



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



Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2016

**U.S. DEPARTMENT OF JUSTICE
ANNUAL FINANCIAL STATEMENTS
FISCAL YEAR 2016**

**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, 2016, and September 30, 2015. 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 2016 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 2015, the Department also received an unmodified opinion on its financial statements (OIG Audit Report No. 16-01).

KPMG LLP also issued reports on internal control over financial reporting and on compliance and other matters. The auditors did not identify any material weaknesses, nor did they report any significant deficiencies in the FY 2016 *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 2016, the Department has made measurable progress toward implementing the Unified Financial Management System (UFMS). Thus far, UFMS has replaced four of the Department's five major non-integrated legacy accounting systems. Five of the Department's eight reporting components have successfully migrated to the unified system, and one additional component has partially implemented UFMS. During FY 2016, the Department ensured the smooth migration of three components within the Offices, Boards and Divisions, which occurred in October 2016. While measurable progress continued to be made, it is important to note that the Department does not yet have a fully unified financial management system to readily support ongoing accounting operations and the preparation of financial statements, in order to 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 that is currently being 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 2016 *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. Four of these entities (Assets Forfeiture Fund and Seized Asset Deposit Fund, 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 and other matters. KPMG LLP is responsible for the attached auditors' reports dated November 10, 2016, 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 2016**

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS	3
INDEPENDENT AUDITORS' REPORTS	
Report on the Financial Statements	35
Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	39
Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	43
PRINCIPAL FINANCIAL STATEMENTS AND RELATED NOTES	
Consolidated Balance Sheets	46
Consolidated Statements of Net Cost.....	47
Consolidated Statements of Changes In Net Position	48
Combined Statements of Budgetary Resources	50
Combined Statements of Custodial Activity	51
Notes to the Principal Financial Statements	52
REQUIRED SUPPLEMENTARY INFORMATION	
Combining Statements of Budgetary Resources	102
REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION	
Consolidated Stewardship Investments.....	109
OTHER INFORMATION	
Consolidating and Combining Financial Statements	112
Combined Schedules of Spending.....	122
Freeze the Footprint	123

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)



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Management's Discussion and Analysis (Unaudited)

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

Mission

The mission of the Department of Justice, as reflected in the Strategic Plan for fiscal years (FY) 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:

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

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

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

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

Strategic Goals and Objectives

From our mission and core values stem the Department's strategic and annual planning processes. The Department embraces the concepts of performance-based management. At the heart of these concepts is the understanding that improved performance is realized through greater focus on mission, agreement on goals and objectives, and timely reporting of results. In the Department, strategic planning is the first step in an iterative planning and implementation cycle. This cycle, which is the center of the Department's efforts to implement performance-based management, involves setting long-term goals and objectives, translating these goals and objectives into budgets and program plans, implementing programs, monitoring performance, and evaluating results. In this cycle, the Department's FY 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/strategic2014-2018/index.html>.

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

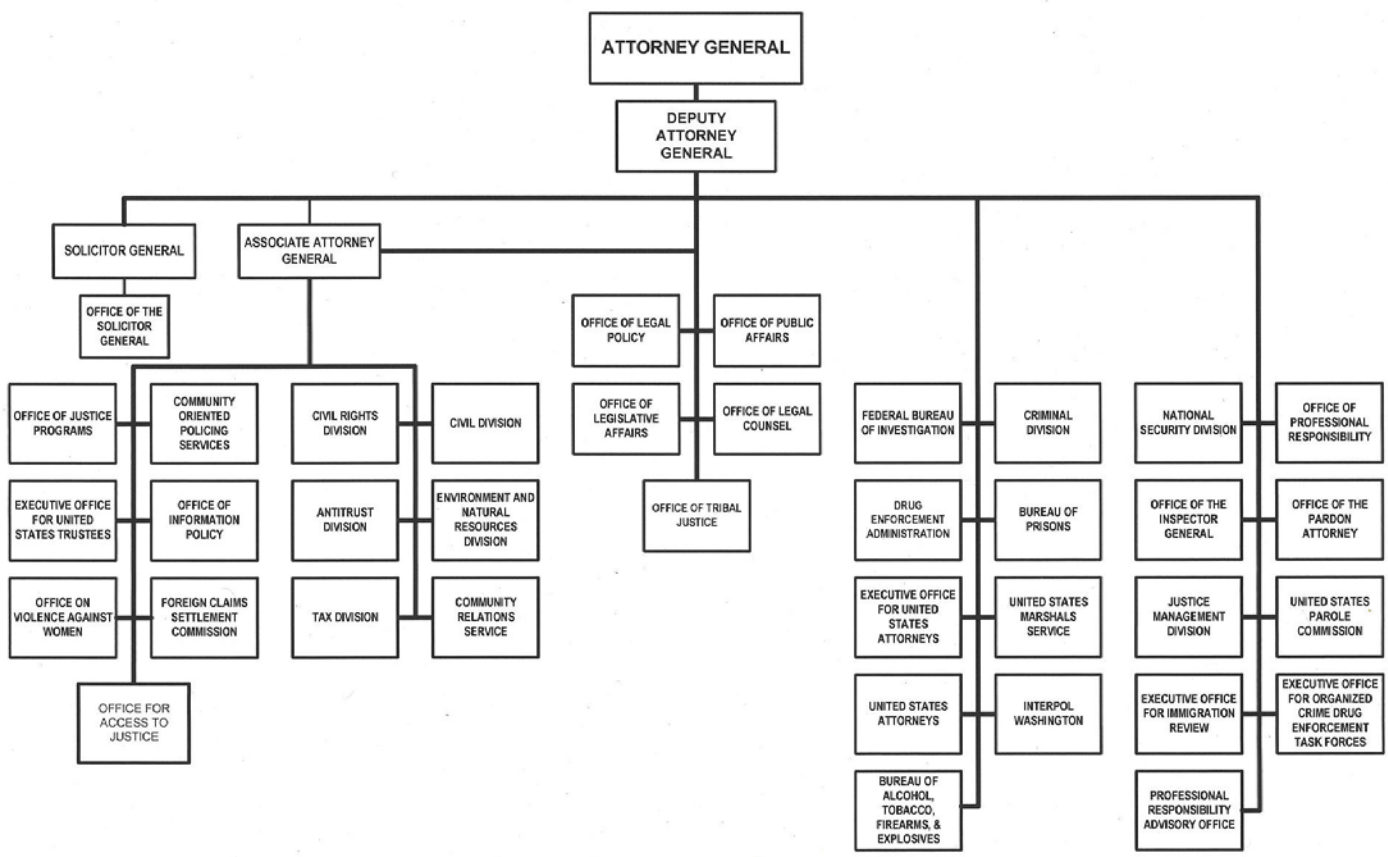
Strategic Goal		Strategic Objectives
1	Prevent Terrorism and Promote the Nation’s Security Consistent with the Rule of Law	<p>1.1 Prevent, disrupt, and defeat terrorist operations before they occur by integrating intelligence and law enforcement efforts to achieve a coordinated response to terrorist threats</p> <p>1.2 Prosecute those involved in terrorists acts</p> <p>1.3 Investigate and prosecute espionage activity against the United States, strengthen partnerships with potential targets of intelligence intrusions, and proactively prevent insider threats</p> <p>1.4 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>
2	Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law	<p>2.1 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>2.2 Prevent and intervene in crimes against vulnerable populations and uphold the rights of, and improve services to, America’s crime victims</p> <p>2.3 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>2.4 Investigate and prosecute corruption, economic crimes, and transnational organized crime</p> <p>2.5 Promote and protect American civil rights by preventing and prosecuting discriminatory practices</p> <p>2.6 Protect the federal fisc and defend the interests of the United States</p>
3	Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels	<p>3.1 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>3.2 Protect judges, witnesses, and other participants in federal proceedings by anticipating, deterring, and investigating threats of violence</p> <p>3.3 Provide safe, secure, humane, and cost-effective confinement and transportation of federal detainees and inmates</p> <p>3.4 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>3.5 Apprehend fugitives to ensure their appearance for federal judicial proceedings or confinement</p> <p>3.6 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>3.7 Adjudicate all immigration cases promptly and impartially in accordance with due process</p> <p>3.8 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-one separate component organizations. More than 116,000 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: *Loretta E. Lynch* Date: 6/5/2015
 LORETTA E. LYNCH
 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
INTERPOL Washington
Office for Access to Justice
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

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 2016 Resource Information

The following pages provide summary-level resource and performance information regarding the Department's operations for FY 2016. The charts on this page reflect employees on board as of September 17, 2016.

