investigations concerning the sexual exploitation of children, achieved 99% of its FY 2014 annual target (3,006). Productivity was negatively impacted in FY 2014 due to the fiscal climate associated with sequestration and the corresponding government shutdown in the 1<sup>st</sup> quarter.

During FY 2014, to address the mistreatment of elderly persons, the Department launched its Elder Justice website and, with the Department of Health and Human Services, released the Elder Justice Roadmap Report, a resource for combatting and preventing elder abuse. Also in FY 2014, in its efforts to improve the federal response to the needs of American Indian and Alaska Native children, the Department reviewed systems for background checks for providers of services and identified areas for enhanced efficiency and reliability; created a chart to track health, safety, and welfare systems; and developed a training calendar for federal, tribal, and state criminal justice and social service personnel. To serve victims of human trafficking, in FY 2014, the Department, with other agencies, developed the Federal Strategic Action Plan on Services for Victims of Trafficking in the United States; created a public service announcement on human and labor trafficking, featuring survivors of trafficking; and released two studies of labor trafficking.

## 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 AFR.

Departmental management continued in FY 2014 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). The Department also assessed whether its financial management systems conform to financial system requirements (FMFIA § 4). Based on the results of the assessments, we can provide qualified assurance that the Department's 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 30 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, 2014, 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, we can provide reasonable assurance that the Department's internal control over financial reporting was operating effectively as of June 30, 2014. The assessment did not identify any material weaknesses in the design or operation of the controls. The Department is reviewing a matter related to accounting closeout procedures for canceled appropriations with the Department of the Treasury and OMB and expects to complete the review in FY 2015.

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 the 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 internal review activities, by the Office of the Inspector General, and by the Government Accountability Office. We look forward in FY 2015 to building on our achievements as we continue the important work of the Department.



Eric H. Holder, Jr.  
Attorney General  
November 12, 2014

## **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. Furthermore, the Act requires independent auditors to report on agency compliance with the three requirements in the financial statement audit report. The Federal Information Security Management Act (FISMA) states that to be substantially compliant with FFMIA, there are to be no significant deficiencies in information security policies, procedures, or practices. Guidance for implementing the FFMIA is provided through OMB Circular A-123, Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996*.

### **FFMIA Compliance Determination**

During FY 2014, 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 one remaining major non-integrated legacy accounting system 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 2014, 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, AFMS, and FBI which occurred in FYs 2011 through 2014. The UFMS implementation goals 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 enabled components to improve financial and budget management and realize increased efficiencies. 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**

<b>Financial Statement Audit Opinion and Material Weaknesses</b>					
<b>Audit Opinion</b>	Unmodified				
<b>Restatement</b>	No				
<b>Material Weaknesses</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Ending Balance</b>
None	0	0	0	0	0
<b>Total Material Weaknesses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4. Summary of Management Assurances**

<b>Effectiveness of Internal Control over Programmatic Operations (FMFIA § 2)</b>						
<b>Statement of Assurance</b>	Qualified					
<b>Material Weaknesses</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Reassessed</b>	<b>Ending Balance</b>
Prison Crowding	1	0	0	0	0	1
<b>Total Material Weaknesses</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)</b>						
<b>Statement of Assurance</b>	Unqualified					
<b>Material Weaknesses</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Reassessed</b>	<b>Ending Balance</b>
None	0	0	0	0	0	0
<b>Total Material Weaknesses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Conformance with Financial Management System Requirements (FMFIA § 4)</b>						
<b>Statement of Assurance</b>	Systems Conform					
<b>Non-conformances</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Reassessed</b>	<b>Ending Balance</b>
None	0	0	0	0	0	0
<b>Total Non-conformances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Compliance with Federal Financial Management Improvement Act (FFMIA)</b>						
<b>Compliance with Specific Requirements</b>						
<b>Specific Requirements</b>	<b>Agency</b>			<b>Auditor</b>		
<b>System Requirements</b>	No Lack of Substantial Compliance Noted			No Lack of Substantial Compliance Noted		
<b>Accounting Standards</b>	No Lack of Substantial Compliance Noted			No Lack of Substantial Compliance Noted		
<b>USSGL at Transaction Level</b>	No Lack of Substantial Compliance Noted			No Lack of Substantial Compliance Noted		

## Summary of Material Weakness and Corrective Actions

A summary of the material weakness identified in the Department's FY 2014 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, 2014, the inmate population housed in BOP operated institutions exceeded the rated housing capacity by 30 percent. The BOP's Long Range Capacity Plan relies on multiple approaches to house the 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 2016 is projected to be 17 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 follows of actions taken by Departmental management in FY 2014 for continuous implementation of the Improper Payments Information Act of 2002 (IPIA), as amended.<sup>2</sup> 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 Estimation 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 1.5 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, 2014, 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. The OMB implementing guidance requires agencies to report on the funding received under the Act beginning in FY 2014. In accordance with the requirements, the Department's IPIA reporting in Appendix A addresses the funding received under the Disaster Relief Act as susceptible to significant improper payments.

### 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. 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.

In FY 2014, as required by the IPIA, as amended, and OMB implementing guidance, the Department measured payment recapture performance and updated its payment recovery rate targets through FY 2017. Based on performance through the period ended September 30, 2014, the Department achieved a payment

<sup>2</sup> The IPIA was amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).



recovery rate of 86 percent for the cumulative period of FYs 2004 through 2014. 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.

### **Budget Constraints and Uncertainties**

- The Department's mission and its employees are inextricably linked; we cannot fulfill our mission without our employees. As of September 20, 2014, DOJ had nearly 5,200 fewer staff than in January 2011, primarily due to budget constraints and limitations. The Department has fewer staff to conduct investigations, address legal matters, adjudicate immigration cases, and support state, local, and tribal partners. Budget constraints and uncertainties affect not only the Department, but also the Courts and other key participants in the criminal justice system, resulting in delayed access to justice.
- While the Bipartisan Budget Act of 2013 enacted by Congress halted sequestration for FY 2014 and FY 2015, continued uncertainty remains for the years beyond. Budget cuts through sequestration or appropriation limitations in FY 2016 would be detrimental to the Department and would result in significant operating challenges.

### **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 (Recovery 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.
- In September 2011, OMB directed agencies to complete Recovery Act activities by September 30, 2013. For the majority of the Department's programs, funds were expended and programmatic activities came to an end by that date. However, the Department received a waiver from this directive for a few of its inherently long-term assistance efforts, such as increasing tribal prison capacity and adding to the number of officers on the streets. Recovery Act funds will continue to support these long-term programs through FY 2015.
- Unobligated balances will be rescinded and transferred to the Treasury by the end of FY 2015.
- Reporting of performance and financial activity was suspended by the Recovery Accountability and Transparency Board in January 2014.
  - Historical 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/arra/Pages/default.aspx>.

- The following table summarizes appropriations, obligations, and outlays by component, as of September 30, 2014:

(Dollars in Thousands)

<b>Component</b>	<b>Appropriation Amount</b>	<b>Obligations*</b>	<b>Outlays</b>	<b>Expired Unobligated Balances**</b>
OJP	\$2,761,930	\$2,738,044	\$2,727,760	\$23,886
OVW	\$225,564	\$216,388	\$215,040	\$9,176
COPS	\$1,002,506	\$947,364	\$916,920	\$55,142
ATF	\$10,000	\$9,365	\$9,365	\$635
OIG	\$2,000	\$2,000	\$2,000	\$0
<b>DOJ Total</b>	<b>\$4,002,000</b>	<b>\$3,913,161</b>	<b>\$3,871,085</b>	<b>\$88,839</b>

\*Reductions in obligations from previous year are due to unspent funds returned upon closeout of award.

\*\*Balances reflect Recoveries.

## 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.

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**Independent Auditors' Reports**

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## **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, 2014 and 2013, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources and custodial activity 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. 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 auditor considers 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 is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion on the Financial Statements***

In our opinion, 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, 2014 and 2013, 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.

### ***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 basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidating information, Combined Schedule of Spending, and Freeze the Footprint is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we 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 report dated November 12, 2014 on our consideration of the Department's internal control over financial reporting, and our report dated November 12, 2014 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**

Washington, D.C.  
November 12, 2014





**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, 2014 and 2013, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources and custodial activity for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 12, 2014.

### **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, 2014, 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

Washington, D.C.  
November 12, 2014



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, 2014 and 2013, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources and custodial activity for the years then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated November 12, 2014.

### **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 and one other matter that is required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 14-02, and which is described below.

Management is currently reviewing matters related to accounting closeout procedures for canceled appropriations, which management does not believe are violations of the *Anti-Deficiency Act*. As of the date of this report, the outcome of these matters, and any resulting ramifications, are not known. These matters are expected to be concluded in fiscal year 2015.

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

Washington, D.C.  
November 12, 2014

**Principal Financial Statements  
And Related Notes**

See Independent Auditors' Report on ~~W~~Financial Statements

**U. S. Department of Justice  
Consolidated Balance Sheets  
As of September 30, 2014 and 2013**

<b>Dollars in Thousands</b>	<b>2014</b>	<b>2013</b>
<b>ASSETS (Note 2)</b>		
Intragovernmental		
Fund Balance with U.S. Treasury (Note 3)	\$ 26,878,549	\$ 23,226,071
Investments, Net (Note 5)	8,940,208	6,650,960
Accounts Receivable, Net (Note 6)	507,672	452,327
Other Assets (Note 10)	74,062	92,370
<b>Total Intragovernmental</b>	<b>36,400,491</b>	<b>30,421,728</b>
Cash and Monetary Assets (Note 4)	190,965	174,798
Accounts Receivable, Net (Note 6)	93,326	81,892
Inventory and Related Property, Net (Note 7)	127,349	132,814
Forfeited Property, Net (Note 8)	138,265	141,354
General Property, Plant and Equipment, Net (Note 9)	9,678,390	10,017,323
Advances and Prepayments	379,236	444,174
Other Assets (Note 10)	5,138	4,677
<b>Total Assets</b>	<b>\$ 47,013,160</b>	<b>\$ 41,418,760</b>
<b>LIABILITIES (Note 11)</b>		
Intragovernmental		
Accounts Payable	\$ 341,756	\$ 339,253
Accrued Federal Employees' Compensation Act Liabilities	270,102	266,865
Custodial Liabilities (Note 21)	679,965	1,174,698
Other Liabilities (Note 15)	297,637	204,056
<b>Total Intragovernmental</b>	<b>1,589,460</b>	<b>1,984,872</b>
Accounts Payable	5,879,495	4,203,261
Accrued Grant Liabilities	485,533	387,629
Actuarial Federal Employees' Compensation Act Liabilities	1,679,245	1,632,616
Accrued Payroll and Benefits	310,667	269,621
Accrued Annual and Compensatory Leave Liabilities	823,263	826,369
Environmental and Disposal Liabilities (Note 12)	78,799	76,676
Deferred Revenue	662,462	621,440
Seized Cash and Monetary Instruments (Note 14)	1,410,443	1,485,687
Contingent Liabilities (Note 16)	58,125	26,571
Capital Lease Liabilities (Note 13)	191	8,763
Radiation Exposure Compensation Act Liabilities (Note 25)	561,661	660,465
September 11 <sup>th</sup> Victim Compensation Fund (Note 25)	2,700,584	2,751,712
Other Liabilities (Note 15)	365,562	411,311
<b>Total Liabilities</b>	<b>\$ 16,605,490</b>	<b>\$ 15,346,993</b>
<b>NET POSITION</b>		
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	\$ 32,750	\$ 35,768
Unexpended Appropriations - All Other Funds	9,585,702	8,649,121
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	15,511,728	11,940,472
Cumulative Results of Operations - All Other Funds	5,277,490	5,446,406
<b>Total Net Position</b>	<b>\$ 30,407,670</b>	<b>\$ 26,071,767</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 47,013,160</b>	<b>\$ 41,418,760</b>

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, 2014 and 2013**

**Dollars in Thousands**

	FY	Gross Costs			Less: Earned Revenues			Net Cost of Operations (Note 18)
		Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	
<b>Goal 1</b>	<b>2014</b>	\$ 1,684,531	\$ 3,775,423	\$ 5,459,954	\$ 332,420	\$ 7,746	\$ 340,166	\$ 5,119,788
	<b>2013</b>	\$ 1,357,360	\$ 3,941,609	\$ 5,298,969	\$ 399,360	\$ 16,373	\$ 415,733	\$ 4,883,236
<b>Goal 2</b>	<b>2014</b>	3,460,789	12,417,955	15,878,744	516,290	1,132,604	1,648,894	14,229,850
	<b>2013</b>	3,640,363	11,352,697	14,993,060	703,072	720,434	1,423,506	13,569,554
<b>Goal 3</b>	<b>2014</b>	2,693,150	11,198,436	13,891,586	656,021	606,109	1,262,130	12,629,456
	<b>2013</b>	2,330,720	11,641,698	13,972,418	674,252	599,926	1,274,178	12,698,240
<b>Total</b>	<b>2014</b>	<u>\$ 7,838,470</u>	<u>\$ 27,391,814</u>	<u>\$ 35,230,284</u>	<u>\$ 1,504,731</u>	<u>\$ 1,746,459</u>	<u>\$ 3,251,190</u>	<u>\$ 31,979,094</u>
	<b>2013</b>	<u>\$ 7,328,443</u>	<u>\$ 26,936,004</u>	<u>\$ 34,264,447</u>	<u>\$ 1,776,684</u>	<u>\$ 1,336,733</u>	<u>\$ 3,113,417</u>	<u>\$ 31,151,030</u>

- 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, 2014**

**Dollars in Thousands**

	2014			
	Funds from Dedicated Collections	All Other Funds	Eliminations	Total
<b>Unexpended Appropriations</b>				
<b>Beginning Balances</b>	\$ 35,768	\$ 8,649,121	\$ -	\$ 8,684,889
<b>Budgetary Financing Sources</b>				
Appropriations Received	41,680	27,956,044	-	27,997,724
Appropriations Transferred-In/Out	-	345,106	-	345,106
Other Adjustments	317	(273,146)	-	(272,829)
Appropriations Used	(45,015)	(27,091,423)	-	(27,136,438)
<b>Total Budgetary Financing Sources</b>	<b>(3,018)</b>	<b>936,581</b>	<b>-</b>	<b>933,563</b>
<b>Unexpended Appropriations</b>	<b>\$ 32,750</b>	<b>\$ 9,585,702</b>	<b>\$ -</b>	<b>\$ 9,618,452</b>
<b>Cumulative Results of Operations</b>				
<b>Beginning Balances</b>	\$ 11,940,472	\$ 5,446,406	\$ -	\$ 17,386,878
Adjustments (Note 26)				
Changes in Accounting Principles	(7,673)	(123,185)	-	(130,858)
<b>Beginning Balances, as Adjusted</b>	<b>11,932,799</b>	<b>5,323,221</b>	<b>-</b>	<b>17,256,020</b>
<b>Budgetary Financing Sources</b>				
Other Adjustments	-	(30,000)	-	(30,000)
Appropriations Used	45,015	27,091,423	-	27,136,438
Nonexchange Revenues	3,598,671	322	-	3,598,993
Donations and Forfeitures of Cash and Cash Equivalents	4,158,820	-	-	4,158,820
Transfers-In/Out Without Reimbursement	(693,000)	97,910	-	(595,090)
<b>Other Financing Sources</b>				
Donations and Forfeitures of Property	308,307	-	-	308,307
Transfers-In/Out Without Reimbursement	(4,930)	8,565	-	3,635
Imputed Financing from Costs Absorbed by Others (Note 19)	19,656	939,517	(19,791)	939,382
Other Financing Sources	-	(8,193)	-	(8,193)
<b>Total Financing Sources</b>	<b>7,432,539</b>	<b>28,099,544</b>	<b>(19,791)</b>	<b>35,512,292</b>
<b>Net Cost of Operations</b>	<b>(3,853,610)</b>	<b>(28,145,275)</b>	<b>19,791</b>	<b>(31,979,094)</b>
<b>Net Change</b>	<b>3,578,929</b>	<b>(45,731)</b>	<b>-</b>	<b>3,533,198</b>
<b>Cumulative Results of Operations</b>	<b>\$ 15,511,728</b>	<b>\$ 5,277,490</b>	<b>\$ -</b>	<b>\$ 20,789,218</b>
<b>Net Position</b>	<b>\$ 15,544,478</b>	<b>\$ 14,863,192</b>	<b>\$ -</b>	<b>\$ 30,407,670</b>

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
<b>Unexpended Appropriations</b>				
<b>Beginning Balances</b>	\$ 25,963	\$ 10,568,815	\$ -	\$ 10,594,778
<b>Budgetary Financing Sources</b>				
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)
<b>Total Budgetary Financing Sources</b>	<b>9,805</b>	<b>(1,919,694)</b>	<b>-</b>	<b>(1,909,889)</b>
<b>Unexpended Appropriations</b>	<b>\$ 35,768</b>	<b>\$ 8,649,121</b>	<b>\$ -</b>	<b>\$ 8,684,889</b>
<b>Cumulative Results of Operations</b>				
<b>Beginning Balances</b>	\$ 10,947,448	\$ 5,431,855	\$ -	\$ 16,379,303
<b>Budgetary Financing Sources</b>				
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
<b>Other Financing Sources</b>				
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)
<b>Total Financing Sources</b>	<b>3,588,603</b>	<b>28,591,071</b>	<b>(21,069)</b>	<b>32,158,605</b>
<b>Net Cost of Operations</b>	<b>(2,595,579)</b>	<b>(28,576,520)</b>	<b>21,069</b>	<b>(31,151,030)</b>
<b>Net Change</b>	<b>993,024</b>	<b>14,551</b>	<b>-</b>	<b>1,007,575</b>
<b>Cumulative Results of Operations</b>	<b>\$ 11,940,472</b>	<b>\$ 5,446,406</b>	<b>\$ -</b>	<b>\$ 17,386,878</b>
<b>Net Position</b>	<b>\$ 11,976,240</b>	<b>\$ 14,095,527</b>	<b>\$ -</b>	<b>\$ 26,071,767</b>

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, 2014 and 2013**

Dollars in Thousands	2014	2013
<b>Budgetary Resources:</b>		
Unobligated Balance, Net, Brought Forward, October 1	\$ 3,994,967	\$ 4,036,432
Recoveries of Prior Year Unpaid Obligations	746,225	1,029,004
Other Changes in Unobligated Balance	<u>(2,421)</u>	<u>(18,946)</u>
Unobligated Balance from Prior Year Budget Authority, Net	4,738,771	5,046,490
Appropriations (discretionary and mandatory)	33,649,891	29,174,293
Spending Authority from Offsetting Collections (discretionary and mandatory)	<u>5,709,511</u>	<u>5,275,914</u>
<b>Total Budgetary Resources</b>	<b><u>\$ 44,098,173</u></b>	<b><u>\$ 39,496,697</u></b>
<b>Status of Budgetary Resources:</b>		
Obligations Incurred (Note 20)	\$ 38,273,442	\$ 35,501,730
Unobligated Balance, End of Year:		
Apportioned	4,712,942	2,757,986
Exempt from Apportionment	250,958	266,607
Unapportioned	<u>860,831</u>	<u>970,374</u>
Total Unobligated Balance - End of Year	<u>5,824,731</u>	<u>3,994,967</u>
<b>Total Status of Budgetary Resources</b>	<b><u>\$ 44,098,173</u></b>	<b><u>\$ 39,496,697</u></b>
<b>Change in Obligated Balance:</b>		
Unpaid Obligations:		
Unpaid obligations, Brought Forward, October 1	\$ 14,798,020	\$ 16,930,377
Obligations Incurred	38,273,442	35,501,730
Outlays, Gross (-)	(35,107,780)	(36,605,083)
Recoveries of Prior Year Unpaid Obligations (-)	<u>(746,225)</u>	<u>(1,029,004)</u>
Unpaid Obligations, End of Year	<u>17,217,457</u>	<u>14,798,020</u>
Uncollected Payments:		
Uncollected Payments from Federal Sources, Brought Forward, October 1 (-)	(1,666,905)	(1,890,361)
Change in Uncollected Customer Payments from Federal Sources	<u>(122,500)</u>	<u>223,456</u>
Uncollected Customer Payments from Federal Sources, End of Year	<u>(1,789,405)</u>	<u>(1,666,905)</u>
Memorandum (non-add) Entries:		
Obligated balance, Start of Year	<u>\$ 13,131,115</u>	<u>\$ 15,040,016</u>
Obligated balance, End of Year	<u>\$ 15,428,052</u>	<u>\$ 13,131,115</u>
<b>Budgetary Authority and Outlays, Net:</b>		
Budgetary Authority, Gross (discretionary and mandatory)	\$ 39,359,402	\$ 34,450,207
Less: Actual Offsetting Collections (discretionary and mandatory)	5,590,273	5,499,369
Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory)	<u>(122,500)</u>	<u>223,456</u>
Budget Authority, Net (discretionary and mandatory)	<u>\$ 33,646,629</u>	<u>\$ 29,174,294</u>
Outlays, Gross (discretionary and mandatory)	\$ 35,107,780	\$ 36,605,083
Less: Actual Offsetting Collections (discretionary and mandatory)	<u>5,590,273</u>	<u>5,499,369</u>
Outlays, Net (discretionary and mandatory)	29,517,507	31,105,714
Less: Distributed Offsetting Receipts	<u>495,904</u>	<u>933,877</u>
Agency Outlays, Net (discretionary and mandatory)	<u>\$ 29,021,603</u>	<u>\$ 30,171,837</u>

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, 2014 and 2013**

<b>Dollars in Thousands</b>	<b>2014</b>	<b>2013</b>
<b>Revenue Activity</b>		
<b>Sources of Cash Collections</b>		
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	\$ 13,833,518	\$ 5,595,261
Fees and Licenses	47,847	43,392
Fines, Penalties and Restitution Payments - Civil	13,304	86,845
Fines, Penalties and Restitution Payments - Criminal	47,403	42,603
Miscellaneous	6,162	42,030
Total Cash Collections	<u>13,948,234</u>	<u>5,810,131</u>
<b>Accrual Adjustments</b>	1,870	(914)
<b>Total Custodial Revenue</b>	<u>13,950,104</u>	<u>5,809,217</u>
<b>Disposition of Collections</b>		
Transferred to Federal Agencies		
Library of Congress	(356)	(509)
U.S. Department of Agriculture	(156,297)	(136,258)
U.S. Department of Commerce	(731)	(6,000)
U.S. Department of the Interior	(35,177)	(36,174)
U.S. Department of Justice	(17,064)	(99,558)
U.S. Department of Labor	(2,245)	(3,897)
U.S. Postal Service	(23,457)	(26,790)
U.S. Department of State	(4,528)	(2,208)
U.S. Department of the Treasury	(7,001,974)	(2,025,807)
Office of Personnel Management	(48,872)	(43,447)
National Credit Union Administration	(1,375,000)	(1)
Federal Communications Commission	6	(757)
Social Security Administration	(554)	(699)
Smithsonian Institution	(1,277)	(8)
U.S. Department of Veterans Affairs	(78,350)	(123,179)
Equal Employment Opportunity Commission	-	(2)
General Services Administration	(29,173)	(51,966)
Securities and Exchange Commission	(3)	(3)
Federal Deposit Insurance Corporation	(702,050)	(419)
Railroad Retirement Board	(286)	(414)
Tennessee Valley Authority	(438)	(291)
Environmental Protection Agency	(265,167)	(185,060)
U.S. Department of Transportation	(17,363)	(5,185)
U.S. Department of Homeland Security	(101,451)	(131,067)
Agency for International Development	(4,101)	(44,212)
Small Business Administration	(12,163)	(14,792)
U.S. Department of Health and Human Services	(1,253,387)	(1,151,278)
National Aeronautics and Space Administration	(44)	(5,288)
Export-Import Bank of the United States	(1,908)	(13,855)
U.S. Department of Housing and Urban Development	(470,875)	(24,226)
U.S. Department of Energy	(6,040)	(10,585)
U.S. Department of Education	(22,929)	(23,219)
Independent Agencies	(78,277)	(114,607)
Treasury General Fund	(1,559,668)	(676,060)
U.S. Department of Defense	(88,859)	(120,707)
Transferred to the Public	(502,684)	(416,166)
(Increase)/Decrease in Amounts Yet to be Transferred	562,801	(51,378)
Refunds and Other Payments	(124,378)	(104,834)
Retained by the Reporting Entity	<u>(525,785)</u>	<u>(158,311)</u>
<b>Total Disposition of Collections</b>	<u>(13,950,104)</u>	<u>(5,809,217)</u>
<b>Net Custodial Activity (Note 21)</b>	<u>\$ -</u>	<u>\$ -</u>

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

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

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**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)

These notes are an integral part of the financial statements.

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

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**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<sup>th</sup> 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 2014 and 2013, 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)**

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**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.

These notes are an integral part of the 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 capitalization thresholds were encouraged beginning October 1, 2012. The table below illustrates which portions of the new policy were implemented in FY 2014 and 2013 for the Department by component. Full implementation is required for all DOJ components by the beginning of FY 2015.

Department Component	FY 2014				FY 2013			
	Real Property	Personal Property	Aircraft	Internal Use Software	Real Property	Personal Property	Aircraft	Internal Use Software
Assets Forfeiture Fund (AFF)					√	√	√	√
Offices, Boards and Divisions (OBDs)					√	√	√	√
United States Marshals Service (USMS)	√	√	√					√
Office of Justice Programs (OJP)					√	√	√	√
Drug Enforcement Administration (DEA)	√	√	√					√
Federal Bureau of Investigation (FBI)					√	√	√	√
Alcohol, Tobacco, and Firearms (ATF)	√	√	√	√				
Bureau of Prisons (BOP)								√
Federal Prison Industries, Inc. (FPI)	N/A	N/A	N/A	N/A	N/A	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)**

For FY 2014 and 2013, as depicted in the above table, certain of the Department’s components early implemented the below mentioned new capitalization thresholds for property acquisitions. The remainder of the components continue to use the below mentioned old capitalized thresholds.

For financial statement purposes, the primary changes relate to the capitalization thresholds for real property, including leasehold improvements; personal property; and internal use software which results in a decrease to the overall general PP&E balance.

Federal Prison Industries, Inc., as a revolving fund, is exempt from FMPM 13-12, which states that “Revolving Funds, Working Capital Funds, and Trust Fund entities may establish their own thresholds on the 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 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. Land is never depreciated. BOP and FPI capitalize personal property acquisitions over \$5 and \$10, respectively

**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.

These notes are an integral part of the financial statements.



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

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**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.

Seized property is property that the government has taken possession of 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.

These notes are an integral part of the financial statements.

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

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**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). The Department contributes 7% of the gross pay for regular employees and 7.5% for law enforcement officers.
- 2) Employees hired January 1, 1984 or later, are covered by the Federal Employees Retirement System (FERS).
  - a. Employees hired January 1, 1984 through December 31, 2012, are covered by the FERS. The Department contributes 11.9% of the gross pay for regular employees and 26.3% for law enforcement officers.

These notes are an integral part of the financial statements.

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

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**R. Retirement Plan (continued)**

- b. Employees hired January 1, 2013 through December 31, 2013, are covered by the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE). The Department contributes 9.6% of the gross pay for regular employees and 24.0% for law enforcement officers
- c. Employees hired January 1, 2014 or later are covered by the Federal Employees System-Further Revised Annuity Employees (FERS-FRAE). The Department contributes 9.6% of the gross pay for regular employees and 24.0% for law enforcement officers.

**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. 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.

These notes are an integral part of the financial statements.

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

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**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.

These notes are an integral part of the financial statements.

**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 No. 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.

These notes are an integral part of the financial statements.

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

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**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 2013 financial statements were reclassified to conform to the FY 2014 Departmental financial statement presentation requirements. 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.

These notes are an integral part of the financial statements.

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

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**AA. Subsequent Events**

Subsequent events and transactions occurring after September 30, 2014 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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Intragovernmental		
Fund Balance with U.S. Treasury	\$ 798,033	\$ 1,359,177
Investments, Net	<u>1,357,972</u>	<u>1,457,380</u>
Total Intragovernmental	<u>2,156,005</u>	<u>2,816,557</u>
With the Public		
Cash and Monetary Assets	152,693	129,621
Accounts Receivable, Net	<u>5,079</u>	<u>3,244</u>
Total With the Public	<u>157,772</u>	<u>132,865</u>
Total Non-Entity Assets	2,313,777	2,949,422
Total Entity Assets	<u>44,699,383</u>	<u>38,469,338</u>
Total Assets	<u>\$ 47,013,160</u>	<u>\$ 41,418,760</u>

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Fund Balances		
Trust Funds	\$ 115,441	\$ 109,777
Special Funds	13,355,637	10,398,592
Revolving Funds	930,885	623,703
General Funds	12,399,905	12,026,880
Other Fund Types	<u>76,681</u>	<u>67,119</u>
Total Fund Balances with U.S. Treasury	<u>\$ 26,878,549</u>	<u>\$ 23,226,071</u>
Status of Fund Balances		
Unobligated Balance - Available	\$ 4,963,900	\$ 3,024,593
Unobligated Balance - Unavailable	860,831	970,374
Obligated Balance not yet Disbursed	15,428,052	13,131,115
Other Funds (With)/Without Budgetary Resources	<u>5,625,766</u>	<u>6,099,989</u>
Total Status of Fund Balances	<u>\$ 26,878,549</u>	<u>\$ 23,226,071</u>

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 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.

These notes are an integral part of the financial statements.