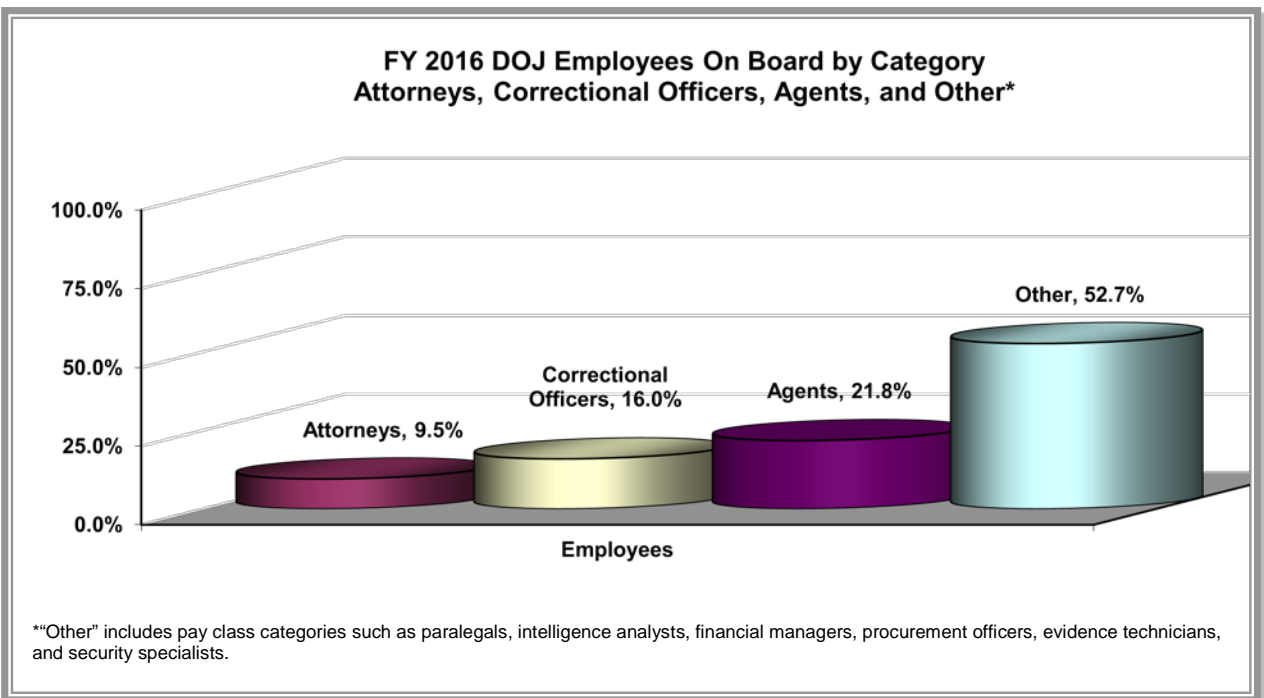
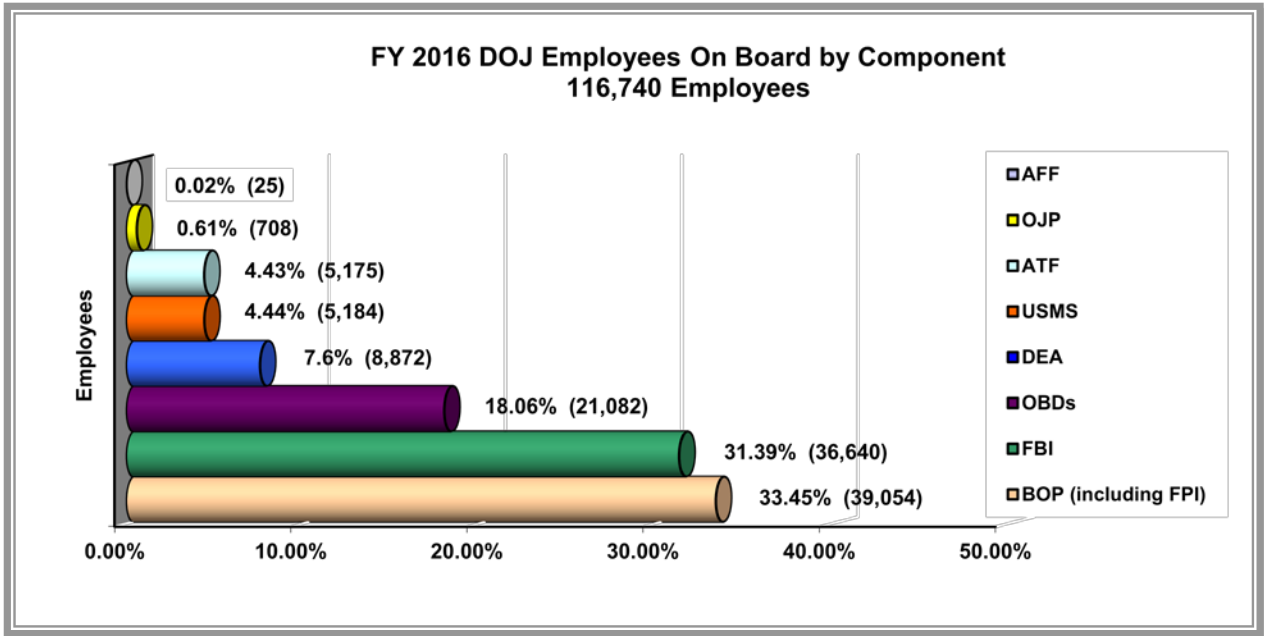


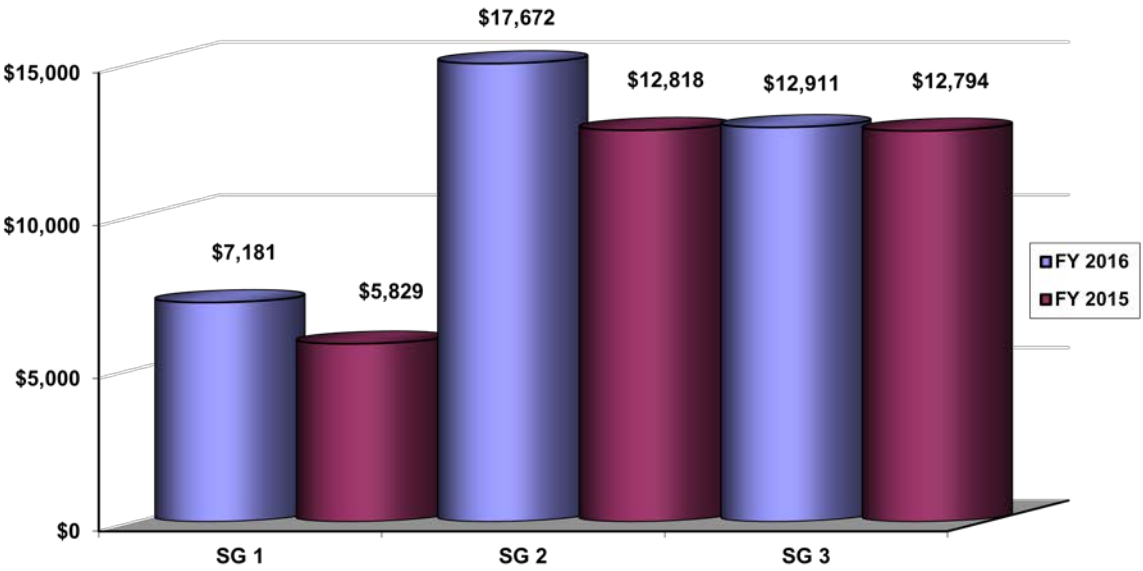
Table 1. Sources of DOJ Resources
(Dollars in Thousands)

Source	FY 2016	FY 2015	% Change
Earned Revenue:	\$3,050,988	\$3,204,126	(4.78%)
Budgetary Financing Sources:			
Appropriations Received	31,668,095	27,469,971	15.28%
Appropriations Transferred-In/Out	378,414	360,483	4.97%
Nonexchange Revenues	1,521,189	2,647,335	(42.54%)
Donations and Forfeitures of Cash and Cash Equivalents	1,764,050	1,285,294	37.25%
Transfers-In/Out Without Reimbursement	(1,897,872)	1,199,292	(258.25%)
Other Budgetary Financing Sources	(80,767)	-	(100.00%)
Other Adjustments	(1,221,050)	(888,767)	37.39%
Other Financing Sources:			
Donations and Forfeitures of Property	200,868	337,358	(40.46%)
Transfers-In/Out Without Reimbursement	(1,619)	6,980	(123.19%)
Imputed Financing from Costs Absorbed by Others	801,660	830,074	(3.42%)
Other Financing Sources	(7,849)	(10,836)	(27.57%)
Total DOJ Resources	\$36,176,107	\$36,441,310	(0.73%)

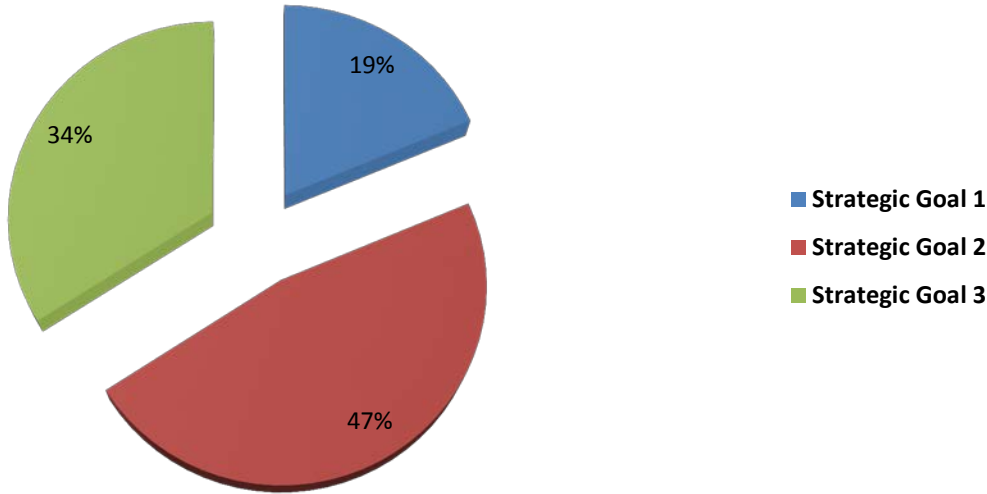
Table 2. How DOJ Resources Are Spent
(Dollars in Thousands)