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

**Note 4. Cash and Monetary Assets**

As of September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash		
Undeposited Collections	\$ (74)	\$ (74)
Imprest Funds	38,335	45,255
Seized Cash Deposited	79,675	40,063
Other Cash	<u>13,887</u>	<u>14,994</u>
Total Cash	<u>131,823</u>	<u>100,238</u>
 Monetary Assets		
Seized Monetary Instruments	<u>59,142</u>	<u>74,560</u>
Total Monetary Assets	<u>59,142</u>	<u>74,560</u>
Total Cash and Monetary Assets	<u>\$ 190,965</u>	<u>\$ 174,798</u>

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

**Note 5. Investments, Net**

	<u>Face Value</u>	<u>Unamortized Premium (Discount)</u>	<u>Interest Receivable</u>	<u>Investments, Net</u>	<u>Market Value</u>
As of September 30, 2014					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 8,941,967	\$ (1,946)	\$ 187	\$ 8,940,208	\$ 8,940,675
 As of September 30, 2013					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 6,652,198	\$ (1,425)	\$ 187	\$ 6,650,960	\$ 6,652,572

These notes are an integral part of the financial statements.

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

**Note 6. Accounts Receivable, Net**

As of September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Intragovernmental		
Accounts Receivable	\$ 508,008	\$ 452,533
Allowance for Uncollectible Accounts	<u>(336)</u>	<u>(206)</u>
Total Intragovernmental	<u>507,672</u>	<u>452,327</u>
With the Public		
Accounts Receivable	109,424	96,219
Allowance for Uncollectible Accounts	<u>(16,098)</u>	<u>(14,327)</u>
Total With the Public	<u>93,326</u>	<u>81,892</u>
Total Accounts Receivable, Net	<u>\$ 600,998</u>	<u>\$ 534,219</u>

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Inventory		
Raw Materials	\$ 23,777	\$ 32,392
Work in Process	22,673	24,377
Finished Goods	32,976	36,930
Inventory Purchased for Resale	18,410	18,775
Excess, Obsolete, and Unserviceable	27,006	28,325
Inventory Allowance	<u>(27,804)</u>	<u>(26,613)</u>
Operating Materials and Supplies		
Held for Current Use	<u>30,311</u>	<u>18,628</u>
Total Inventory and Related Property, Net	<u>\$ 127,349</u>	<u>\$ 132,814</u>

These notes are an integral part of the financial statements.

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

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**Note 8. Forfeited and Seized Property, Net**

**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 2014 and 2013, \$162,038 and \$115,856 of forfeited property were sold, \$6,268 and \$1,038 were destroyed or donated, \$4,892 and \$17,081 were returned to owners, and \$127,091 and \$55,077 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.

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, Net (continued)**

For the Fiscal Year Ended September 30, 2014

Forfeited Property Category		Beginning Balance	Adjust- ments	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	212	278	444	(650)	284	-	284
	Value	\$ 2,417	\$ 6,389	\$ 129,203	\$ (133,102)	\$ 4,907	\$ -	\$ 4,907
Real Property	Number	526	26	390	(484)	458	-	458
	Value	\$ 98,773	\$ 6,739	\$ 81,133	\$ (97,966)	\$ 88,679	\$ (2,223)	\$ 86,456
Personal Property	Number	3,422	285	4,809	(5,284)	3,232	-	3,232
	Value	\$ 41,770	\$ 17,132	\$ 59,234	\$ (69,221)	\$ 48,915	\$ (2,013)	\$ 46,902
Non-Valued Firearms	Number	24,001	(58)	15,430	(13,408)	25,965	-	25,965
Total	Number	28,161	531	21,073	(19,826)	29,939	-	29,939
	Value	\$ 142,960	\$ 30,260	\$ 269,570	\$ (300,289)	\$ 142,501	\$ (4,236)	\$ 138,265

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

These notes are an integral part of the financial statements.

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

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**Note 8. Forfeited and Seized Property, Net (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 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.

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.

These notes are an integral part of the financial statements.

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

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**Note 8. Forfeited and Seized Property, Net (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 2014 and 2013, \$3,891,912 and \$1,863,985 of seized property were forfeited, \$84,256 and \$216,945 were returned to parties with a bonafide interest, and \$52,107 and \$24,997 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, Net (continued)**

For the Fiscal Year Ended September 30, 2014

Seized Property Category		Beginning Balance	Adjustments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
<b>Seized for Forfeiture</b>								
Seized Cash and Monetary Instruments	Value	\$ 1,435,283	\$ 54,898	\$ 3,733,392	\$ (3,850,257)	\$ 1,373,316	\$ (205,829)	\$ 1,167,487
Financial Instruments	Number	404	(79)	248	(216)	357	-	357
	Value	\$ 46,013	\$ (13,413)	\$ 123,443	\$ (31,667)	\$ 124,376	\$ (1,726)	\$ 122,650
Real Property	Number	140	5	129	(143)	131	-	131
	Value	\$ 63,783	\$ (669)	\$ 31,697	\$ (42,225)	\$ 52,586	\$ (11,887)	\$ 40,699
Personal Property	Number	7,136	246	6,222	(6,311)	7,293	-	7,293
	Value	\$ 144,422	\$ (12,623)	\$ 103,667	\$ (87,661)	\$ 147,805	\$ (32,364)	\$ 115,441
Non-Valued Firearms	Number	30,281	1,122	12,719	(19,728)	24,394	-	24,394

For the Fiscal Year Ended September 30, 2013

Seized Property Category		Beginning Balance	Adjustments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
<b>Seized for Forfeiture</b>								
Seized Cash and Monetary Instruments	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

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, Net (continued)**

For the Fiscal Year Ended September 30, 2014

Seized Property Category		Beginning Balance	Adjustments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
<b>Seized for Evidence</b>								
Seized Monetary Instruments	Value	\$ 50,404	\$ (16,539)	\$ 17,173	\$ (13,911)	\$ 37,127	\$ -	\$ 37,127
Personal Property	Number	1,206	(726)	47	(119)	408	-	408
	Value	\$ 28,468	\$ (19,143)	\$ 1,136	\$ (2,554)	\$ 7,907	\$ -	\$ 7,907
Non-Valued Firearms	Number	61,612	(3,176)	9,760	(12,182)	56,014	-	56,014
Drug Evidence								
Cocaine	KG	51,614	(2,777)	26,854	(25,427)	50,264	-	50,264
Heroin	KG	3,661	(425)	1,394	(781)	3,849	-	3,849
Marijuana	KG	16,440	(2,245)	2,478	(3,781)	12,892	-	12,892
Bulk Drug Evidence	KG	256,871	(449)	794,697	(903,493)	147,626	-	147,626
Methamphetamine	KG	10,707	(407)	4,232	(2,426)	12,106	-	12,106
Other	KG	22,239	(1,011)	7,031	(7,892)	20,367	-	20,367
Total Drug Evidence	KG	361,532	(7,314)	836,686	(943,800)	247,104	-	247,104

For the Fiscal Year Ended September 30, 2013

Seized Property Category		Beginning Balance	Adjustments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
<b>Seized for Evidence</b>								
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

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, 2014

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 184,838	\$ -	\$ 184,838	N/A
Improvements to Land	4,990	(1,853)	3,137	15 yrs
Construction in Progress	483,475	-	483,475	N/A
Buildings, Improvements and Renovations	10,657,621	(5,025,075)	5,632,546	2-50 yrs
Other Structures and Facilities	928,014	(556,114)	371,900	10-50 yrs
Aircraft	517,753	(184,308)	333,445	5-30 yrs
Boats	14,674	(5,029)	9,645	5-25 yrs
Vehicles	455,384	(300,705)	154,679	2-25 yrs
Equipment	1,483,753	(931,733)	552,020	2-25 yrs
Assets Under Capital Lease	90,400	(57,514)	32,886	2-30 yrs
Leasehold Improvements	1,583,085	(944,162)	638,923	2-20 yrs
Internal Use Software	1,870,969	(694,731)	1,176,238	2-10 yrs
Internal Use Software in Development	104,658	-	104,658	N/A
<b>Total</b>	<b>\$ 18,379,614</b>	<b>\$ (8,701,224)</b>	<b>\$ 9,678,390</b>	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2014	\$ 153,443	\$ 551,444	\$ 704,887

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, which caused a decrease in the PP&E balance by \$130,858 as described in Note 26.

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 (continued)**

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	<u>\$ 18,178,543</u>	<u>\$ (8,161,220)</u>	<u>\$ 10,017,323</u>	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2013	<u>\$ 147,390</u>	<u>\$ 793,376</u>	<u>\$ 940,766</u>

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Intragovernmental		
Advances and Prepayments	\$ 74,043	\$ 92,355
Other Intragovernmental Assets	19	15
Total Intragovernmental	<u>74,062</u>	<u>92,370</u>
Other Assets With the Public	<u>5,138</u>	<u>4,677</u>
Total Other Assets	<u>\$ 79,200</u>	<u>\$ 97,047</u>

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

As of September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Intragovernmental		
Accrued FECA Liabilities	\$ 267,054	\$ 263,862
Other Unfunded Employment Related Liabilities	1,350	1,542
Other	3,612	4,479
Total Intragovernmental	<u>272,016</u>	<u>269,883</u>
With the Public		
Actuarial FECA Liabilities	1,679,245	1,632,616
Accrued Annual and Compensatory Leave Liabilities	816,376	819,032
Environmental and Disposal Liabilities (Note 12)	78,799	76,676
Deferred Revenue	522,045	477,890
Contingent Liabilities (Note 16)	58,125	26,571
Capital Lease Liabilities (Note 13)	161	8,716
RECA Liabilities (Note 25)	561,661	660,465
September 11 <sup>th</sup> Victim Compensation Fund (Note 25)	2,700,584	2,751,712
Other	128,773	113,384
Total With the Public	<u>6,545,769</u>	<u>6,567,062</u>
Total Liabilities not Covered by Budgetary Resources	<u>6,817,785</u>	<u>6,836,945</u>
Total Liabilities Covered by Budgetary Resources	<u>9,787,705</u>	<u>8,510,048</u>
Total Liabilities	<u>\$ 16,605,490</u>	<u>\$ 15,346,993</u>

These notes are an integral part of the financial statements.

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

**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**

As of September 30, 2014 and 2013	2014	2013
<b>Firing Ranges</b>		
Beginning Balance, Brought Forward	\$ 27,820	\$ 26,935
Future Funded Expenses	831	-
Inflation Adjustment	585	885
Firing Range Liability	29,236	27,820
<b>Asbestos</b>		
Beginning Balance, Brought Forward	\$ 48,856	\$ 47,506
New Asbestos	26	538
Abatements	(356)	(78)
Inflation Adjustment	804	658
Future Funded Expenses	233	232
Asbestos Liability	\$ 49,563	\$ 48,856
Total Environmental and Disposal Liabilities	\$ 78,799	\$ 76,676

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.

These notes are an integral part of the financial statements.

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

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**Note 12. Environmental and Disposal Liabilities (Continued)**

**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, 2013, BOP management determined their estimated clean-up liability to be \$27,820. In FY 2014, 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 \$28,405, based on an inflation rate of 2.1 percent, should be recorded.

The FBI-owned range facilities in Quantico and El Toro contain possible contamination. Since no remedial investigation/feasibility study (RI/FS) has been completed and there are no comparable sites, remediation costs are not considered reasonably estimable at this time. For FY 2014, the FBI estimated total firing range liability of \$831 based on the estimated costs to conduct a RI/FS, site sampling, and sample analysis at both range facilities in order to determine if contamination is present and the potential future environmental impacts. The estimated firing range cleanup liability will be updated after the RI/FS has been completed.

**Asbestos**

The 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. The estimated asbestos clean-up liability as of September 30, 2013 was \$38,405. In FY 2014, BOP Management decreased the clean-up liability in the amount of \$246 for the abatement of asbestos at 11 locations. In addition, BOP Management increased the clean-up liability in the amount of \$26 due to additional asbestos found at 2 locations and in the amount of \$802 by the current U.S. inflation rate of 2.1 percent as determined by the Treasury. In FY 2014, BOP management recorded a clean-up liability in the amount of \$38,987, a \$582 increase in liability cost for asbestos from the previous year.

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 \$11,614 is based on the square footage of the facilities that may be contaminated. This value, divided by the useful life and multiplied by the number of years in service, less current year abatements and adjusted for inflation, is the estimated cleanup liability. As of September 30, 2014 and 2013, the FBI recognized the estimated cleanup liability of \$10,576 and \$10,451, respectively. The estimated asbestos cleanup liability is increased each quarter by recording future funded expenses for the asbestos clean-up costs.

There are no other potentially responsible parties to the environmental liability and there are no unrecognized amounts to disclose as of September 30, 2014.

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**

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, 2014 and 2013

Capital Leases	<u>2014</u>	<u>2013</u>
Summary of Assets Under Capital Lease		
Land and Buildings	\$ 89,625	\$ 89,625
Machinery and Equipment	775	1,231
Accumulated Amortization	<u>(57,514)</u>	<u>(54,955)</u>
Total Assets Under Capital Lease (Note 9)	<u>\$ 32,886</u>	<u>\$ 35,901</u>

Future Capital Lease Payments Due

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2015	\$ 33	\$ 21	\$ 54
2016	32	19	51
2017	32	5	37
2018	32	3	35
2019	32	-	32
Total Future Capital Lease Payments	<u>\$ 161</u>	<u>\$ 48</u>	<u>\$ 209</u>
Less: Imputed Interest	-	(3)	(3)
Less: Executory Costs	-	(15)	(15)
FY 2014 Net Capital Lease Liabilities	<u>\$ 161</u>	<u>\$ 30</u>	<u>\$ 191</u>
FY 2013 Net Capital Lease Liabilities	<u>\$ 8,716</u>	<u>\$ 47</u>	<u>\$ 8,763</u>

	<u>2014</u>	<u>2013</u>
Net Capital Lease Liabilities Covered by Budgetary Resources	\$ 30	\$ 47
Net Capital Lease Liabilities not Covered by Budgetary Resources	\$ 161	\$ 8,716

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.

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)**

Future Noncancelable Operating Lease Payments

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2015	\$ 277,311	\$ 21,526	\$ 298,837
2016	296,674	4,569	301,243
2017	329,132	4,700	333,832
2018	327,973	4,782	332,755
2019	320,730	3	320,733
After 2019	<u>2,733,987</u>	<u>-</u>	<u>2,733,987</u>
Total Future Noncancelable Operating Lease Payments	<u>\$ 4,285,807</u>	<u>\$ 35,580</u>	<u>\$ 4,321,387</u>

**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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Investments, Net	\$ 1,271,626	\$ 1,371,064
Seized Cash Deposited	79,675	40,063
Seized Monetary Instruments	<u>59,142</u>	<u>74,560</u>
Total Seized Cash and Monetary Instruments	<u>\$ 1,410,443</u>	<u>\$ 1,485,687</u>

These notes are an integral part of the financial statements.



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

**Note 15. Other Liabilities**

As of September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Intragovernmental</b>		
Other Accrued Liabilities	\$ (119)	\$ 1
Employer Contributions and Payroll Taxes Payable	97,534	82,117
Other Post-Employment Benefits Due and Payable	784	866
Other Unfunded Employment Related Liabilities	1,352	1,542
Advances from Others	196,582	110,038
Liability for Clearing Accounts	(3,488)	3,981
Other Liabilities	<u>4,992</u>	<u>5,511</u>
Total Intragovernmental	<u>297,637</u>	<u>204,056</u>
<b>With the Public</b>		
Other Accrued Liabilities	8,013	6,035
Advances from Others	11,324	10,233
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	79,152	71,872
Liability for Clearing Accounts	761	35
Custodial Liabilities	132,676	200,744
Other Liabilities	<u>133,636</u>	<u>122,392</u>
Total With the Public	<u>365,562</u>	<u>411,311</u>
Total Other Liabilities	<u>\$ 663,199</u>	<u>\$ 615,367</u>

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. In addition, Other Liabilities with the Public 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.

These notes are an integral part of the financial statements.

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

**Note 16. Contingencies and Commitments**

	<u>Accrued Liabilities</u>	<u>Estimated Range of Loss</u>	
		<u>Lower</u>	<u>Upper</u>
As of September 30, 2014			
Probable	\$ 58,125	\$ 58,125	\$ 108,530
Reasonably Possible		94,714	154,658
As of September 30, 2013			
Probable	\$ 26,571	\$ 26,571	\$ 51,101
Reasonably Possible		83,310	117,481

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, 2014

	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
<b>Balance Sheet</b>							
<b>Assets</b>							
Fund Balance with U. S. Treasury	\$ 124,255	\$ 2,024	\$ 41,003	\$ 13,040,986	\$ 185,756	\$ 90,639	\$ 13,484,663
Investments, Net	7,062,680	207,954	-	-	-	-	7,270,634
Other Assets	148,175	41,356	882	3,616	25,823	26,105	245,957
<b>Total Assets</b>	<b>\$ 7,335,110</b>	<b>\$ 251,334</b>	<b>\$ 41,885</b>	<b>\$ 13,044,602</b>	<b>\$ 211,579</b>	<b>\$ 116,744</b>	<b>\$ 21,001,254</b>
<b>Liabilities</b>							
Accounts Payable	\$ 4,633,169	\$ 9,804	\$ 6,753	\$ 14,867	\$ 8,029	\$ 9,805	\$ 4,682,427
Other Liabilities	141,093	16,017	10,944	58,213	536,523	11,559	774,349
<b>Total Liabilities</b>	<b>\$ 4,774,262</b>	<b>\$ 25,821</b>	<b>\$ 17,697</b>	<b>\$ 73,080</b>	<b>\$ 544,552</b>	<b>\$ 21,364</b>	<b>\$ 5,456,776</b>
<b>Net Position</b>							
Unexpended Appropriations	\$ -	\$ 288	\$ 32,462	\$ -	\$ -	\$ -	\$ 32,750
Cumulative Results of Operations	2,560,848	225,225	(8,274)	12,971,522	(332,973)	95,380	15,511,728
<b>Total Net Position</b>	<b>\$ 2,560,848</b>	<b>\$ 225,513</b>	<b>\$ 24,188</b>	<b>\$ 12,971,522</b>	<b>\$ (332,973)</b>	<b>\$ 95,380</b>	<b>\$ 15,544,478</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 7,335,110</b>	<b>\$ 251,334</b>	<b>\$ 41,885</b>	<b>\$ 13,044,602</b>	<b>\$ 211,579</b>	<b>\$ 116,744</b>	<b>\$ 21,001,254</b>

For the Fiscal Year Ended September 30, 2014

	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
<b>Statement of Net Cost</b>							
Gross Cost of Operations	\$ 3,086,298	\$ 210,583	\$ 145,571	\$ 677,613	\$ 340,008	\$ 371,677	\$ 4,831,750
Less: Earned Revenues	14,065	175,685	105,690	-	314,357	368,343	978,140
<b>Net Cost of Operations</b>	<b>\$ 3,072,233</b>	<b>\$ 34,898</b>	<b>\$ 39,881</b>	<b>\$ 677,613</b>	<b>\$ 25,651</b>	<b>\$ 3,334</b>	<b>\$ 3,853,610</b>
<b>Statement of Changes in Net Position</b>							
Net Position Beginning of Period	\$ 1,855,767	\$ 258,593	\$ 22,038	\$ 10,057,641	\$ (319,165)	\$ 93,693	\$ 11,968,567
Budgetary Financing Sources	3,472,100	1,214	41,680	3,591,494	-	-	7,106,488
Other Financing Sources	305,214	604	351	-	11,843	5,021	323,033
<b>Total Financing Sources</b>	<b>3,777,314</b>	<b>1,818</b>	<b>42,031</b>	<b>3,591,494</b>	<b>11,843</b>	<b>5,021</b>	<b>7,429,521</b>
Net Cost of Operations	(3,072,233)	(34,898)	(39,881)	(677,613)	(25,651)	(3,334)	(3,853,610)
Net Change	705,081	(33,080)	2,150	2,913,881	(13,808)	1,687	3,575,911
<b>Net Position End of Period</b>	<b>\$ 2,560,848</b>	<b>\$ 225,513</b>	<b>\$ 24,188</b>	<b>\$ 12,971,522</b>	<b>\$ (332,973)</b>	<b>\$ 95,380</b>	<b>\$ 15,544,478</b>

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, 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
<b>Balance Sheet</b>							
<b>Assets</b>							
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
<b>Total Assets</b>	<b>\$ 4,952,724</b>	<b>\$ 282,286</b>	<b>\$ 38,681</b>	<b>\$ 10,133,396</b>	<b>\$ 187,555</b>	<b>\$ 115,535</b>	<b>\$ 15,710,177</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>\$ 3,096,957</b>	<b>\$ 23,693</b>	<b>\$ 16,643</b>	<b>\$ 75,755</b>	<b>\$ 499,047</b>	<b>\$ 21,842</b>	<b>\$ 3,733,937</b>
<b>Net Position</b>							
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
<b>Total Net Position</b>	<b>\$ 1,855,767</b>	<b>\$ 258,593</b>	<b>\$ 22,038</b>	<b>\$ 10,057,641</b>	<b>\$ (311,492)</b>	<b>\$ 93,693</b>	<b>\$ 11,976,240</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 4,952,724</b>	<b>\$ 282,286</b>	<b>\$ 38,681</b>	<b>\$ 10,133,396</b>	<b>\$ 187,555</b>	<b>\$ 115,535</b>	<b>\$ 15,710,177</b>

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
<b>Statement of Net Cost</b>							
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
<b>Net Cost of Operations</b>	<b>\$ 1,775,350</b>	<b>\$ 11,298</b>	<b>\$ 73,148</b>	<b>\$ 705,051</b>	<b>\$ 34,187</b>	<b>\$ (3,455)</b>	<b>\$ 2,595,579</b>
<b>Statement of Changes in Net Position</b>							
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
<b>Total Financing Sources</b>	<b>2,011,261</b>	<b>6,990</b>	<b>77,493</b>	<b>1,489,583</b>	<b>9,055</b>	<b>4,026</b>	<b>3,598,408</b>
Net Cost of Operations	(1,775,350)	(11,298)	(73,148)	(705,051)	(34,187)	3,455	(2,595,579)
<b>Net Change</b>	<b>235,911</b>	<b>(4,308)</b>	<b>4,345</b>	<b>784,532</b>	<b>(25,132)</b>	<b>7,481</b>	<b>1,002,829</b>
<b>Net Position End of Period</b>	<b>\$ 1,855,767</b>	<b>\$ 258,593</b>	<b>\$ 22,038</b>	<b>\$ 10,057,641</b>	<b>\$ (311,492)</b>	<b>\$ 93,693</b>	<b>\$ 11,976,240</b>

These notes are an integral part of the financial statements.

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

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**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.

These notes are an integral part of the financial statements.

***FY 2014 U. S. Department of Justice Annual Financial Statements***

**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, 2014

Dollars in Thousands	AFF/SADF	OBDS	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law</b>											
Gross Cost	\$ -	\$ 178,554	\$ 98,613	\$ -	\$ 115,289	\$ 5,091,986	\$ 3,439	\$ -	\$ -	\$ (27,927)	\$ 5,459,954
Less: Earned Revenues	-	12,979	-	-	44,969	310,145	-	-	-	(27,927)	340,166
Net Cost of Operations	-	165,575	98,613	-	70,320	4,781,841	3,439	-	-	-	5,119,788
<b>Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law</b>											
Gross Cost	3,086,298	5,514,519	295,178	988,704	2,864,381	3,047,534	1,273,483	8,717	-	(1,200,070)	15,878,744
Less: Earned Revenues	14,065	1,671,681	-	4,553	775,537	302,436	80,692	-	-	(1,200,070)	1,648,894
Net Cost of Operations	3,072,233	3,842,838	295,178	984,151	2,088,844	2,745,098	1,192,791	8,717	-	-	14,229,850
<b>Goal 3: Ensure and Support the Fair, Impartial, Efficient and Transparent Administration of Justice at the Federal, State, Local, Tribal and International Levels</b>											
Gross Cost	-	539,056	2,672,976	1,609,392	-	918,839	-	7,843,468	543,495	(235,640)	13,891,586
Less: Earned Revenues	-	8,951	57,854	18,865	-	495,701	-	418,509	478,099	(215,849)	1,262,130
Net Cost of Operations	-	530,105	2,615,122	1,590,527	-	423,138	-	7,424,959	65,396	(19,791)	12,629,456
<b>Net Cost of Operations</b>	<b>\$ 3,072,233</b>	<b>\$ 4,538,518</b>	<b>\$ 3,008,913</b>	<b>\$ 2,574,678</b>	<b>\$ 2,159,164</b>	<b>\$ 7,950,077</b>	<b>\$ 1,196,230</b>	<b>\$ 7,433,676</b>	<b>\$ 65,396</b>	<b>\$ (19,791)</b>	<b>\$ 31,979,094</b>

For the Fiscal Year Ended September 30, 2013

Dollars in Thousands	AFF/SADF	OBDS	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law</b>											
Gross Cost	\$ -	\$ 180,369	\$ 80,268	\$ -	\$ 138,056	\$ 5,011,528	\$ 4,834	\$ -	\$ -	\$ (116,086)	\$ 5,298,969
Less: Earned Revenues	-	13,555	-	-	44,670	473,594	-	-	-	(116,086)	415,733
Net Cost of Operations	-	166,814	80,268	-	93,386	4,537,934	4,834	-	-	-	4,883,236
<b>Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law</b>											
Gross Cost	1,787,551	5,781,967	243,802	1,048,978	2,794,999	3,029,264	1,244,413	7,907	-	(945,821)	14,993,060
Less: Earned Revenues	12,201	1,207,480	-	11,164	720,062	343,140	75,280	-	-	(945,821)	1,423,506
Net Cost of Operations	1,775,350	4,574,487	243,802	1,037,814	2,074,937	2,686,124	1,169,133	7,907	-	-	13,569,554
<b>Goal 3: Ensure and Support the Fair, Impartial, Efficient and Transparent Administration of Justice at the Federal, State, Local, Tribal and International Levels</b>											
Gross Cost	-	552,983	2,842,469	1,655,613	-	1,053,013	-	7,615,902	647,553	(395,115)	13,972,418
Less: Earned Revenues	-	15,557	57,752	27,196	-	513,384	-	419,593	614,742	(374,046)	1,274,178
Net Cost of Operations	-	537,426	2,784,717	1,628,417	-	539,629	-	7,196,309	32,811	(21,069)	12,698,240
<b>Net Cost of Operations</b>	<b>\$ 1,775,350</b>	<b>\$ 5,278,727</b>	<b>\$ 3,108,787</b>	<b>\$ 2,666,231</b>	<b>\$ 2,168,323</b>	<b>\$ 7,763,687</b>	<b>\$ 1,173,967</b>	<b>\$ 7,204,216</b>	<b>\$ 32,811</b>	<b>\$ (21,069)</b>	<b>\$ 31,151,030</b>

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**

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. The cost factors are as follows:

	Category	Cost Factor (%)
Civil Service Retirement System (CSRS)	Regular Employees	32.8%
	Regular Employees Offset	24.4%
	Law Enforcement Officers	56.4%
	Law Enforcement Officers Offset	48.8%
Federal Employees Retirement System (FERS)	Regular Employees	15.1%
	Regular Employees – Revised Annuity Employees (RAE)	15.7%
	Regular Employees – Further Revised Annuity Employees (FRAE)	15.7%
	Law Enforcement Officers	33.3%
	Law Enforcement Officers – RAE	33.9%
	Law Enforcement Officers – FRAE	33.9%

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)**

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	\$ 33,107	\$ 18,470
Health Insurance	499,434	505,851
Life Insurance	2,057	2,120
Pension	404,784	275,218
Total Imputed Inter-Departmental	<u>\$ 939,382</u>	<u>\$ 801,659</u>

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 \$19,791 and \$21,069 for FYs 2014 and 2013, 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.

These notes are an integral part of the financial statements.



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

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

**Apportionment Categories of Obligations Incurred:**

	<u>Direct Obligations</u>	<u>Reimbursable Obligations</u>	<u>Total Obligations Incurred</u>
For the Fiscal Year Ended September 30, 2014			
Obligations Apportioned Under			
Category A	\$ 28,920,554	\$ 4,350,923	\$ 33,271,477
Category B	4,267,006	240,878	4,507,884
Exempt from Apportionment	-	494,081	494,081
Total	<u>\$ 33,187,560</u>	<u>\$ 5,085,882</u>	<u>\$ 38,273,442</u>
For the Fiscal Year Ended September 30, 2013			
Obligations Apportioned Under			
Category A	\$ 27,275,105	\$ 4,327,099	\$ 31,602,204
Category B	3,105,780	219,525	3,325,305
Exempt from Apportionment	-	574,221	574,221
Total	<u>\$ 30,380,885</u>	<u>\$ 5,120,845</u>	<u>\$ 35,501,730</u>

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.

These notes are an integral part of the financial statements.

**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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
UDO Obligations Unpaid	\$ 9,457,991	\$ 8,989,622
UDO Obligations Prepaid/Advanced	486,644	605,618
Total UDO	<u>\$ 9,944,635</u>	<u>\$ 9,595,240</u>

**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.

These notes are an integral part of the financial statements.

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

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**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.

These notes are an integral part of the financial statements.

**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, 2013 is presented below. The reconciliation as of September 30, 2014 is not presented, because the submission of the Budget of the United States (Budget) for FY 2016, which presents the execution of the FY 2014 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 2015.