Strategic Goal (SG)	FY 2016	FY 2015	% Change
1 Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law			
Gross Cost	\$7,492,891	\$6,124,370	
Less: Earned Revenue	<u>311,505</u>	<u>295,555</u>	
Net Cost	7,181,386	5,828,815	23.20%
2 Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law			
Gross Cost	19,009,890	14,299,789	
Less: Earned Revenue	<u>1,338,387</u>	<u>1,481,475</u>	
Net Cost	17,671,503	12,818,314	37.86%
3 Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels			
Gross Cost	14,311,779	14,220,640	
Less: Earned Revenue	<u>1,401,096</u>	<u>1,427,096</u>	
Net Cost	12,910,683	12,793,544	0.92%
Total Gross Cost	40,814,560	\$34,644,799	
Less: Total Earned Revenue	<u>3,050,988</u>	<u>\$3,204,126</u>	
Total Net Cost of Operations	\$37,763,572	\$31,440,673	20.11%

Comparison of Net Costs by Strategic Goal - FY 2016 and 2015
(Dollars in Millions)



FY 2016 Percentage of Net Costs by Strategic Goal



Analysis of Financial Statements

The Department's financial statements, which are provided in Section II of this document, received an unmodified audit opinion for the fiscal years ended September 30, 2016 and 2015. 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 2016. The complete set of financial statements, related notes, and the opinion of the Department's auditors are provided in Section II of this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2016, shows \$48.6 billion in total assets, a decrease of \$2.1 billion over the previous year's total assets of \$50.7 billion. Fund Balance with U.S. Treasury (FBWT) was \$30.6 billion, which represented 62.9% percent of total assets.

Liabilities: Total Department liabilities were \$21.2 billion as of September 30, 2016, an increase of \$2.6 billion from the previous year's total liabilities of \$18.6 billion. The increase is primarily related to additional funding to the September 11th Victim Compensation Fund and the new United States Victims of State Sponsored Terrorism Fund.

Net Cost of Operations: The Consolidated Statement of Net Cost presents Department's gross and net cost by strategic goal. The net cost of the Department's operations totaled \$37.8 billion for the fiscal year ended September 30, 2016, an increase of \$6.4 billion from the previous year's net cost of operations of \$31.4 billion. The increase is primarily related to additional funding to the September 11th Victim Compensation Fund and the new United States Victims of State Sponsored Terrorism Fund.

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.¹

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

Budgetary Resources: The Department's FY 2016 Combined Statement of Budgetary Resources shows \$48.4 billion in total budgetary resources, an increase of \$2.0 billion from the previous year's total budgetary resources of \$46.4 billion. The increase is primarily related to an increase in budget authority for the September 11th Victim Compensation Fund and the new United States Victims of State Sponsored Terrorism Fund.

Net Outlays: The Department's FY 2016 Combined Statement of Budgetary Resources shows \$32.3 billion in net outlays, an increase of \$2.4 billion from the previous year's total net outlays of \$29.9 billion. The increase is due to payments for the September 11th Victim Compensation Fund.

Summary of Performance Information

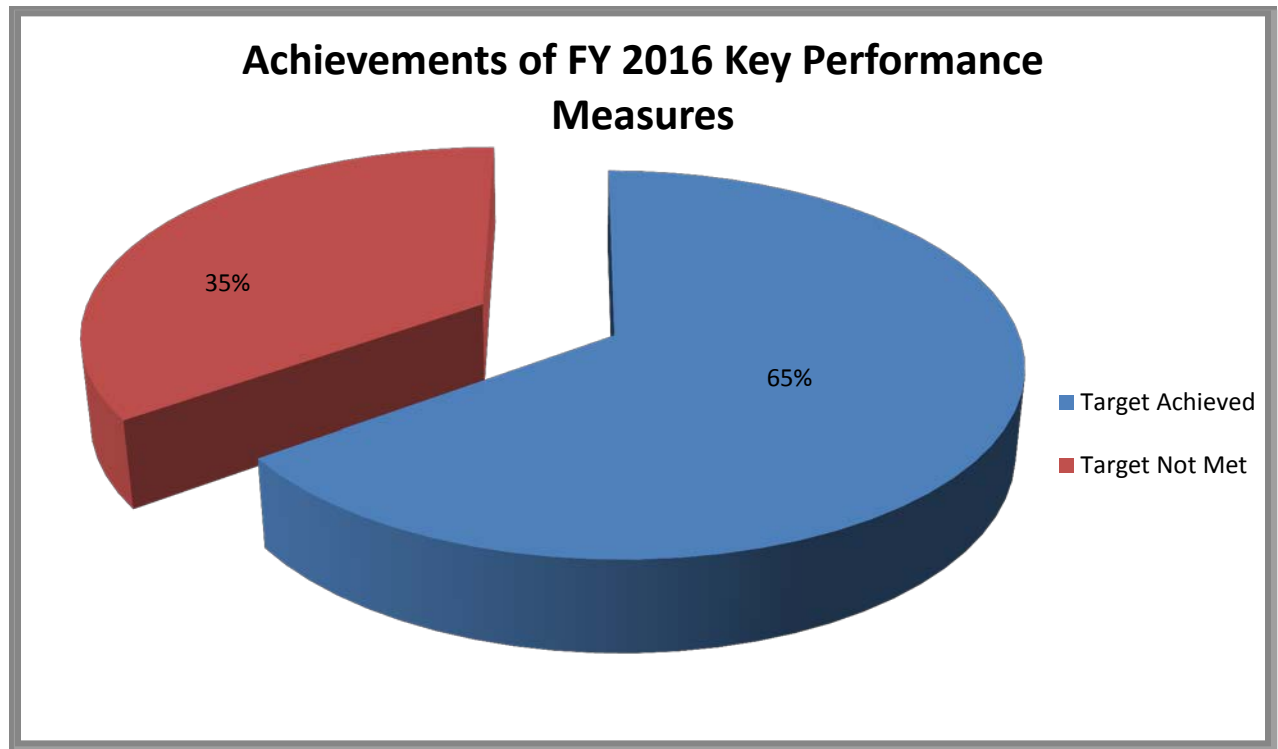
The Government Performance and Results Act Modernization Act of 2010 (GPRAMA) requires an agency's Strategic Plan to be updated every four years and cover a period of not less than four years forward from the fiscal year in which it is submitted.

The Department's FY 2014-2018 Strategic Plan, which contains three strategic goals, is used for this report. The Department's Plan 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 2016 Annual Performance Report/FY 2018 Annual Performance Plan and submitted with the President's Budget in 2017. The Department strives to present the highest-level outcome-oriented measures available.

During FY 2016, 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, 87 percent of the performance measures have actual data for FY 2016. The Department achieved 65 percent of its key measures that had data available as of September 30, 2016. For some of the performance measures, the actual data will not be available until early 2017. 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 2016 long-term outcome goals (key performance measures).



FY 2016 Long-term Outcome Goals
(Key Performance Measures)

[] Designates the reporting entity		FY 2015 Revised Actual	FY 2016 Target	FY 2016 Actual	Target Achieved/ Not Achieved
Strategic Objective	Strategic Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law				
1.1	Number of terrorism disruptions [FBI]	440	200	460	Met
1.2	Percentage of counterterrorism defendants whose cases were favorably resolved [NSD]	98%	90%	99%	Met
1.3	Percentage of counterespionage actions and disruptions against national counterintelligence priorities that result from FBI outreach [FBI]	15%	10%	17%	Met
	Percentage of counterespionage defendants whose cases were favorably resolved [NSD]	100%	90%	100%	Met
1.4	Number of computer intrusion program disruptions and dismantlements [FBI]	513	500	250*	Not Met
	Percentage of cyber defendants whose cases were favorably resolved [NSD]	90%	90%	100%	Met

*FY 2016 actual is preliminary.