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

For the Fiscal Year Ended September 30, 2013  
(Dollars in Millions)

	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources (SBR)	\$ 39,497	\$ 35,502	\$ 934	\$ 30,172
Funds not Reported in the Budget				
Expired Funds: OBDs, USMS, DEA, OJP, FBI, ATF & BOP	(816)	(149)	-	-
AFF/SADF Forfeiture Activity	(20)	-	-	-
OCDETF Adjustments	3	-	-	-
USMS Court Security Funds	(411)	(397)	-	(414)
Distributed Offsetting Receipts	-	-	(284)	284
Special and Trust Fund Receipts	-	-	-	652
Other	(9)	(3)	-	-
Budget of the United States Government	<u>\$ 38,244</u>	<u>\$ 34,953</u>	<u>\$ 650</u>	<u>\$ 30,694</u>

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.

These notes are an integral part of the financial statements.

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

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**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 USAOs collect civil fines, penalties, and restitution payments that are incidental to its mission. Specific to the "French bank Credit Lyonnais and French company Artemis settlement fund", the USAOs, by court order were given the investment authority and the settlement funds collected must be invested. The EOUSA invest these funds with the Treasury, Bureau of the Public Debt. Overall, the OBDs custodial collections totaled \$13,879,953 and \$5,637,603 for the fiscal years ended September 30, 2014 and 2013, respectively. As of September 30, 2014 and 2013, the custodial assets and liabilities recorded by the OBDs on the Consolidated Balance Sheets are \$807,904 and \$1,372,581, respectively.

For the fiscal years ended September 30, 2014 and 2013, DEA collected \$28,284 and \$101,630, 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, 2014 and 2013 balances for custodial liabilities were \$4,737 and \$2,856, 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 \$34,548 and \$69,980 for the fiscal years ended September 30, 2014 and 2013, respectively. As of September 30, 2014 and 2013, ATF did not have any custodial liabilities.

These notes are an integral part of the financial statements.

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

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

The FBI collected \$5,405 and \$872, for the fiscal years ended September 30, 2014 and 2013, 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, 2014 and 2013, the FBI had custodial liabilities of \$0 and \$5, respectively.

For the fiscal years ended September 30, 2014 and 2013, the BOP collected \$44 and \$46, 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, 2014 and 2013, the BOP did not have any custodial liabilities.

These notes are an integral part of the financial statements.

**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, 2014 and 2013

<b>Dollars in Thousands</b>	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Intragovernmental		
Fund Balance with U.S. Treasury	\$ 26,878,549	\$ 23,226,071
Investments, Net	8,940,208	6,650,960
Accounts Receivable, Net	507,672	452,327
Other Assets	74,062	92,370
Total Intragovernmental	<u>36,400,491</u>	<u>30,421,728</u>
Cash and Other Monetary Assets	190,965	174,798
Accounts Receivable, Net	93,326	81,892
Inventory and Related Property, Net	265,614	274,168
General Property, Plant and Equipment, Net	9,678,390	10,017,323
Other Assets	384,374	448,851
<b>Total Assets</b>	<b><u>\$ 47,013,160</u></b>	<b><u>\$ 41,418,760</u></b>
<b>LIABILITIES</b>		
Intragovernmental		
Accounts Payable	\$ 341,756	\$ 339,253
Other Liabilities	1,247,704	1,645,619
Total Intragovernmental	<u>1,589,460</u>	<u>1,984,872</u>
Accounts Payable	5,879,495	4,203,261
Federal Employee and Veteran Benefits	1,679,245	1,632,616
Environmental and Disposal Liabilities	78,799	76,676
Other Liabilities	7,378,491	7,449,568
<b>Total Liabilities</b>	<b><u>\$ 16,605,490</u></b>	<b><u>\$ 15,346,993</u></b>
<b>NET POSITION</b>		
Unexpended Appropriations - Funds from Dedicated Collections	\$ 32,750	\$ 35,768
Unexpended Appropriations - All Other Funds	9,585,702	8,649,121
Cumulative Results of Operations - Funds from Dedicated Collections	15,511,728	11,940,472
Cumulative Results of Operations - All Other Funds	5,277,490	5,446,406
<b>Total Net Position</b>	<b><u>\$ 30,407,670</u></b>	<b><u>\$ 26,071,767</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 47,013,160</u></b>	<b><u>\$ 41,418,760</u></b>

These notes are an integral part of the financial statements.

*FY 2014 U. S. Department of Justice Annual 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**

For the Fiscal Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	\$ 38,273,442	\$ 35,501,730
Less: Spending Authority from Offsetting Collections and Recoveries	<u>6,458,998</u>	<u>6,304,918</u>
Obligations Net of Offsetting Collections and Recoveries	31,814,444	29,196,812
Less: Offsetting Receipts	<u>495,904</u>	<u>933,877</u>
Net Obligations	31,318,540	28,262,935
Other Resources		
Donations and Forfeitures of Property	308,307	185,772
Transfers-In/Out Without Reimbursement	3,635	2,080
Imputed Financing from Costs Absorbed by Others (Note 19)	939,382	801,659
Other	<u>(8,193)</u>	<u>(6,166)</u>
Net Other Resources Used to Finance Activities	<u>1,243,131</u>	<u>983,345</u>
Total Resources Used to Finance Activities	32,561,671	29,246,280
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	(346,775)	1,664,943
Resources That Fund Expenses Recognized in Prior Periods (Note 24)	(161,335)	(106,481)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	(440,426)	99,050
Resources That Finance the Acquisition of Assets	(694,913)	(939,222)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	<u>(31,852)</u>	<u>(15,500)</u>
Total Resources Used to Finance Items not Part of the Net Cost of Operations	<u>(1,675,301)</u>	<u>702,790</u>
Total Resources Used to Finance the Net Cost of Operations	\$ 30,886,370	\$ 29,949,070

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 (continued)**

For the Fiscal Years Ended September 30, 2014 and 2013	2014	2013
Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period		
Components That Will Require or Generate Resources in the Future Period (Note 24)	\$ 139,051	\$ 260,293
Depreciation and Amortization	957,904	854,143
Revaluation of Assets or Liabilities	14,897	(1,912)
Other	(19,128)	89,436
Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period	\$ 1,092,724	\$ 1,201,960
Net Cost of Operations	\$ 31,979,094	\$ 31,151,030

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 \$6,817,785 and \$6,836,945 as of September 30, 2014 and 2013, 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, 2014 and 2013

	2014	2013
Resources that Fund Expenses Recognized in Prior Periods		
Decrease in Accrued Annual and Compensatory Leave Liabilities	\$ (2,656)	\$ (11,087)
Other		
Decrease in Contingent Liabilities	-	(1,980)
Decrease in Unfunded Capital Lease Liabilities	(8,555)	(7,911)
Decrease in RECA Liabilities	(98,804)	(70,772)
Decrease in September 11 <sup>th</sup> Victim Compensation Fund Liabilities	(51,128)	(14,688)
Decrease in Other Unfunded Employment Related Liabilities	(192)	(43)
Total Other	(158,679)	(95,394)
Total Resources that Fund Expenses Recognized in Prior Periods	\$ (161,335)	\$ (106,481)
Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods		
Increase in Environmental and Disposal Liabilities	\$ 2,123	\$ 2,235
(Increase)/Decrease in Exchange Revenue Receivable from the Public	6,350	14,119
Other		
Increase in Actuarial FECA Liabilities	46,629	158,338
Increase in Accrued FECA Liabilities	3,192	5,965
Increase in Deferred Revenue	44,155	68,494
Increase in Contingent Liabilities	31,554	-
Increase in Other Liabilities	14,522	12,569
(Increase)/Decrease in Surcharge Revenue Receivable		
from Other Federal Agencies	(9,474)	(1,427)
Total Other	130,578	243,939
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	\$ 139,051	\$ 260,293

These notes are an integral part of the financial statements.

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

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**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 \$561,661 and \$660,465 for estimated future benefits payable by the Department as of September 30, 2014 and 2013, 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 OMB.

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 (continued)**

**September 11<sup>th</sup> 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 11<sup>th</sup> 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 of 2001, 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. Based on OMB's guidance, DOJ should 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, 2014

	2014	2013
Appropriated Funds Received - Current Year	\$ 200,000	\$ 322,000
Appropriated Funds Received - Carryforward	8,728	193,788
Rescission	<u>(3,715)</u>	<u>(720)</u>
Total Funds Received	<u>\$ 205,013</u>	<u>\$ 515,068</u>
Less: Adjudicated Benefit Claims Disbursements	\$ 32,168	\$ 559
Salaries and Expenses Disbursements	17,056	7,789
Funds Returned to Treasury	<u>145,157</u>	<u>497,992</u>
Total Disbursements	<u>194,381</u>	<u>506,340</u>
Fund Balance with Treasury	<u>\$ 10,632</u>	<u>\$ 8,728</u>
Federal Funds Available for September 11th Victim Compensation Fund	\$ 2,751,712	\$ 2,766,400
Less: Change in Unpaid Obligations	1,904	6,340
Adjudicated Benefit Claims Disbursements	32,168	559
Salaries and Expenses Disbursements	<u>17,056</u>	<u>7,789</u>
Total Funded Liabilities	<u>51,128</u>	<u>14,688</u>
Unfunded Liability for September 11th Victim Compensation Fund	<u>\$ 2,700,584</u>	<u>\$ 2,751,712</u>

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. The USMS, DEA, and BOP revised capitalization threshold for internal use software only. For FY 2014, USMS and DEA fully implemented the policy and revised their capitalization thresholds real property and personal property. In addition ATF, fully implemented the new policy and revised their capitalization thresholds for real property, personal property and internal use software. This policy is preferable because it increases the efficiency and cost effectiveness of DOJ property management efforts while maintaining a system of internal controls.

Full implementation of revised capitalization thresholds for all components is required by FY 2015. The primary impact of the policy change was an increase in the thresholds for capitalizing and reporting real property, including leasehold improvements; personal property; and internal use software. This change in accounting principle caused a \$130,858 reduction in the overall PP&E balance for FY 2014 and the pre-FY 2014 effects are recognized in the beginning balances of cumulative results of operations on the Consolidated Statements of Changes in Net Position. The effect of the new policy reduced the Department's assets for Property, Plant and Equipment as illustrated in the table below.

**FY 2014**

<b>Type of Property</b>	<b>USMS</b>	<b>DEA</b>	<b>ATF</b>	<b>Total</b>
Real Property	\$ (45,883)	\$ (2,721)	\$ (4,190)	\$ (52,794)
Personal Property	\$ (23,827)	\$ (36,286)	\$ (12,609)	\$ (72,722)
Internal Use Software	\$ -	\$ -	\$ (5,342)	\$ (5,342)
<b>Total</b>	<b>\$ (69,710)</b>	<b>\$ (39,007)</b>	<b>\$ (22,141)</b>	<b>\$ (130,858)</b>

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, 2014**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
<b>Budgetary Resources</b>										
Unobligated Balance, Net, Brought Forward, October 1	\$ 886,738	\$ 907,841	\$ 156,392	\$ 180,633	\$ 232,812	\$ 1,124,439	\$ 33,497	\$ 273,674	\$ 198,941	\$ 3,994,967
Recoveries of Prior Year Unpaid Obligations	71,239	203,380	56,907	74,255	92,113	197,730	24,952	25,649	-	746,225
Other Changes in Unobligated Balance	-	59,185	(383)	(6,082)	(42)	(38,515)	(752)	(15,832)	-	(2,421)
Unobligated Balance from Prior Year Budget Authority, Net	957,977	1,170,406	212,916	248,806	324,883	1,283,654	57,697	283,491	198,941	4,738,771
Appropriations (discretionary and mandatory)	4,079,273	5,310,067	3,138,888	2,345,103	2,392,785	8,345,443	1,179,332	6,859,000	-	33,649,891
Spending Authority from Offsetting Collections (discretionary and mandatory)	14,242	2,724,304	99,771	206,118	508,288	1,178,873	81,307	418,509	478,099	5,709,511
<b>Total Budgetary Resources</b>	<b>\$ 5,051,492</b>	<b>\$ 9,204,777</b>	<b>\$ 3,451,575</b>	<b>\$ 2,800,027</b>	<b>\$ 3,225,956</b>	<b>\$ 10,807,970</b>	<b>\$ 1,318,336</b>	<b>\$ 7,561,000</b>	<b>\$ 677,040</b>	<b>\$ 44,098,173</b>
<b>Status of Budgetary Resources:</b>										
Obligations Incurred (Note 20)	\$ 3,135,920	\$ 7,843,120	\$ 3,153,418	\$ 2,628,413	\$ 2,983,472	\$ 9,486,728	\$ 1,287,533	\$ 7,260,757	\$ 494,081	\$ 38,273,442
Unobligated Balance, End of Year:										
Apportioned	1,836,188	1,098,150	253,814	126,569	169,185	1,110,032	16,466	102,538	-	4,712,942
Exempt from Apportionment	-	-	-	-	-	-	-	67,999	182,959	250,958
Unapportioned	79,384	263,507	44,343	45,045	73,299	211,210	14,337	129,706	-	860,831
Total Unobligated Balance - End of Year	1,915,572	1,361,657	298,157	171,614	242,484	1,321,242	30,803	300,243	182,959	5,824,731
<b>Total Status of Budgetary Resources:</b>	<b>\$ 5,051,492</b>	<b>\$ 9,204,777</b>	<b>\$ 3,451,575</b>	<b>\$ 2,800,027</b>	<b>\$ 3,225,956</b>	<b>\$ 10,807,970</b>	<b>\$ 1,318,336</b>	<b>\$ 7,561,000</b>	<b>\$ 677,040</b>	<b>\$ 44,098,173</b>
<b>Change in Obligated Balance:</b>										
Unpaid Obligations:										
Unpaid obligations, Brought Forward, October 1	\$ 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
Obligations Incurred	3,135,920	7,843,120	3,153,418	2,628,413	2,983,472	9,486,728	1,287,533	7,260,757	494,081	38,273,442
Outlays, Gross (-)	(1,383,256)	(7,456,101)	(3,088,085)	(2,564,377)	(2,820,121)	(8,930,952)	(1,203,304)	(7,220,477)	(441,107)	(35,107,780)
Recoveries of Prior Year Unpaid Obligations (-)	(71,239)	(203,380)	(56,907)	(74,255)	(92,113)	(197,730)	(24,952)	(25,649)	-	(746,225)
Unpaid Obligations, End of Year	4,813,200	3,519,630	467,147	3,904,697	577,616	2,783,840	253,938	725,928	171,461	17,217,457
Uncollected Payments:										
Uncollected Payments from Federal Sources, Brought Forward, October 1 (-)	(7,177)	(655,863)	(19,669)	(88,979)	(180,761)	(617,526)	(56,039)	(5,508)	(35,383)	(1,666,905)
Change in Uncollected Customer Payments from Federal Sources	(4,326)	(144,713)	1,301	(29,592)	31,193	10,911	(673)	501	12,898	(122,500)
Uncollected Customer Payments from Federal Sources, End of Year	\$ (11,503)	\$ (800,576)	\$ (18,368)	\$ (118,571)	\$ (149,568)	\$ (606,615)	\$ (56,712)	\$ (5,007)	\$ (22,485)	\$ (1,789,405)
Memorandum (non-add) Entries:										
Obligated balance, Start of Year	\$ 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
Obligated balance, End of Year	\$ 4,801,697	\$ 2,719,054	\$ 448,779	\$ 3,786,126	\$ 428,048	\$ 2,177,225	\$ 197,226	\$ 720,921	\$ 148,976	\$ 15,428,052



**U. S. Department of Justice**  
**Combining Statement of Budgetary Resources - Continued**  
**For the Fiscal Year Ended September 30, 2014**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
<b>Budgetary Authority and Outlays, Net:</b>										
Budgetary Authority, Gross (discretionary and mandatory)	\$ 4,093,515	\$ 8,034,371	\$ 3,238,659	\$ 2,551,221	\$ 2,901,073	\$ 9,524,316	\$ 1,260,639	\$ 7,277,509	\$ 478,099	\$ 39,359,402
Less: Actual Offsetting Collections (discretionary and mandatory)	9,916	2,582,853	101,072	176,526	539,481	1,189,784	80,634	419,010	490,997	5,590,273
Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory)	(4,326)	(144,713)	1,301	(29,592)	31,193	10,911	(673)	501	12,898	(122,500)
<b>Budget Authority, Net (discretionary and mandatory)</b>	<b>\$ 4,079,273</b>	<b>\$ 5,306,805</b>	<b>\$ 3,138,888</b>	<b>\$ 2,345,103</b>	<b>\$ 2,392,785</b>	<b>\$ 8,345,443</b>	<b>\$ 1,179,332</b>	<b>\$ 6,859,000</b>	<b>\$ -</b>	<b>\$ 33,646,629</b>
Outlays, Gross (discretionary and mandatory)	\$ 1,383,256	\$ 7,456,101	\$ 3,088,085	\$ 2,564,377	\$ 2,820,121	\$ 8,930,952	\$ 1,203,304	\$ 7,220,477	\$ 441,107	\$ 35,107,780
Less: Actual Offsetting Collections (discretionary and mandatory)	9,916	2,582,853	101,072	176,526	539,481	1,189,784	80,634	419,010	490,997	5,590,273
<b>Outlays, Net (discretionary and mandatory)</b>	<b>1,373,340</b>	<b>4,873,248</b>	<b>2,987,013</b>	<b>2,387,851</b>	<b>2,280,640</b>	<b>7,741,168</b>	<b>1,122,670</b>	<b>6,801,467</b>	<b>(49,890)</b>	<b>29,517,507</b>
Less: Distributed Offsetting Receipts	6,280	117,706	-	-	358,985	3,360	1,617	7,956	-	495,904
<b>Agency Outlays, Net (discretionary and mandatory)</b>	<b>\$ 1,367,060</b>	<b>\$ 4,755,542</b>	<b>\$ 2,987,013</b>	<b>\$ 2,387,851</b>	<b>\$ 1,921,655</b>	<b>\$ 7,737,808</b>	<b>\$ 1,121,053</b>	<b>\$ 6,793,511</b>	<b>\$ (49,890)</b>	<b>\$ 29,021,603</b>

**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
<b>Budgetary Resources</b>										
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
<b>Total Budgetary Resources</b>	<b>\$ 2,708,361</b>	<b>\$ 8,377,314</b>	<b>\$ 3,322,796</b>	<b>\$ 2,661,004</b>	<b>\$ 3,044,762</b>	<b>\$ 10,098,830</b>	<b>\$ 1,216,664</b>	<b>\$ 7,293,804</b>	<b>\$ 773,162</b>	<b>\$ 39,496,697</b>
<b>Status of Budgetary Resources:</b>										
Obligations Incurred (Note 20)	\$ 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 Year:										
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 Year	886,738	907,841	156,392	180,633	232,812	1,124,439	33,497	273,674	198,941	3,994,967
<b>Total Status of Budgetary Resources:</b>	<b>\$ 2,708,361</b>	<b>\$ 8,377,314</b>	<b>\$ 3,322,796</b>	<b>\$ 2,661,004</b>	<b>\$ 3,044,762</b>	<b>\$ 10,098,830</b>	<b>\$ 1,216,664</b>	<b>\$ 7,293,804</b>	<b>\$ 773,162</b>	<b>\$ 39,496,697</b>
<b>Change in Obligated Balance:</b>										
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 Year	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, End of Year	(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 Year	\$ 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 Year	\$ 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
<b>Budgetary Authority and Outlays, Net:</b>										
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
<b>Budget Authority, Net (discretionary and mandatory)</b>	<b>\$ 1,849,038</b>	<b>\$ 4,838,144</b>	<b>\$ 3,045,350</b>	<b>\$ 2,168,196</b>	<b>\$ 2,255,829</b>	<b>\$ 7,419,644</b>	<b>\$ 1,070,888</b>	<b>\$ 6,527,205</b>	<b>\$ -</b>	<b>\$ 29,174,294</b>
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
<b>Outlays, Net (discretionary and mandatory)</b>	<b>1,440,202</b>	<b>5,731,716</b>	<b>2,976,501</b>	<b>2,586,736</b>	<b>2,400,663</b>	<b>8,073,953</b>	<b>1,134,965</b>	<b>6,742,478</b>	<b>18,500</b>	<b>31,105,714</b>
Less: Distributed Offsetting Receipts	5,106	540,343	-	-	345,852	(3,938)	41,520	4,994	-	933,877
<b>Agency Outlays, Net (discretionary and mandatory)</b>	<b>\$ 1,435,096</b>	<b>\$ 5,191,373</b>	<b>\$ 2,976,501</b>	<b>\$ 2,586,736</b>	<b>\$ 2,054,811</b>	<b>\$ 8,077,891</b>	<b>\$ 1,093,445</b>	<b>\$ 6,737,484</b>	<b>\$ 18,500</b>	<b>\$ 30,171,837</b>

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**Required Supplementary Stewardship Information**

**Unaudited**

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**U.S. Department of Justice**  
**Consolidated Stewardship Investments**  
**For the Fiscal Years Ended September 30, 2014, 2013, 2012, 2011 and 2010**

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 from fiscal years 2010 through September 30, 2014, are as follows:

Dollars in Thousands	2014	2013	2012	2011	2010
Recipients of Non-Federal Physical Property:					
Grants to Indian Tribes	\$ 39,431	\$ 52,980	\$ 97,553	\$ 52,339	\$ 24,768
Grants to States	(12)	-	84	(1,139)	11,389
Total Non-Federal Physical Property	<u>\$ 39,419</u>	<u>\$ 52,980</u>	<u>\$ 97,637</u>	<u>\$ 51,200</u>	<u>\$ 36,157</u>

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**Other Information**

**(Unaudited)**

**U. S. Department of Justice  
Consolidating Balance Sheet  
As of September 30, 2014**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>ASSETS</b>											
Intragovernmental											
Fund Balance with U.S. Treasury	\$ 124,255	\$ 4,752,671	\$ 759,137	\$ 15,749,752	\$ 686,209	\$ 3,479,026	\$ 221,986	\$ 1,085,079	\$ 20,434	\$ -	\$ 26,878,549
Investments, Net	8,334,306	294,300	-	-	-	-	-	-	311,602	-	8,940,208
Accounts Receivable, Net	9,242	307,552	10,872	4,446	36,263	388,269	28,825	4,130	22,382	(304,309)	507,672
Other Assets	40	29,742	1,701	31,855	25,190	14,489	1,019	11,089	-	(41,063)	74,062
<b>Total Intragovernmental</b>	<b>8,467,843</b>	<b>5,384,265</b>	<b>771,710</b>	<b>15,786,053</b>	<b>747,662</b>	<b>3,881,784</b>	<b>251,830</b>	<b>1,100,298</b>	<b>354,418</b>	<b>(345,372)</b>	<b>36,400,491</b>
Cash and Monetary Assets	101,690	46	-	-	21,752	57,551	9,472	454	-	-	190,965
Accounts Receivable, Net	-	38,338	114	1,729	6,204	36,498	228	5,041	5,174	-	93,326
Inventory and Related Property, Net	-	-	3,182	-	17,381	9,748	-	18,410	78,628	-	127,349
Forfeited Property, Net	138,265	-	-	-	-	-	-	-	-	-	138,265
General Property, Plant and Equipment, Net	628	131,950	214,257	5,087	282,785	2,852,468	170,426	5,945,633	75,156	-	9,678,390
Advances and Prepayments	-	1,306	-	352,125	8,429	11,887	1,057	4,352	80	-	379,236
Other Assets	-	-	184	-	-	42	-	4,412	500	-	5,138
<b>Total Assets</b>	<b>\$ 8,708,426</b>	<b>\$ 5,555,905</b>	<b>\$ 989,447</b>	<b>\$ 16,144,994</b>	<b>\$ 1,084,213</b>	<b>\$ 6,849,978</b>	<b>\$ 433,013</b>	<b>\$ 7,078,600</b>	<b>\$ 513,956</b>	<b>\$ (345,372)</b>	<b>\$ 47,013,160</b>
<b>LIABILITIES</b>											
Intragovernmental											
Accounts Payable	\$ 108,261	\$ 186,034	\$ 59,977	\$ 18,297	\$ 37,719	\$ 172,566	\$ 18,603	\$ 40,794	\$ 3,059	\$ (303,554)	\$ 341,756
Accrued FECA Liabilities	-	9,458	16,164	17	26,084	32,827	20,573	162,818	2,161	-	270,102
Custodial Liabilities	-	675,228	-	-	4,737	-	-	-	-	-	679,965
Other Liabilities	198	31,347	5,605	46,330	15,368	90,814	4,857	35,316	109,620	(41,818)	297,637
<b>Total Intragovernmental</b>	<b>108,459</b>	<b>902,067</b>	<b>81,746</b>	<b>64,644</b>	<b>83,908</b>	<b>296,207</b>	<b>44,033</b>	<b>238,928</b>	<b>114,840</b>	<b>(345,372)</b>	<b>1,589,460</b>
Accounts Payable	4,524,908	321,169	162,780	45,474	94,155	298,023	54,502	332,795	45,689	-	5,879,495
Accrued Grant Liabilities	-	99,372	-	386,161	-	-	-	-	-	-	485,533
Actuarial FECA Liabilities	-	59,445	103,274	168	167,925	200,670	128,126	997,135	22,502	-	1,679,245
Accrued Payroll and Benefits	864	60,806	22,156	2,693	29,487	101,066	15,330	74,250	4,015	-	310,667
Accrued Annual and Compensatory Leave Liabilities	1,766	174,729	43,307	6,248	97,326	269,900	47,694	175,406	6,887	-	823,263
Environmental and Disposal Liabilities	-	-	-	-	-	11,407	-	67,392	-	-	78,799
Deferred Revenue	138,265	-	-	-	522,045	-	-	2,152	-	-	662,462
Seized Cash and Monetary Instruments	1,373,316	-	-	-	450	33,616	3,061	-	-	-	1,410,443
Contingent Liabilities	-	6,440	-	-	28,177	11,147	1,500	10,861	-	-	58,125
Capital Lease Liabilities	-	-	-	-	-	-	-	161	30	-	191
Radiation Exposure Compensation Act Liabilities	-	561,661	-	-	-	-	-	-	-	-	561,661
9/11 Victim Compensation Fund	-	2,700,584	-	-	-	-	-	-	-	-	2,700,584
Other Liabilities	-	130,457	12,203	-	11,508	7,761	753	202,880	-	-	365,562
<b>Total Liabilities</b>	<b>\$ 6,147,578</b>	<b>\$ 5,016,730</b>	<b>\$ 425,466</b>	<b>\$ 505,388</b>	<b>\$ 1,034,981</b>	<b>\$ 1,229,797</b>	<b>\$ 294,999</b>	<b>\$ 2,101,960</b>	<b>\$ 193,963</b>	<b>\$ (345,372)</b>	<b>\$ 16,605,490</b>
<b>NET POSITION</b>											
Unexpended Appropriations - Funds from Dedicated Collections	\$ -	\$ 32,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,750
Unexpended Appropriations - All Other Funds	-	2,743,717	480,555	2,664,388	416,009	2,640,676	162,725	477,632	-	-	9,585,702
Cumulative Results of Operations - Funds from Dedicated Collections	2,560,848	216,951	-	12,971,522	(332,973)	-	-	95,380	-	-	15,511,728
Cumulative Results of Operations - All Other Funds	-	(2,454,243)	83,426	3,696	(33,804)	2,979,505	(24,711)	4,403,628	319,993	-	5,277,490
<b>Total Net Position</b>	<b>\$ 2,560,848</b>	<b>\$ 539,175</b>	<b>\$ 563,981</b>	<b>\$ 15,639,606</b>	<b>\$ 49,232</b>	<b>\$ 5,620,181</b>	<b>\$ 138,014</b>	<b>\$ 4,976,640</b>	<b>\$ 319,993</b>	<b>\$ -</b>	<b>\$ 30,407,670</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 8,708,426</b>	<b>\$ 5,555,905</b>	<b>\$ 989,447</b>	<b>\$ 16,144,994</b>	<b>\$ 1,084,213</b>	<b>\$ 6,849,978</b>	<b>\$ 433,013</b>	<b>\$ 7,078,600</b>	<b>\$ 513,956</b>	<b>\$ (345,372)</b>	<b>\$ 47,013,160</b>