	[] Designates the reporting entity	FY 2015 Revised Actual	FY 2016 Target	FY 2016 Actual	Target Achieved/ Not Achieved
Strategic Objective	Strategic Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law				
2.1	Number of gangs/criminal enterprise dismantlements (non-CPOT) [FBI]	153	150	118*	Not Met
	Percent of criminal cases favorably resolved [USA, CRM]	93%	90%		
2.2	Number of communities with improved capacity for a coordinated response to domestic violence, dating violence, sexual assault, and stalking [OVW]	5,176	4,050	5,486	Met
	Percent of children recovered within 72 hours of an issuance of an AMBER alert [OJP]	94%	90%	TBD**	TBD
2.3	Consolidated Priority Organizations Target (CPOT)-linked drug trafficking organizations [DEA, FBI (Consolidated data-OCDETF)]				
	Dismantled	194	188	185	Not Met
	Disrupted	422	233	268	Met
2.4	Number of criminal enterprises engaging in white collar crime dismantled [FBI]	416	385	342*	Not Met
	Percentage of dollar amounts sought by the government recovered [CIV]	85%	85%	88%	Met
2.5	Percent of civil rights cases favorably resolved: criminal cases [CRT]	99%	85%	85%	Met
	Percent of civil rights cases favorably resolved: civil cases [CRT]	86%	85%	100%	Met
2.6	Case resolution for DOJ litigating divisions – percent of criminal cases favorably resolved [ATR, CIV, CRM, ENRD, TAX, USA]	97%	90%	93%	Met
	Case resolution for DOJ litigating divisions – percent of civil cases favorably resolved [ATR, CIV, CRM, ENRD, TAX, USA]	85%	80%	81%	Met

*FY 2016 actual is preliminary.

**Final actual figure will be available in early 2017.

	[] Designates the reporting entity	FY 2015 Revised Actual	FY 2016 Target	FY 2016 Actual	Target Achieved/ Not Achieved
Strategic Objective	Strategic Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels				
3.1	Percent of grantees implementing one or more evidence-based programs [OJP/OJJDP]	59%	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]	23%	14%	16%	Not Met
3.4	Number of inmate participants in the Residential Drug Abuse Program [BOP]	18,304	18,511	17,588	Not Met
	Percent of youths who exhibit a desired change in the targeted behavior [OJP]	61%	72%	TBD**	TBD
3.5	Percent and number of USMS federal fugitives apprehended or cleared [USMS]	64%/31,202	60%/29,124	64%/32,831	Met
	Number of red and green notices published on U.S. fugitives and sex offenders [IPOL]	Red-402 Green-521	Red-501 Green-816	Red-384 Green-566	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]	4,023	4,038	5,695	Met
3.7	Percent of Institutional Hearing Program cases completed before release [EOIR]	79%	85%	72%	Not Met
	Percent of detained cases completed within 60 days [EOIR]	71%	80%	67%	Not Met
	Percent of detained appeals completed within 150 days [EOIR]	95%	90%	98%	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]	11	10	12	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]	1,096	1,200	TBD**	TBD

**Final actual figure will be available in early 2017.

FY 2016 – 2017 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 Priority Goals align with the FY 2014-2018 Strategic Plan, and are reported on a quarterly basis via <http://www.performance.gov>. The FY 2016-2017 Priority Goals are:

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

By September 30, 2017, the Department of Justice will:

- Disrupt 250 terrorist threats and groups

Terrorism is the most significant national security threat that the country faces. Accordingly, the Department's number one priority 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 of Justice is at the forefront of the fight against terrorism. The Department provides a broad spectrum of tools and skills to combat terrorists. Specifically, the Department's agents, analysts, and prosecutors will continue to 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 2016. The Department surpassed its FY 2016 target for its number of terrorism disruption performance measure, and also leveraged current and new technology to effectively share intelligence with the U.S. Intelligence Community (USIC) and Law Enforcement (LE). This effort is quantified by the number of Guardian and eGuardian incidents shared between the FBI, USIC, and LE community partners.

The number of terrorism disruptions effected through counterterrorism investigations greatly surpassed its annual target by 130% (460 vs 200). 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. For example, in July 2016, the Department indicted Mahin Khan on Terrorism, Conspiracy to Commit Terrorism, and Conspiracy to Commit Misconduct Involving Weapons after an investigation by the FBI's Joint Terrorism Task Force. The charges stem from an investigation into Khan's repeated communication and conspiracy with an individual whom he believed to be a fighter with the Islamic State in Iraq and Syria (ISIS). Also in FY 2016, an Uzbek national, Fazliddin Kurbanov, was sentenced to 25 years in federal prison for conspiring and attempting to provide material support to a designated foreign terrorist organization and possessing an unregistered destructive device. The case was also investigated by the FBI's Joint Terrorism Task Force.

Priority Goal 2, Combating Cyber Threats: Identify and pursue cyber threat actors.

By September 30, 2017, the Department of Justice will:

- Conduct 1,000 computer intrusion program disruptions or dismantlements while successfully resolving 90 percent of both national security and criminal cyber cases.

A range of cyber activities also constitutes a growing threat to our national security and economic stability. An increasing number of sophisticated state and non-state actors have both the desire and the capability to steal sensitive data, trade secrets, and intellectual property for military and competitive advantage. Insiders pose an additional threat to engage in insider-enabled cyber theft and sabotage. The other major national security threat in cyberspace is cyber-enabled terrorism. Although the United States has not yet encountered terrorist organizations using the Internet to launch a full-scale cyber attack, the Department believes that it is a question of when, not if, they will attempt to do so. The cyber threat demands ready and fluid means of sharing information and coordinating actions and responses. The Department's cyber strategy involves an all-tools approach, inclusive of investigation and prosecution, and with a focus on the disruption of the threat, regardless of the particular tool used. The Department has significant and growing national security responsibilities in the area of cyber security, and retains primary authority over the investigation and prosecution of cybercrimes, including those that have national security implications. These investigations most frequently arise in instances where an agent of a foreign government seeks to infiltrate or harm a sensitive or important piece of U.S. cyber infrastructure. Finally, the Department has increasing legal and policy duties assisting interagency and legislative cyber initiatives to protect American critical infrastructure, networks, businesses, and computer users in a manner consistent with the law.

Status: The Department was not able to meet the annual target for FY 2016. While the FBI had expected to reach the annual target of 500 computer intrusion program disruptions and dismantlements, the total for FY 2016 was only 267. The FBI cannot target or predict the number of computer intrusion program disruptions and dismantlements that will occur in any given year, due to the nature of operational campaigns.

Regarding favorably resolved cases, the U.S. Attorney's Offices (USAOs) favorably resolved 130 of 149 cases or 87%, which was below the annual target of 90%. Cases dismissed by USAOs in order to promote the interest of justice can have a significant impact on the percentage, as they are not categorized as favorably resolved matters for purposes of this calculation. In the assessment of an individual case, a USAO may choose to dismiss felony charges for a variety of reasons, including, but not limited to, dismissal of a felony charge(s) in lieu of a defendant's negotiated plea to a misdemeanor charge(s), or dismissal of an indictment in order to conserve Government resources due to the inability of law enforcement to locate overseas individuals for arrest despite lengthy attempts to do so. In FY 2016, several cases were dismissed without prejudice in the interests of justice, and these dismissals reduced the favorable percentage below 90% (annual target).

In FY 2016, the Department continued to execute its cyber mission by identifying, pursuing, and defeating cyber threats and adversaries targeting U.S. interests. For example, in April 2016, Charles Harvey Eccleston, a former U.S. Department of Energy (DOE) employee, was sentenced in DC federal court to a term of 18 months in prison stemming from an attempted e-mail "spear phishing" attack in 2015 that targeted dozens of DOE employees. Eccleston held a top secret security clearance with access to DOE's network.

Priority Goal 3, Enhancing Public Safety: Strengthen relationships with the communities we serve, and enhance law enforcement capabilities by constructing new foundations of trust, respect and mutual understanding.

By September 30, 2017, the Department of Justice will:

- Increase by 40 percent, the number of law enforcement officers and community members engaged in technical assistance and training activities supportive of community policing to ensure police reform and produce an informed citizenry.

The three tenets of community policing are problem solving, community engagement, and organizational change. The Department of Justice (DOJ) supports community policing through a broad range of training and technical assistance activities. These activities are implemented along a continuum that starts with the initial contact with law enforcement and/or community members looking for new or promising practices to address problems in their community. Typically, these problems are addressed through outreach, publications, or

awareness training. By working with the community to implement more complex needs for community policing, the community becomes involved in their own safety. This proactive approach consists of training law enforcement and the community together, community meetings/interventions, and trust building activities. When a community has significant trust issues or law enforcement is in need of reform, the technical assistance and training becomes more in depth, site specific, and targeted to promote change. For those communities where there exists a strong bond and a vibrant community policing program, providing technical assistance and training will build upon that trust and increase the viability of the program.

Status: The Department exceeded its FY 2016 Enhancing Public Safety Priority Goal performance measure target for the year. In FY 2016, the Department engaged 13,500 law enforcement officers and community members in training and technical assistance sessions, 29% over the annual target of 10,440.

In FY 2016, the Department's COPS Office offered technical assistance to a diverse range of police departments across the country facing unique challenges. Through its Critical Response program, the COPS Office conducted an assessment of the law enforcement response to the mass demonstrations in Ferguson, MO, completed a comprehensive analysis of the Tampa Police Department's stop and ticketing data, conducted a peer-to-peer with the Orlando Police Department following the Pulse nightclub shooting event, and was able to release timely and critical assessments of the San Bernardino response to the attack on the Inland Regional Center, which was the third deadliest on U.S. soil since 9/11. Additionally, through its Collaborative Reform through Technical Assistance initiative, the COPS Office conducted assessments of several police departments and released comprehensive reports, which included a series of recommendations to help these departments improve their policies, practices, training and accountability systems. These included the police departments in San Francisco, CA; Milwaukee, WI; Fayetteville, NC; Salinas, CA; and Calexico, CA. These departments are currently receiving technical assistance to help implement the recommendations that came out of the assessment reports.