**U. S. Department of Justice  
Consolidating Balance Sheet  
As of September 30, 2013**

	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>ASSETS</b>											
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
<b>Total Intragovernmental</b>	<b>6,181,831</b>	<b>5,506,639</b>	<b>632,990</b>	<b>13,004,871</b>	<b>650,174</b>	<b>3,238,521</b>	<b>194,379</b>	<b>1,038,132</b>	<b>317,426</b>	<b>(343,235)</b>	<b>30,421,728</b>
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
<b>Total Assets</b>	<b>\$ 6,388,007</b>	<b>\$ 5,695,358</b>	<b>\$ 917,652</b>	<b>\$ 13,419,404</b>	<b>\$ 1,043,004</b>	<b>\$ 6,087,265</b>	<b>\$ 402,730</b>	<b>\$ 7,310,852</b>	<b>\$ 497,723</b>	<b>\$ (343,235)</b>	<b>\$ 41,418,760</b>
<b>LIABILITIES</b>											
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
<b>Total Intragovernmental</b>	<b>105,541</b>	<b>1,393,789</b>	<b>66,739</b>	<b>89,022</b>	<b>66,368</b>	<b>277,424</b>	<b>36,868</b>	<b>226,413</b>	<b>65,943</b>	<b>(343,235)</b>	<b>1,984,872</b>
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
<b>Total Liabilities</b>	<b>\$ 4,532,240</b>	<b>\$ 5,718,453</b>	<b>\$ 461,780</b>	<b>\$ 387,493</b>	<b>\$ 935,064</b>	<b>\$ 1,222,872</b>	<b>\$ 270,841</b>	<b>\$ 2,021,284</b>	<b>\$ 140,201</b>	<b>\$ (343,235)</b>	<b>\$ 15,346,993</b>
<b>NET POSITION</b>											
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
<b>Total Net Position</b>	<b>\$ 1,855,767</b>	<b>\$ (23,095)</b>	<b>\$ 455,872</b>	<b>\$ 13,031,911</b>	<b>\$ 107,940</b>	<b>\$ 4,864,393</b>	<b>\$ 131,889</b>	<b>\$ 5,289,568</b>	<b>\$ 357,522</b>	<b>\$ -</b>	<b>\$ 26,071,767</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,388,007</b>	<b>\$ 5,695,358</b>	<b>\$ 917,652</b>	<b>\$ 13,419,404</b>	<b>\$ 1,043,004</b>	<b>\$ 6,087,265</b>	<b>\$ 402,730</b>	<b>\$ 7,310,852</b>	<b>\$ 497,723</b>	<b>\$ (343,235)</b>	<b>\$ 41,418,760</b>

**U. S. Department of Justice**  
**Consolidating Statement of Net Cost**  
**For the Fiscal Year Ended September 30, 2014**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law</b>											
Gross Cost - Intragovernmental	\$ -	\$ 67,879	\$ 21,480	\$ -	\$ 12,857	\$ 1,610,242	\$ -	\$ -	\$ -	\$ (27,927)	\$ 1,684,531
Gross Cost - With the Public	-	110,675	77,133	-	102,432	3,481,744	3,439	-	-	-	3,775,423
Subtotal Gross Costs	-	178,554	98,613	-	115,289	5,091,986	3,439	-	-	(27,927)	5,459,954
Earned Revenues - Intragovernmental	-	13,041	-	-	44,964	302,342	-	-	-	(27,927)	332,420
Earned Revenues - With the Public	-	(62)	-	-	5	7,803	-	-	-	-	7,746
Subtotal Earned Revenues	-	12,979	-	-	44,969	310,145	-	-	-	(27,927)	340,166
Subtotal Net Cost of Operations	\$ -	\$ 165,575	\$ 98,613	\$ -	\$ 70,320	\$ 4,781,841	\$ 3,439	\$ -	\$ -	\$ -	\$ 5,119,788
<b>Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law</b>											
Gross Cost - Intragovernmental	\$ 508,771	\$ 1,935,673	\$ 65,262	\$ 38,570	\$ 950,691	\$ 751,137	\$ 410,755	\$ -	\$ -	\$ (1,200,070)	\$ 3,460,789
Gross Cost - With the Public	2,577,527	3,578,846	229,916	950,134	1,913,690	2,296,397	862,728	8,717	-	-	12,417,955
Subtotal Gross Costs	3,086,298	5,514,519	295,178	988,704	2,864,381	3,047,534	1,273,483	8,717	-	(1,200,070)	15,878,744
Earned Revenues - Intragovernmental	14,065	865,136	-	4,520	455,799	297,393	79,447	-	-	(1,200,070)	516,290
Earned Revenues - With the Public	-	806,545	-	33	319,738	5,043	1,245	-	-	-	1,132,604
Subtotal Earned Revenues	14,065	1,671,681	-	4,553	775,537	302,436	80,692	-	-	(1,200,070)	1,648,894
Subtotal Net Cost of Operations	\$ 3,072,233	\$ 3,842,838	\$ 295,178	\$ 984,151	\$ 2,088,844	\$ 2,745,098	\$ 1,192,791	\$ 8,717	\$ -	\$ -	\$ 14,229,850
<b>Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels</b>											
Gross Cost - Intragovernmental	\$ -	\$ 125,539	\$ 532,778	\$ 147,660	\$ -	\$ 284,534	\$ -	\$ 1,752,810	\$ 85,469	\$ (235,640)	\$ 2,693,150
Gross Cost - With the Public	-	413,517	2,140,198	1,461,732	-	634,305	-	6,090,658	458,026	-	11,198,436
Subtotal Gross Costs	-	539,056	2,672,976	1,609,392	-	918,839	-	7,843,468	543,495	(235,640)	13,891,586
Earned Revenues - Intragovernmental	-	8,658	54,199	18,865	-	330,135	-	27,191	432,822	(215,849)	656,021
Earned Revenues - With the Public	-	293	3,655	-	-	165,566	-	391,318	45,277	-	606,109
Subtotal Earned Revenues	-	8,951	57,854	18,865	-	495,701	-	418,509	478,099	(215,849)	1,262,130
Subtotal Net Cost of Operations	\$ -	\$ 530,105	\$ 2,615,122	\$ 1,590,527	\$ -	\$ 423,138	\$ -	\$ 7,424,959	\$ 65,396	\$ (19,791)	\$ 12,629,456
<b>Total Net Cost of Operations</b>	<b>\$ 3,072,233</b>	<b>\$ 4,538,518</b>	<b>\$ 3,008,913</b>	<b>\$ 2,574,678</b>	<b>\$ 2,159,164</b>	<b>\$ 7,950,077</b>	<b>\$ 1,196,230</b>	<b>\$ 7,433,676</b>	<b>\$ 65,396</b>	<b>\$ (19,791)</b>	<b>\$ 31,979,094</b>

**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
<b>Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law</b>											
Gross Cost - Intragovernmental	\$ -	\$ 60,951	\$ 37,872	\$ -	\$ 12,714	\$ 1,361,909	\$ -	\$ -	\$ -	\$ (116,086)	\$ 1,357,360
Gross Cost - With the Public	-	119,418	42,396	-	125,342	3,649,619	4,834	-	-	-	3,941,609
Subtotal Gross Costs	-	180,369	80,268	-	138,056	5,011,528	4,834	-	-	(116,086)	5,298,969
Earned Revenues - Intragovernmental	-	13,530	-	-	44,666	457,250	-	-	-	(116,086)	399,360
Earned Revenues - With the Public	-	25	-	-	4	16,344	-	-	-	-	16,373
Subtotal Earned Revenues	-	13,555	-	-	44,670	473,594	-	-	-	(116,086)	415,733
Subtotal Net Cost of Operations	\$ -	\$ 166,814	\$ 80,268	\$ -	\$ 93,386	\$ 4,537,934	\$ 4,834	\$ -	\$ -	\$ -	\$ 4,883,236
<b>Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law</b>											
Gross Cost - Intragovernmental	\$ 501,418	\$ 1,841,653	\$ 79,516	\$ 59,681	\$ 898,217	\$ 829,830	\$ 375,869	\$ -	\$ -	\$ (945,821)	\$ 3,640,363
Gross Cost - With the Public	1,286,133	3,940,314	164,286	989,297	1,896,782	2,199,434	868,544	7,907	-	-	11,352,697
Subtotal Gross Costs	1,787,551	5,781,967	243,802	1,048,978	2,794,999	3,029,264	1,244,413	7,907	-	(945,821)	14,993,060
Earned Revenues - Intragovernmental	12,201	768,886	-	11,164	439,466	342,743	74,433	-	-	(945,821)	703,072
Earned Revenues - With the Public	-	438,594	-	-	280,596	397	847	-	-	-	720,434
Subtotal Earned Revenues	12,201	1,207,480	-	11,164	720,062	343,140	75,280	-	-	(945,821)	1,423,506
Subtotal Net Cost of Operations	\$ 1,775,350	\$ 4,574,487	\$ 243,802	\$ 1,037,814	\$ 2,074,937	\$ 2,686,124	\$ 1,169,133	\$ 7,907	\$ -	\$ -	\$ 13,569,554
<b>Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels</b>											
Gross Cost - Intragovernmental	\$ -	\$ 133,700	\$ 492,089	\$ 77,203	\$ -	\$ 254,103	\$ -	\$ 1,671,102	\$ 97,638	\$ (395,115)	\$ 2,330,720
Gross Cost - With the Public	-	419,283	2,350,380	1,578,410	-	798,910	-	5,944,800	549,915	-	11,641,698
Subtotal Gross Costs	-	552,983	2,842,469	1,655,613	-	1,053,013	-	7,615,902	647,553	(395,115)	13,972,418
Earned Revenues - Intragovernmental	-	15,523	52,811	26,882	-	358,899	-	20,950	573,233	(374,046)	674,252
Earned Revenues - With the Public	-	34	4,941	314	-	154,485	-	398,643	41,509	-	599,926
Subtotal Earned Revenues	-	15,557	57,752	27,196	-	513,384	-	419,593	614,742	(374,046)	1,274,178
Subtotal Net Cost of Operations	\$ -	\$ 537,426	\$ 2,784,717	\$ 1,628,417	\$ -	\$ 539,629	\$ -	\$ 7,196,309	\$ 32,811	\$ (21,069)	\$ 12,698,240
<b>Total Net Cost of Operations</b>	<b>\$ 1,775,350</b>	<b>\$ 5,278,727</b>	<b>\$ 3,108,787</b>	<b>\$ 2,666,231</b>	<b>\$ 2,168,323</b>	<b>\$ 7,763,687</b>	<b>\$ 1,173,967</b>	<b>\$ 7,204,216</b>	<b>\$ 32,811</b>	<b>\$ (21,069)</b>	<b>\$ 31,151,030</b>

**U. S. Department of Justice**  
**Consolidating Statement of Changes in Net Position**  
**For the Fiscal Year Ended September 30, 2014**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Unexpended Appropriations</b>											
<b>Beginning Balances</b>											
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
<b>Budgetary Financing Sources</b>											
Appropriations Received											
Funds from Dedicated Collections	-	41,680	-	-	-	-	-	-	-	-	41,680
All Other Funds	-	5,169,742	2,727,800	1,659,218	2,018,000	8,343,284	1,179,000	6,859,000	-	-	27,956,044
Appropriations Transferred-In/Out											
All Other Funds	-	(33,104)	410,705	(6,732)	25,195	(34,706)	(420)	(15,832)	-	-	345,106
Other Adjustments											
Funds from Dedicated Collections	-	317	-	-	-	-	-	-	-	-	317
All Other Funds	-	(206,664)	-	(66,482)	-	-	-	-	-	-	(273,146)
Appropriations Used											
Funds from Dedicated Collections	-	(45,015)	-	-	-	-	-	-	-	-	(45,015)
All Other Funds	-	(4,788,454)	(2,957,249)	(1,891,327)	(2,013,437)	(7,490,378)	(1,147,849)	(6,802,729)	-	-	(27,091,423)
<b>Total Financing Sources</b>											
Funds from Dedicated Collections	-	(3,018)	-	-	-	-	-	-	-	-	(3,018)
All Other Funds	-	141,520	181,256	(305,323)	29,758	818,200	30,731	40,439	-	-	936,581
<b>Net Change</b>											
Funds from Dedicated Collections	-	(3,018)	-	-	-	-	-	-	-	-	(3,018)
All Other Funds	-	141,520	181,256	(305,323)	29,758	818,200	30,731	40,439	-	-	936,581
<b>Ending Balances</b>											
Funds from Dedicated Collections	-	32,750	-	-	-	-	-	-	-	-	32,750
All Other Funds	-	2,743,717	480,555	2,664,388	416,009	2,640,676	162,725	477,632	-	-	9,585,702
<b>Total All Funds</b>	<b>\$ - \$</b>	<b>2,776,467 \$</b>	<b>480,555 \$</b>	<b>2,664,388 \$</b>	<b>416,009 \$</b>	<b>2,640,676 \$</b>	<b>162,725 \$</b>	<b>477,632 \$</b>	<b>- \$</b>	<b>- \$</b>	<b>9,618,452</b>

U. S. Department of Justice  
 Consolidating Statement of Changes in Net Position - Continued  
 For the Fiscal Year Ended September 30, 2014

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Cumulative Results of Operations</b>											
<b>Beginning Balances</b>											
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
Adjustments:											
Changes in Accounting Principles (Note 26)											
Funds from Dedicated Collections	-	-	-	-	(7,673)	-	-	-	-	-	(7,673)
All Other Funds	-	-	(69,710)	-	(31,334)	-	(22,141)	-	-	-	(123,185)
<b>Beginning Balances, as Adjusted</b>											
Funds from Dedicated Collections	1,855,767	244,863	-	10,057,641	(319,165)	-	-	93,693	-	-	11,932,799
All Other Funds	-	(2,905,923)	86,863	4,559	1,847	3,041,917	(22,246)	4,758,682	357,522	-	5,323,221
<b>Budgetary Financing Sources</b>											
Other Adjustments											
All Other Funds	-	(30,000)	-	-	-	-	-	-	-	-	(30,000)
Appropriations Used											
Funds from Dedicated Collections	-	45,015	-	-	-	-	-	-	-	-	45,015
All Other Funds	-	4,788,454	2,957,249	1,891,327	2,013,437	7,490,378	1,147,849	6,802,729	-	-	27,091,423
Nonexchange Revenues											
Funds from Dedicated Collections	6,280	897	-	3,591,494	-	-	-	-	-	-	3,598,671
All Other Funds	-	-	-	293	-	29	-	-	-	-	322
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	4,158,820	-	-	-	-	-	-	-	-	-	4,158,820
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(693,000)	-	-	-	-	-	-	-	-	-	(693,000)
All Other Funds	-	99,561	-	-	-	(1,651)	-	-	-	-	97,910
<b>Other Financing Sources</b>											
Donations and Forfeitures of Property											
Funds from Dedicated Collections	308,307	-	-	-	-	-	-	-	-	-	308,307
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(4,930)	-	-	-	-	-	-	-	-	-	(4,930)
All Other Funds	-	(111,548)	(23)	(21)	3,900	112,458	3,169	630	-	-	8,565
Imputed Financing from Costs Absorbed by Others											
Funds from Dedicated Collections	1,837	955	-	-	11,843	-	-	5,021	-	-	19,656
All Other Funds	-	168,952	48,250	4,603	80,525	294,644	42,747	271,929	27,867	(19,791)	919,726
Other Financing Sources											
All Other Funds	-	-	-	-	-	(8,193)	-	-	-	-	(8,193)
<b>Total Financing Sources</b>											
Funds from Dedicated Collections	3,777,314	46,867	-	3,591,494	11,843	-	-	5,021	-	-	7,432,539
All Other Funds	-	4,915,419	3,005,476	1,896,202	2,097,862	7,887,665	1,193,765	7,075,288	27,867	(19,791)	28,079,753
<b>Net Cost of Operations</b>											
Funds from Dedicated Collections	(3,072,233)	(74,779)	-	(677,613)	(25,651)	-	-	(3,334)	-	-	(3,853,610)
All Other Funds	-	(4,463,739)	(3,008,913)	(1,897,065)	(2,133,513)	(7,950,077)	(1,196,230)	(7,430,342)	(65,396)	19,791	(28,125,484)
<b>Net Change</b>											
Funds from Dedicated Collections	705,081	(27,912)	-	2,913,881	(13,808)	-	-	1,687	-	-	3,578,929
All Other Funds	-	451,680	(3,437)	(863)	(35,651)	(62,412)	(2,465)	(355,054)	(37,529)	-	(45,731)
<b>Ending Balances</b>											
Funds from Dedicated Collections	2,560,848	216,951	-	12,971,522	(332,973)	-	-	95,380	-	-	15,511,728
All Other Funds	-	(2,454,243)	83,426	3,696	(33,804)	2,979,505	(24,711)	4,403,628	319,993	-	5,277,490
<b>Total All Funds</b>	<b>\$ 2,560,848</b>	<b>\$ (2,237,292)</b>	<b>\$ 83,426</b>	<b>\$ 12,975,218</b>	<b>\$ (366,777)</b>	<b>\$ 2,979,505</b>	<b>\$ (24,711)</b>	<b>\$ 4,499,008</b>	<b>\$ 319,993</b>	<b>\$ -</b>	<b>\$ 20,789,218</b>
<b>Net Position - Funds from Dedicated Collections</b>											
	2,560,848	249,701	-	12,971,522	(332,973)	-	-	95,380	-	-	15,544,478
<b>Net Position - All Other Funds</b>											
	-	289,474	563,981	2,668,084	382,205	5,620,181	138,014	4,881,260	319,993	-	14,863,192
<b>Net Position - Total</b>	<b>\$ 2,560,848</b>	<b>\$ 539,175</b>	<b>\$ 563,981</b>	<b>\$ 15,639,606</b>	<b>\$ 49,232</b>	<b>\$ 5,620,181</b>	<b>\$ 138,014</b>	<b>\$ 4,976,640</b>	<b>\$ 319,993</b>	<b>\$ -</b>	<b>\$ 30,407,670</b>

**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
<b>Unexpended Appropriations</b>											
<b>Beginning Balances</b>											
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
<b>Budgetary Financing Sources</b>											
<b>Appropriations Received</b>											
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
<b>Appropriations Transferred-In/Out</b>											
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
<b>Other Adjustments</b>											
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)
<b>Appropriations Used</b>											
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)
<b>Total Financing Sources</b>											
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)
<b>Net Change</b>											
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)
<b>Ending Balances</b>											
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
<b>Total All Funds</b>	<b>\$ -</b>	<b>\$ 2,637,965</b>	<b>\$ 299,299</b>	<b>\$ 2,969,711</b>	<b>\$ 386,251</b>	<b>\$ 1,822,476</b>	<b>\$ 131,994</b>	<b>\$ 437,193</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,684,889</b>



**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
<b>Cumulative Results of Operations</b>											
<b>Beginning Balances</b>											
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
<b>Budgetary Financing Sources</b>											
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
<b>Other Financing Sources</b>											
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)
<b>Total Financing Sources</b>											
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
<b>Net Cost of Operations</b>											
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)
<b>Net Change</b>											
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
<b>Ending Balances</b>											
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
<b>Total All Funds</b>	<b>\$ 1,855,767</b>	<b>\$ (2,661,060)</b>	<b>\$ 156,573</b>	<b>\$ 10,062,200</b>	<b>\$ (278,311)</b>	<b>\$ 3,041,917</b>	<b>\$ (105)</b>	<b>\$ 4,852,375</b>	<b>\$ 357,522</b>	<b>\$ -</b>	<b>\$ 17,386,878</b>
<b>Net Position - Funds from Dedicated Collections</b>											
	1,855,767	280,631	-	10,057,641	(311,492)	-	-	93,693	-	-	11,976,240
<b>Net Position - All Other Funds</b>											
	-	(303,726)	455,872	2,974,270	419,432	4,864,393	131,889	5,195,875	357,522	-	14,095,527
<b>Net Position - Total</b>	<b>\$ 1,855,767</b>	<b>\$ (23,095)</b>	<b>\$ 455,872</b>	<b>\$ 13,031,911</b>	<b>\$ 107,940</b>	<b>\$ 4,864,393</b>	<b>\$ 131,889</b>	<b>\$ 5,289,568</b>	<b>\$ 357,522</b>	<b>\$ -</b>	<b>\$ 26,071,767</b>

**U. S. Department of Justice**  
**Combining Statement of Custodial Activity**  
**For the Fiscal Year Ended September 30, 2014**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
<b>Revenue Activity</b>										
<b>Sources of Cash Collections</b>										
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	\$ -	\$ 13,833,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,833,518
Fees and Licenses	-	-	-	-	15,000	-	32,847	-	-	47,847
Fines, Penalties and Restitution Payments - Civil	-	-	-	-	13,284	-	20	-	-	13,304
Fines, Penalties and Restitution Payments - Criminal	-	46,404	-	-	-	935	64	-	-	47,403
Miscellaneous	-	31	-	-	-	4,470	1,617	44	-	6,162
<b>Total Cash Collections</b>	<b>\$ -</b>	<b>\$ 13,879,953</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,284</b>	<b>\$ 5,405</b>	<b>\$ 34,548</b>	<b>\$ 44</b>	<b>\$ -</b>	<b>\$ 13,948,234</b>
<b>Accrual Adjustments</b>	-	-	-	-	1,881	(5)	(6)	-	-	1,870
<b>Total Custodial Revenue</b>	<b>\$ -</b>	<b>\$ 13,879,953</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,165</b>	<b>\$ 5,400</b>	<b>\$ 34,542</b>	<b>\$ 44</b>	<b>\$ -</b>	<b>\$ 13,950,104</b>
<b>Disposition of Collections</b>										
Transferred to Federal Agencies										
Library of Congress	-	(356)	-	-	-	-	-	-	-	(356)
U.S. Department of Agriculture	-	(156,297)	-	-	-	-	-	-	-	(156,297)
U.S. Department of Commerce	-	(731)	-	-	-	-	-	-	-	(731)
U.S. Department of the Interior	-	(35,177)	-	-	-	-	-	-	-	(35,177)
U.S. Department of Justice	-	(17,064)	-	-	-	-	-	-	-	(17,064)
U.S. Department of Labor	-	(2,245)	-	-	-	-	-	-	-	(2,245)
U.S. Postal Service	-	(23,457)	-	-	-	-	-	-	-	(23,457)
U.S. Department of State	-	(4,528)	-	-	-	-	-	-	-	(4,528)
U.S. Department of the Treasury	-	(7,001,974)	-	-	-	-	-	-	-	(7,001,974)
Office of Personnel Management	-	(48,872)	-	-	-	-	-	-	-	(48,872)
National Credit Union Administration	-	(1,375,000)	-	-	-	-	-	-	-	(1,375,000)
Federal Communications Commission	-	6	-	-	-	-	-	-	-	6
Social Security Administration	-	(554)	-	-	-	-	-	-	-	(554)
Smithsonian Institution	-	(1,277)	-	-	-	-	-	-	-	(1,277)
U.S. Department of Veterans Affairs	-	(78,350)	-	-	-	-	-	-	-	(78,350)
General Services Administration	-	(29,173)	-	-	-	-	-	-	-	(29,173)
Securities and Exchange Commission	-	(3)	-	-	-	-	-	-	-	(3)
Federal Deposit Insurance Corporation	-	(702,050)	-	-	-	-	-	-	-	(702,050)
Railroad Retirement Board	-	(286)	-	-	-	-	-	-	-	(286)
Tennessee Valley Authority	-	(438)	-	-	-	-	-	-	-	(438)
Environmental Protection Agency	-	(265,167)	-	-	-	-	-	-	-	(265,167)
U.S. Department of Transportation	-	(17,363)	-	-	-	-	-	-	-	(17,363)
U.S. Department of Homeland Security	-	(101,451)	-	-	-	-	-	-	-	(101,451)
Agency for International Development	-	(4,101)	-	-	-	-	-	-	-	(4,101)
Small Business Administration	-	(12,163)	-	-	-	-	-	-	-	(12,163)
U.S. Department of Health and Human Services	-	(1,253,387)	-	-	-	-	-	-	-	(1,253,387)
National Aeronautics and Space Administration	-	(44)	-	-	-	-	-	-	-	(44)
Export-Import Bank of the United States	-	(1,908)	-	-	-	-	-	-	-	(1,908)
U.S. Department of Housing and Urban Development	-	(470,875)	-	-	-	-	-	-	-	(470,875)
U.S. Department of Energy	-	(6,040)	-	-	-	-	-	-	-	(6,040)
U.S. Department of Education	-	(22,929)	-	-	-	-	-	-	-	(22,929)
Independent Agencies	-	(78,277)	-	-	-	-	-	-	-	(78,277)
Treasury General Fund	-	(1,491,984)	-	-	(28,284)	(5,405)	(33,951)	(44)	-	(1,559,668)
U.S. Department of Defense	-	(88,859)	-	-	-	-	-	-	-	(88,859)
Transferred to the Public	-	(502,684)	-	-	-	-	-	-	-	(502,684)
(Increase)/Decrease in Amounts Yet to be Transferred	-	564,677	-	-	(1,881)	5	-	-	-	562,801
Refunds and Other Payments	-	(123,787)	-	-	-	-	(591)	-	-	(124,378)
Retained by the Reporting Entity	-	(525,785)	-	-	-	-	-	-	-	(525,785)
<b>Total Disposition Of Collections</b>	-	(13,879,953)	-	-	(30,165)	(5,400)	(34,542)	(44)	-	(13,950,104)
<b>Net Custodial Activity</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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
<b>Revenue Activity</b>										
<b>Sources of Cash Collections</b>										
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
<b>Total Cash Collections</b>	<b>\$ -</b>	<b>\$ 5,637,603</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 101,630</b>	<b>\$ 872</b>	<b>\$ 69,980</b>	<b>\$ 46</b>	<b>\$ -</b>	<b>\$ 5,810,131</b>
<b>Accrual Adjustments</b>	-	-	-	-	(916)	5	(3)	-	-	(914)
<b>Total Custodial Revenue</b>	<b>\$ -</b>	<b>\$ 5,637,603</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,714</b>	<b>\$ 877</b>	<b>\$ 69,977</b>	<b>\$ 46</b>	<b>\$ -</b>	<b>\$ 5,809,217</b>
<b>Disposition of Collections</b>										
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)
<b>Total Disposition Of Collections</b>	-	(5,637,603)	-	-	(100,714)	(877)	(69,977)	(46)	-	(5,809,217)
<b>Net Custodial Activity</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**U. S. Department of Justice  
Combined Schedules of Spending  
For the Fiscal Years Ended September 30, 2014 and 2013**

Dollars in Thousands	2014	2013
<b>What Money is Available to Spend?</b>		
Total Resources	\$ 44,098,174	\$ 39,496,697
Less: Amount Available but Not Agreed to be Spent	4,963,900	3,024,593
Less: Amount Not Available to be Spent	860,832	970,374
<b>Total Amounts Agreed to be Spent</b>	<b><u>\$ 38,273,442</u></b>	<b><u>\$ 35,501,730</u></b>
<b>How was the Money Spent?</b>		
Personnel Compensation and Benefits		
1100 Personnel Compensation	\$ 10,935,896	\$ 10,574,604
1200 Personnel Benefits	4,424,219	4,256,801
1300 Former Personnel	25,228	5,312
Other Program Related Expenses		
2100 Travel & Transportation of Persons	367,340	384,746
2200 Transportation of Things	66,872	98,202
2300 Rent, Communications, and Utilities	3,435,448	3,087,135
2400 Printing and Reproduction	20,318	24,125
2500 Other Contractual Services	13,288,564	11,998,687
2600 Supplies and Materials	1,507,066	1,550,916
3100 Equipment	1,216,303	792,419
3200 Land and Structures	149,992	163,838
4100 Grants, Subsidies, and Contributions	2,614,757	2,429,742
4200 Insurance Claims and Indemnities	221,318	126,354
4300 Interest and Dividends	2	8,849
4400 Refunds for Forfeited Assets	119	-
<b>Total Amounts Agreed to be Spent</b>	<b><u>\$ 38,273,442</u></b>	<b><u>\$ 35,501,730</u></b>
<b>Who did the Money go to?</b>		
For Profit	13,583,274	13,356,478
Government	9,561,357	6,569,570
Employees	10,908,865	12,685,553
Grants	2,614,757	2,423,936
Other	1,605,189	466,193
<b>Total Amounts Agreed to be Spent</b>	<b><u>\$ 38,273,442</u></b>	<b><u>\$ 35,501,730</u></b>

**U.S. Department of Justice**  
**Freeze the Footprint**  
**For the Fiscal Year Ended September 30, 2014**

Under the leadership of the Attorney General, the Department continued its efforts during FY 2014 to freeze its real property footprint and monitor space utilization across the Department. The Department successfully reduced its overall square footage in FY 2013 from the FY 2012 benchmark level. While unique mission related requirements and planned construction projects already in the pipeline for organizations such as the FBI, USMS, DEA, and the EOIR are projected to increase the Department's overall real estate footprint at the end of FY 2014, the vast majority of the Department components have diligently maintained or reduced their footprint. These difficult mission related challenges come with the various law enforcement and litigation assignments of the Department to protect federal courthouses, house and secure prisoners awaiting trial, and continue to enforce drug trafficking, immigration laws, and other direct mission activities. These assignments and related activities require special space usage in buildings classified as office space by the General Services Administration.

One of the primary focuses of the Department is to monitor expiring leases for potential reductions in space as their lifecycle comes to an end. Over time, new build out standards and mobile workplace initiatives will increasingly provide the potential to reduce space. As an example, this year the Department received Congressional approval for a prospectus that will consolidate four existing lease locations into no more than two, and reduce square footage by 30% (approximately 200,000 square feet) for several litigation divisions located in Washington, DC. With adequate funding, these types of projects will further allow the Department to continue reducing the overall square footage to adhere to the Freeze the Footprint goals.

The Department continues its commitment to adhering to a no growth strategy for the majority of the Department, and where feasible, reducing its footprint.

Information for the Department is displayed below:

Freeze the Footprint Baseline Comparison  
For the Fiscal Year Ended September 30, 2014

	FY 2012 Baseline	FY 2013	Change
Square Footage	48,472,795	48,458,660	-0.0292%

Reporting of Operation and Maintenance Costs - Owned and Directly Leased  
For the Fiscal Year Ended September 30, 2014

	FY 2012 Baseline	FY 2013	Change
Operation and Maintenance Costs (in whole dollars)	\$ 35,224,094	\$ 36,795,414	4.461%

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*The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations. Information may be reported to the DOJ OIG's hotline at [www.justice.gov/oig/hotline](http://www.justice.gov/oig/hotline) or (800) 869-4499.*



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