Priority Goal 4, Vulnerable People: Protect the most vulnerable among us, including victims and survivors of human trafficking.

By September 30, 2017, the Department of Justice will:

- Open investigations concerning the sexual exploitation of children (5% over FY 2015 target of 3,051)
FY 2016 target = 3,127 and FY 2017 target = 3,204
- Open investigations concerning human trafficking (5% over FY 2015 target of 218)
FY 2016 target = 223 and FY 2017 target = 229
- Increase the number of open investigations concerning non-compliant sex offenders (3% increase over baseline/1,760) FY 2016 target = 1,786 and FY 2017 target = 1,813
- Percent of civil rights cases that are favorably resolved - criminal
FY 2016 target = 85% and FY 2017 target = 85%
- Percent of civil rights cases that are favorably resolved - civil
FY 2016 target = 85% and FY 2017 target = 85%
- Increase the number of human trafficking leads and complaints reviewed by the Human Trafficking Prosecution Unit (5% increase over baseline/150)
FY 2016 target = 154 and FY 2017 target = 158

The abuse, neglect, exploitation, and trafficking of children, and vulnerable populations, causes irrevocable harm to victims and society. Ensuring that all citizens, particularly children and other vulnerable populations, 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 exploitation, abuse, hate crimes, and human trafficking from occurring, and protect every person from the physical and mental traumas associated with these crimes.

Status: The Department exceeded its FY 2016 Vulnerable People Priority Goal annual performance measure

targets for five out of six performance measures. Opened investigations concerning non-compliant sex offenders exceeded the annual target of 1,786, by 134 or 7.5%. Opened investigations concerning sexual exploitation of children exceeded the annual target of 3,127, by 2,298 or 73.5%. Opened investigations concerning human trafficking exceeded the annual target of 223, by 77 or 34.5%. Percent of civil rights [criminal] cases that are favorably resolved met the annual target of 85%, with a FY 2016 year-to-date average of 85%. Percent of civil rights [civil] cases that are favorably resolved exceeded the annual target of 85%, with a FY 2016 year-to-date average of 98%. Number of human trafficking leads and complaints reviewed by the Human Trafficking Prosecution Unit exceeded the annual target of 154, by 114 or 74%.

The prosecution of individuals and organizations who engage in human trafficking—sex trafficking and labor trafficking—is a priority for the Department of Justice. In FY 2016, the United States Attorneys’ Offices brought many of these individuals to justice. In June of 2016, for example, Eric Noe Araujo Flores of Ashburn, VA was sentenced to 300 months in federal prison for various sex trafficking and sex tourism offenses. In September of 2016, John Thomas Abrams of Reno, NV, was sentenced to 40 years in prison for kidnapping two teenagers in Sacramento, and transporting them to Reno to engage in sex work.

Priority Goal 5, Fraud and Public Corruption: Protect the American people from fraud and public corruption.

By September 30, 2017, the Department of Justice will:

- Increase the number of new investigations by 2 percent with emphasis on holding individuals accountable associated with fraud and public corruption, including white collar crime, financial fraud, and health care fraud.

The term white collar crime is synonymous with a full range of frauds committed by business and government professionals. It is not a victimless crime. A single scam can destroy a company, devastate families by wiping out their life savings, or cost society billions of dollars (or even all three). Today’s fraud schemes are more sophisticated than ever. The financial crisis of 2008, impacting every American, resulted in fraud and deception in the finance and housing markets, as well as fraudulent schemes that misused the public’s unprecedented investment in economic recovery. The distressed condition of the national housing market, paired with high unemployment, created a fertile environment for unscrupulous fraudsters seeking to take advantage of desperate homeowners. Criminals who commit mortgage fraud, securities and commodities fraud, and other types of fraud victimize the American public as a whole. Similarly, those who defraud Medicare, Medicaid, and other government health care programs defraud every American. Fraudsters take critical resources out of our health care system—thus contributing to the rising cost of health care for all Americans and endangering the short-term and long-term solvency of these essential health care programs. The Department will address these critical problems by vigorously investigating and prosecuting white collar crimes, including financial fraud and health care fraud, in order to protect American businesses, consumers, and taxpayers. Fraud and public corruption, as reported by this Priority Goal, include a number of criminal and civil reporting categories including but not limited to: financial crime and corruption; public and corporate fraud, including health care fraud and mortgage fraud; public corruption; computer/cybercrime; identity theft; intellectual property crimes; and procurement fraud. Public corruption is a breach of trust by federal, state, or local officials—often with the help of private sector accomplices. Public corruption misdirects public monies, distorts governmental decision-making and threatens our democratic processes. Corrupt public officials undermine our country’s national security, our overall safety, the public trust, and confidence in the U.S. government, wasting billions of dollars. This corruption can tarnish virtually every aspect of society. The U.S. Foreign Corrupt Practices Act (FCPA), passed in 1977, makes it illegal for U.S. companies, U.S. persons, and foreign corporations with certain U.S. ties to bribe foreign officials to obtain or retain business overseas. Foreign bribery can impact U.S. financial markets, economic growth, and national security. It also breaks down the international free market system by promoting anti-competitive behavior and, ultimately, makes consumers pay more. The Department will pursue criminal and civil litigation to protect the federal fisc and hold accountable corrupt officials and those who commit fraud; and promote transparency in markets by preserving competition and protecting consumers and investors.

Status: For FY 2016, the Department handled 11,395 investigations comprised of 10,324 fraud investigations and 1,071 public corruption investigations. The Department was not able to meet the annual target of 12,844. Fraud and public corruption cases are some of the most complex cases that the United States USAOs handle. The majority of these cases are data intensive, requiring the collection, organization, and analysis of massive amounts of electronically stored information. Substantial resources must be allocated to reviewing and analyzing such data in existing investigations, which can reduce resources available to new investigations. Moreover, the time required to pursue our already high number of pending matters – from investigation through sentencing and appeal – is significantly longer than in other cases due to the complex nature of the crimes.

In FY 2016, the Department continued to vigorously investigate and prosecute crimes related to fraud and public corruption. For example, in June 2016, a federal jury found Congressman Chaka Fatah Sr. (PA) guilty of all charges stemming from a racketeering conspiracy involving several schemes that were intended to further his and his co-conspirators' political and financial interests by misappropriating federal, charitable and campaign funds, among other schemes. The evidence at trial showed that, among other things, Fattah and certain associates borrowed \$1 million from a wealthy supporter for his failed 2007 campaign for mayor of Philadelphia, and disguised the funds as a loan to a consulting company. After he lost the election, Fattah returned to the donor \$400,000 that the campaign had not used and arranged for Educational Advancement Alliance, a non-profit entity that Fattah founded and controlled, to repay the remaining \$600,000 using charitable and federal grant funds that passed through two other companies. To conceal the contribution and repayment scheme, the defendants and others created sham contracts and made false entries in accounting records, tax returns and campaign finance disclosure statements. Also in FY 2016, Arthur Budovsky (NY) was convicted and sentenced to twenty years in federal prison for running a massive multi-million dollar money laundering enterprise through his company Liberty Reserve, a virtual currency that was used by cybercriminals around the world. Liberty Reserve billed itself as the Internet's "largest payment processor and money transfer system" and operated one of the world's largest and most widely used digital currencies. Budovsky designed Liberty Reserve with a focus of attracting criminals that conducted Ponzi schemes and trafficked in stolen credit cards. In January 2016, within days of his trial date, he pled guilty to one count of conspiring to commit money laundering. Budovsky admitted to laundering between \$250 million and \$550 million in criminal proceeds linked to Liberty Reserve accounts based in the United States.

The Department will continue to pursue criminal and civil litigation to protect the federal fisc and hold accountable corrupt officials and those who commit fraud; and promote transparency in markets by preserving competition and protecting consumers and investors.

Analysis of Systems, Controls, and Legal Compliance

Internal Control System in the Department of Justice

The Department of Justice's internal control system is designed to provide reasonable assurance that the objectives of the Department will be achieved. The objectives and related risks are broadly classified into one or more of the following three categories:

- Operations - Effectiveness and efficiency of operations
- Reporting - Reliability of reporting for internal and external use
- Compliance - Compliance with applicable laws and regulations

The Department identifies emerging issues through a strong governance framework that consists of a network of oversight councils and internal review teams. These include the Department's Senior Assessment Team, Chief Information Officers Council, Justice Management Division's Internal Review and Evaluation Office and Quality Control and Compliance Group, and Department 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 system continues to improve through ongoing assessments and corrective actions implemented by management. The Department's commitment to management excellence, accountability, and compliance with applicable laws and regulations is evidenced by 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 Department management in response to new legislation, OMB initiatives, and OIG and GAO recommendations, as discussed later in this section and in Appendix A of the Agency Financial Report (AFR).

Department management continued in FY 2016 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 deficiencies, and
- Continuing to support and commit resources to Department component internal review programs.

In addition, Department management began implementing enterprise risk management (ERM) to further improve accountability and effectiveness of Department programs and mission-support operations. In FY 2017, the Department will continue its ERM implementation efforts, emphasizing the need for Department components to integrate and coordinate risk management and strong and effective internal control into existing business activities and as an integral part of managing Department components.

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 control. 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 control that protects the integrity of federal programs (FMFIA Section 2) and whether financial management systems comply with government-wide requirements (FMFIA Section 4).

FMFIA Assurance Statement

Department of Justice management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the FMFIA. In accordance with OMB Circular A-123, the Department conducted its assessment of risk and internal control. Based on the results of the assessment, we can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2016, except for the ongoing material weakness related to prison crowding particularly at higher security institutions. Details of the weakness are provided later in this section in the Summary of Material Weakness and Corrective Actions.

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 and by the Office of the Inspector General and Government Accountability Office. We look forward in FY 2016 to building on our achievements as we continue the important work of the Department.



Loretta E. Lynch
Attorney General
November 11, 2016

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 2016, 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 and acquisition processes, as well as the data needed for effective financial and budget management. In FYs 2009 through 2016, 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. 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 that occurred in FYs 2011 through 2014. In FYs 2015 and 2016, the Department continued its planning efforts to ensure the smooth migrations of three components in October 2015 and four components and 10 United States Attorneys' Offices in October 2016.² In FY 2017, the Department will continue its planning efforts for the FY 2018 migrations of eight components and the remaining United States Attorneys' Offices.³ 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.

² The three components migrated to UFMS in October 2015 were the Executive Office for Immigration Review, Office of the Inspector General, and Office of the Pardon Attorney. The four components migrated in October 2016 were the Community Relations Service, Foreign Claims Settlement Commission, National Security Division, and United States Parole Commission. The 10 United States Attorneys' Offices migrated in October 2016 are using UFMS to process witness activity only; full use of UFMS is scheduled for FY 2018.

³ The eight components to be migrated in FY 2018 are the Civil Division, Criminal Division, Civil Rights Division, Environment and Natural Resources Division, INTERPOL, Office of Legal Counsel, Office of the Solicitor General, and Tax Division.

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 following table summarizes the results of the Department’s financial statement audit. The table on the following page summarizes the management assurances regarding the effectiveness of internal control over operations and financial reporting (FMFIA Section 2), compliance with financial management system requirements (FMFIA Section 4), and compliance with the FFMIA.

Table 3. Summary of Financial Statement Audit

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

Table 4. Summary of Management Assurances

Effectiveness of Internal Control over Operations (FMFIA Section 2)						
Statement of Assurance	Modified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Prison Crowding	1	0	0	0	0	1
Total Material Weaknesses	1	0	0	0	0	1
Effectiveness of Internal Control over Financial Reporting (FMFIA Section 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
Compliance with Financial Management System Requirements (FMFIA Section 4)						
Statement of Assurance	Systems Comply					
Lack of Compliance	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Total Lack of Compliance	0	0	0	0	0	0
Compliance with Federal Financial Management Improvement Act (FFMIA)						
Compliance with Specific Requirements						
Specific Requirements	Agency			Auditor		
System Requirements	No Lack of Compliance Noted			No Lack of Compliance Noted		
Accounting Standards	No Lack of Compliance Noted			No Lack of Compliance Noted		
USSGL at Transaction Level	No Lack of Compliance Noted			No Lack of Compliance Noted		

Summary of Material Weakness and Corrective Actions

A summary of the material weakness identified in the Department's FY 2016 assessment of the effectiveness of internal control over operations (FMFIA Section 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, 2016, the inmate population housed in BOP operated institutions exceeded the rated housing capacity by 16 percent, down from the 23 percent overcapacity rate as of the end of FY 2015. The impact of the Department's Smart on Crime initiative, legislative changes, and clemency have all contributed to reducing the inmate population and projections; nonetheless, the BOP continues to experience high levels of crowding, particularly at medium and high security institutions. For example, as of September 30, 2016, the overcapacity rate at high security institutions was 31 percent.

Crowding presents safety challenges for both staff and inmates. In addition, crowding has a negative impact on the ability of the BOP to promptly provide inmate treatment and training programs that promote effective re-entry and reduce recidivism.

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.⁴ The BOP's formal Corrective Action Plan includes 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 overcapacity rate for both FYs 2017 and 2018 is projected to stay at 16 percent – the same rate as at the end of FY 2016; the rate at high security institutions is projected at 32 percent and 28 percent, respectively, for those years. The recent decision by the Department of Justice to phase out contract facilities will impact crowding, but the extent is not known at this time.

The Department's corrective action efforts are not limited to the BOP. 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 promote effective re-entry and reduce recidivism. The BOP will continue to work with the Department on these programs.

⁴ The BOP's Long Range Capacity Plan relies on multiple approaches to house the federal inmate population, such as expanding existing institutions where infrastructure permits, programmatically appropriate, and cost effective to do so; and acquiring, constructing, and activating new facilities as funding permits.

Improper Payments Information Act of 2002, as Amended

The Department recognizes the importance of maintaining adequate internal control to ensure proper payments and is committed to the continuous improvement of the overall disbursement management process. A summary of actions taken by Department management in FY 2016 for continuous implementation of the Improper Payments Information Act of 2002 (IPIA), as amended, follows.⁵ 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 year ended September 30, 2016, 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 required 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 of the AFR 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 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 to drive performance. Agencies have the discretion to set their own payment recapture rate targets for review and approval by OMB.

In FY 2016, as required by the IPIA, as amended, and OMB implementing guidance, the Department measured payment recapture performance and updated its payment recapture rate targets through FY 2018. Based on performance through the year ended September 30, 2016, the Department achieved an annual

⁵ 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).

payment recapture rate of 91 percent. Additional details, to include the annual recapture rate by type of payment (e.g., contracts and grants), 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.

National Security

- **Going Dark:** Criminals and terrorists are using encryption and other anonymous or hidden services to avoid detection, identification and capture. Conducting court-approved intercepts has become more challenging. Providers offer encryption as a selling point. Even when legal authority exists, technical ability is lacking, as are storage and data retention policies. A coordinated strategic response is urgently needed.
- **Homegrown Violent Extremists (HVE):** These potential terrorists, frequently influenced by the Islamic State of Iraq and the Levant (ISIL) online, present a new and significant challenge, part of which is distinguishing between violent rhetoric and terrorist intent. Prioritizing thousands of HVE investigations is a continuing challenge.
- **FISA Reauthorization:** Section 702 of the Foreign Intelligence Surveillance Act will sunset on December 31, 2017. This key counterterrorism tool allows the targeting of non-U.S. persons reasonably believed to be outside the United States to acquire foreign intelligence information.

Law Enforcement

- **Cyber Threat:** Cyber issues straddle both national security and criminal areas, with the United States facing daily telecommunications network attacks from a range of nations, criminals and terrorists, all with potentially devastating consequences. The Department of Justice itself is under constant cyber-attack. The threat is pervasive and persistent and the methods used by adversaries are always evolving.
- **Opioid Epidemic:** Drug overdoses are now the leading cause of injury-related deaths in the United States – more than 47,000 overdose deaths occurred in 2014, with 61% of those from opioids, which include prescriptions, heroin and fentanyl.
- **Criminal Justice Reform:** Legislation to reduce drug sentences passed both House and Senate Judiciary Committees and bipartisan efforts to enact this reform will continue at the beginning of the new Congress. At the same time, the relationship between police departments and their communities, particularly regarding police use of force, have become critical across the nation. Questions about police decision-making under stress, real and implicit racial bias, police misconduct and community trust have been raised.

Civil Litigation

- **Immigration Executive Action:** Texas and 25 other states challenged the executive action aimed at deferring action for aliens brought to the United States as children and for certain of their parents. The Supreme Court upheld the district court's issuance of a preliminary injunction against implementation of the guidance and denied the government's petition for rehearing. Meanwhile the district court sanctioned the Department after finding that certain representations were made in bad faith. The Government successfully moved to stay the sanctions order and submitted additional material demonstrating that no misconduct had occurred. The district court has taken the matter under advisement.

- Voting Rights: Several pivotal court cases concerning the Voting Rights Act have occurred or are pending in a number of states. The Civil Rights Division's Voting Section has been active in challenging several state statutes struck down by courts. However, the Supreme Court's decision in *Shelby County v. Holder* has effectively made states exempt from preclearance until or unless Congress updates the standards under the Voting Rights Act.
- Affordable Care Act: Several matters are currently pending involving the Patient Protection and Affordable Care Act or ACA. The *Zubik* cases involve contraceptive coverage requirements and have been remanded by the Supreme Court to see if a compromise can be reached. In *House v. Burwell* a district court decided that Congress provided no appropriation for the cost-sharing reductions mandated by the ACA and enjoined the government from making further payments. The injunction has been stayed pending appeal. The Risk Corridors litigation comprises seven cases filed by insurance companies in the U.S. Court of Federal Claims seeking \$2.5 billion in payments for losses; and potentially a larger amount for 2015, with damages for 2016 not yet known.
- Gender Identity: A number of states, state officials, and private plaintiffs have filed lawsuits across the country challenging several federal agencies' position that discrimination against transgender individuals violates the law. Also, the Department filed suit against the State of North Carolina challenging the legality of House Bill 2 which prohibits transgender persons from using public bathrooms; counterclaims against the Department have been filed by both the Governor and the State Legislature. Trial is set for May 2017.

Hiring and Staffing

- Given an aging population in the federal workforce, the Department faces a series of difficulties in the coming years. Most components have experienced reduced staffing levels in the past several years. The end of an administration is also traditionally a time for departures and new hires. However, the hiring process can be lengthy and complex, especially the added time needed for background investigations.

Budget Constraints and Uncertainties

- From 2001 to 2010, the Department's discretionary budget rose steadily, from \$18 billion to \$28 billion. However, since then, the discretionary budget has been largely flat, creating two challenges: first, components are unable to grow and must absorb inflationary costs – often by reducing operations – and second, funds for new programs to reflect new policy directions are rare and often arise from either realigning existing resources away from existing programs, or through the use of budget rescissions and scorekeeping credits. In House and Senate mark-ups of the FY 2017 budget pending in Congress, as many as 15 Department components could face flat budgets from last year. Components must absorb personnel and other annual cost increases, and eventually flat budgets will mean today's workforce is not affordable in future 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.

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' REPORT



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KPMG LLP
Suite 12000
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Washington, DC 20006

Independent Auditors' Report on the Financial Statements

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited the accompanying consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2016 and 2015, 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 did not audit the financial statements of the Federal Bureau of Prisons (BOP), of which statements reflect total assets constituting 14% and 13% of consolidated total assets at September 30, 2016 and 2015, respectively, and total net costs constituting 20% and 24% of consolidated total net costs for the years then ended, respectively. We did not audit the FY 2015 financial statements of the Federal Bureau of Investigation (FBI), of which statements reflect total assets constituting 15% of consolidated total assets as of September 30, 2015, and total net costs constituting 28% of consolidated total net costs for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 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



Independent Auditors' Report on the Financial Statements
Page 2

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, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2016 and 2015, 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

Interactive Data

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

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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We and the other auditors do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The information in the Other Information section 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 by us and the other auditors in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Independent Auditors' Report on the Financial Statements
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016 on our consideration of the Department's internal control over financial reporting, and our report dated November 11, 2016 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 result 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 11, 2016

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KPMG LLP
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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, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 15-02, *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, 2016 and 2015, 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 11, 2016. We did not audit the financial statements of the Federal Bureau of Prisons (BOP) as of and for the years ended September 30, 2016 and 2015, or the financial statements of the Federal Bureau of Investigation (FBI) as of and for the year ended September 30, 2015. Those financial statements were audited by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for those components, is based solely on reports of the other auditors.

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, 2016, 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*.

As stated above, we did not audit the fiscal year 2016 financial statements of the BOP. Those financial statements were audited by other auditors whose reports thereon, including the other auditors' *Independent Auditor's Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*, has been furnished to us. Accordingly our report on the Department's internal control over financial reporting, insofar as it relates to that component, is based solely on the report and findings of the other auditors.

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



Independent Auditors' Report on Internal Control over Financial Reporting Based
on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
Page 2

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 and the other auditors' audits 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.

The Exhibit presents the status of the prior year's finding and recommendations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our and the other auditors' testing of internal control and the result 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 11, 2016

STATUS OF PRIOR YEAR'S FINDING AND RECOMMENDATIONS

As required by *Government Auditing Standards* issued by the Comptroller General of the United States, we have evaluated whether the Department of Justice has taken the appropriate corrective action to address the finding and recommendations from the prior year's financial statements audit that could have a material effect on the financial statements or other financial data significant to the audit objectives. The following table provides the Office of Inspector General report number where the deficiency was reported, our recommendations for improvement, and the status of the previously identified significant deficiency and recommendations as of the end of fiscal year 2016.

Report	Significant Deficiency	Recommendation	Status
Annual Financial Statements Fiscal Year 2015 Report No. 16-01	Improvements Needed in Financial Statement Preparation and Review Controls	Recommendation No. 1: Periodically assess the treatment of any new or significant cash collections based on legal proceedings to ensure proper classification of these amounts in the Statement of Custodial Activities.	Completed ¹
		Recommendation No. 2: Periodically review and align the defined cost allocation methodology against the mission-driven program objectives to ensure proper assignment of costs among strategic goals.	Completed
		Recommendation No. 3: Critically analyze the accounting and reporting of complex or unusual transactions to ensure proper, accurate, and consistent reporting in the financial statements and footnotes.	Completed ¹
		Recommendation No. 4: Assess reconciliation, financial reporting review, and other monitoring controls at certain components, and identify those areas where the components' management could increase the rigor and precision of those controls.	Completed ¹

¹ Sufficient progress has been made in addressing this finding and the related recommendation such that the remaining risk of misstatement no longer merits the attention by those charged with governance. Therefore, the condition has been downgraded to a deficiency in internal control.

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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, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 15-02, *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, 2016 and 2015, 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 11, 2016. We did not audit the financial statements of the Federal Bureau of Prisons (BOP) as of and for the years ended September 30, 2016 and 2015, or the financial statements of the Federal Bureau of Investigation (FBI) as of and for the year ended September 30, 2015. Those financial statements were audited by other auditors whose reports has been furnished to us, and our report, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors.

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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 15-02.

As stated above, we did not audit the fiscal year 2016 financial statements of the BOP. Those financial statements were audited by other auditors whose report thereon, including the other auditors' *Independent Auditor's Report on Compliance and Other Matters Based on an Audit of the Financial Statements in Accordance with Government Auditing Standards*, has been furnished to us. Accordingly, our report on the Department's compliance and other matters, insofar as it relates to that component, is based solely on the report and findings of the other auditors.

Management is currently reviewing two matters regarding potential violations of the *Antideficiency Act*. As of the date of this report, the outcome of these matters, and any resulting ramifications, are not known.



Independent Auditors' Report on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
Page 2

We and the other auditors also performed tests of the Department's 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 and the other auditors' 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 and the other auditors' testing of compliance and the result 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 11, 2016

PRINCIPAL FINANCIAL STATEMENTS AND RELATED NOTES

**SEE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS**



U. S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2016 and 2015

Dollars in Thousands	2016	2015
ASSETS (Note 2)		
Intragovernmental		
Fund Balance with U.S. Treasury (Note 3)	\$ 30,593,210	\$ 31,234,522
Investments, Net (Note 5)	7,488,767	7,824,789
Accounts Receivable, Net (Note 6)	580,469	498,539
Other Assets (Note 10)	64,510	57,453
Total Intragovernmental	<u>38,726,956</u>	<u>39,615,303</u>
Cash and Other Monetary Assets (Note 4)	267,679	1,146,230
Accounts Receivable, Net (Note 6)	95,042	83,490
Inventory and Related Property, Net (Note 7)	142,280	169,336
Forfeited Property, Net (Note 8)	110,138	132,420
General Property, Plant and Equipment, Net (Note 9)	8,923,762	9,174,037
Advances and Prepayments	341,037	397,218
Other Assets (Note 10)	597	2,069
Total Assets	<u>\$ 48,607,491</u>	<u>\$ 50,720,103</u>
LIABILITIES (Note 11)		
Intragovernmental		
Accounts Payable	\$ 316,106	\$ 320,091
Accrued Federal Employees' Compensation Act Liabilities	282,383	280,176
Custodial Liabilities (Note 21)	899,707	1,490,600
Other Liabilities (Note 15)	420,156	331,895
Total Intragovernmental	<u>1,918,352</u>	<u>2,422,762</u>
Accounts Payable	6,161,623	6,349,078
Accrued Grant Liabilities	665,975	487,492
Actuarial Federal Employees' Compensation Act Liabilities	1,725,538	1,654,318
Accrued Payroll and Benefits	460,095	352,289
Accrued Annual and Compensatory Leave Liabilities	872,211	845,755
Environmental and Disposal Liabilities (Note 12)	70,387	79,802
Deferred Revenue	674,906	680,641
Seized Cash and Monetary Instruments (Note 14)	1,258,666	2,258,815
Contingent Liabilities (Note 16)	40,431	52,413
Radiation Exposure Compensation Act Liabilities (Note 25)	329,494	433,760
September 11 th Victim Compensation Fund (Note 25)	5,418,196	2,579,175
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)	1,025,000	-
Other Liabilities (Note 15)	542,003	440,736
Total Liabilities	<u>\$ 21,162,877</u>	<u>\$ 18,637,036</u>
NET POSITION		
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	\$ 19,512	\$ 31,274
Unexpended Appropriations - All Other Funds	9,851,034	9,131,425
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	14,788,764	16,328,785
Cumulative Results of Operations - All Other Funds	2,785,304	6,591,583
Total Net Position	<u>\$ 27,444,614</u>	<u>\$ 32,083,067</u>
Total Liabilities and Net Position	<u>\$ 48,607,491</u>	<u>\$ 50,720,103</u>

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, 2016 and 2015

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	
Goal 1	2016	\$ 1,800,503	\$ 5,692,388	\$ 7,492,891	\$ 302,866	\$ 8,639	\$ 311,505	\$ 7,181,386
	2015	\$ 1,660,919	\$ 4,463,451	\$ 6,124,370	\$ 284,542	\$ 11,013	\$ 295,555	\$ 5,828,815
Goal 2	2016	3,619,361	15,390,529	19,009,890	330,444	1,007,943	1,338,387	17,671,503
	2015	3,406,947	10,892,842	14,299,789	462,630	1,018,845	1,481,475	12,818,314
Goal 3	2016	2,894,133	11,417,646	14,311,779	774,123	626,973	1,401,096	12,910,683
	2015	2,853,285	11,367,355	14,220,640	795,805	631,291	1,427,096	12,793,544
Total	2016	<u>\$ 8,313,997</u>	<u>\$ 32,500,563</u>	<u>\$ 40,814,560</u>	<u>\$ 1,407,433</u>	<u>\$ 1,643,555</u>	<u>\$ 3,050,988</u>	<u>\$ 37,763,572</u>
	2015	<u>\$ 7,921,151</u>	<u>\$ 26,723,648</u>	<u>\$ 34,644,799</u>	<u>\$ 1,542,977</u>	<u>\$ 1,661,149</u>	<u>\$ 3,204,126</u>	<u>\$ 31,440,673</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, 2016

Dollars in Thousands

	2016			
	Funds from Dedicated Collections	All Other Funds	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	\$ 31,274	\$ 9,131,425	\$ -	\$ 9,162,699
Budgetary Financing Sources				
Appropriations Received	50,804	31,617,291	-	31,668,095
Appropriations Transferred-In/Out	-	762,162	(383,748)	378,414
Other Adjustments	-	(1,152,050)	-	(1,152,050)
Appropriations Used	(62,566)	(30,124,046)	-	(30,186,612)
Total Budgetary Financing Sources	(11,762)	1,103,357	(383,748)	707,847
Unexpended Appropriations	\$ 19,512	\$ 10,234,782	\$ (383,748)	\$ 9,870,546
Cumulative Results of Operations				
Beginning Balances	\$ 16,328,785	\$ 6,591,583	\$ -	\$ 22,920,368
Budgetary Financing Sources				
Other Adjustments	-	(69,000)	-	(69,000)
Appropriations Used	62,566	30,124,046	-	30,186,612
Nonexchange Revenues	1,521,104	85	-	1,521,189
Donations and Forfeitures of Cash and Cash Equivalents	1,686,050	78,000	-	1,764,050
Transfers-In/Out Without Reimbursement	(2,686,200)	404,580	383,748	(1,897,872)
Other Budgetary Financing Sources	-	(80,767)	-	(80,767)
Other Financing Sources				
Donations and Forfeitures of Property	200,868	-	-	200,868
Transfers-In/Out Without Reimbursement	(4,209)	2,590	-	(1,619)
Imputed Financing from Costs Absorbed by Others (Note 19)	16,247	803,522	(18,109)	801,660
Other Financing Sources	-	(7,849)	-	(7,849)
Total Financing Sources	796,426	31,255,207	365,639	32,417,272
Net Cost of Operations	(2,336,447)	(35,445,234)	18,109	(37,763,572)
Net Change	(1,540,021)	(4,190,027)	383,748	(5,346,300)
Cumulative Results of Operations	\$ 14,788,764	\$ 2,401,556	\$ 383,748	\$ 17,574,068
Net Position	\$ 14,808,276	\$ 12,636,338	\$ -	\$ 27,444,614

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, 2015

Dollars in Thousands

	2015			
	Funds from Dedicated Collections	All Other Funds	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	\$ 32,750	\$ 9,585,702	\$ -	\$ 9,618,452
Budgetary Financing Sources				
Appropriations Received	43,306	27,426,665	-	27,469,971
Appropriations Transferred-In/Out	(137)	360,620	-	360,483
Other Adjustments	(6,000)	(783,767)	-	(789,767)
Appropriations Used	(38,645)	(27,457,795)	-	(27,496,440)
Total Budgetary Financing Sources	(1,476)	(454,277)	-	(455,753)
Unexpended Appropriations	\$ 31,274	\$ 9,131,425	\$ -	\$ 9,162,699
Cumulative Results of Operations				
Beginning Balances	\$ 15,509,593	\$ 5,158,511	\$ -	\$ 20,668,104
Budgetary Financing Sources				
Other Adjustments	-	(99,000)	-	(99,000)
Appropriations Used	38,645	27,457,795	-	27,496,440
Nonexchange Revenues	2,647,093	242	-	2,647,335
Donations and Forfeitures of Cash and Cash Equivalents	1,285,294	-	-	1,285,294
Transfers-In/Out Without Reimbursement	(1,100,099)	2,299,391	-	1,199,292
Other Financing Sources				
Donations and Forfeitures of Property	337,357	1	-	337,358
Transfers-In/Out Without Reimbursement	(4,890)	11,870	-	6,980
Imputed Financing from Costs Absorbed by Others (Note 19)	16,388	833,166	(19,480)	830,074
Other Financing Sources	-	(10,836)	-	(10,836)
Total Financing Sources	3,219,788	30,492,629	(19,480)	33,692,937
Net Cost of Operations	(2,400,596)	(29,059,557)	19,480	(31,440,673)
Net Change	819,192	1,433,072	-	2,252,264
Cumulative Results of Operations	\$ 16,328,785	\$ 6,591,583	\$ -	\$ 22,920,368
Net Position	\$ 16,360,059	\$ 15,723,008	\$ -	\$ 32,083,067

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, 2016 and 2015

Dollars in Thousands	2016	2015
Budgetary Resources:		
Unobligated Balance, Brought Forward, October 1	\$ 6,077,347	\$ 5,824,731
Recoveries of Prior Year Unpaid Obligations	964,515	798,481
Other Changes in Unobligated Balance	59,804	(38,994)
Unobligated Balance from Prior Year Budget Authority, Net	7,101,666	6,584,218
Appropriations (discretionary and mandatory)	35,485,436	33,043,262
Spending Authority from Offsetting Collections (discretionary and mandatory)	5,764,286	6,807,395
Total Budgetary Resources	\$ 48,351,388	\$ 46,434,875
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total) (Note 20)	\$ 41,987,122	\$ 40,357,528
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	5,141,166	4,773,397
Exempt from Apportionment, Unexpired Accounts	209,097	175,949
Unapportioned, Unexpired Accounts	300,852	365,215
Unexpired Unobligated Balance, End of Year	5,651,115	5,314,561
Expired Unobligated Balance, End of Year	713,151	762,786
Unobligated Balance - End of Year (Total)	6,364,266	6,077,347
Total Status of Budgetary Resources	\$ 48,351,388	\$ 46,434,875
Change in Obligated Balance:		
Unpaid Obligations:		
Unpaid Obligations, Brought Forward, October 1	\$ 19,373,423	\$ 17,217,457
New Obligations and Upward Adjustments	41,987,122	40,357,528
Outlays, Gross (-)	(38,567,523)	(37,403,081)
Recoveries of Prior Year Unpaid Obligations (-)	(964,515)	(798,481)
Unpaid Obligations, End of Year	21,828,507	19,373,423
Uncollected Payments:		
Uncollected Payments from Federal Sources, Brought Forward, October 1 (-)	(1,813,652)	(1,789,405)
Change in Uncollected Payments from Federal Sources	(152,385)	(24,247)
Uncollected Payments from Federal Sources, End of Year (-)	(1,966,037)	(1,813,652)
Memorandum (non-add) Entries:		
Obligated balance, Start of Year	\$ 17,559,771	\$ 15,428,052
Obligated balance, End of Year	\$ 19,862,470	\$ 17,559,771
Budgetary Authority and Outlays, Net:		
Budgetary Authority, Gross (discretionary and mandatory)	\$ 41,249,722	\$ 39,850,657
Less: Actual Offsetting Collections (discretionary and mandatory)	5,682,921	6,875,287
Change in Uncollected Payments from Federal Sources (discretionary and mandatory)	(152,385)	(24,247)
Recoveries of Prior Year Paid Obligations (discretionary and mandatory)	74,640	86,955
Budget Authority, Net (discretionary and mandatory)	\$ 35,489,056	\$ 33,038,078
Outlays, Gross (discretionary and mandatory)	\$ 38,567,523	\$ 37,403,081
Less: Actual Offsetting Collections (discretionary and mandatory)	5,682,921	6,875,287
Outlays, Net (discretionary and mandatory)	32,884,602	30,527,794
Less: Distributed Offsetting Receipts	614,185	629,088
Agency Outlays, Net (discretionary and mandatory)	\$ 32,270,417	\$ 29,898,706

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

U. S. Department of Justice
Combined Statements of Custodial Activity
For the Fiscal Years Ended September 30, 2016 and 2015

Dollars in Thousands	2016	2015
Revenue Activity		
Sources of Cash Collections		
Federal Debts, Fines, Penalties and Restitution	\$ 13,176,411	\$ 16,856,861
Fees and Licenses	92,124	58,215
Miscellaneous	1,266	1,162
Total Cash Collections	<u>13,269,801</u>	<u>16,916,238</u>
Accrual Adjustments	<u>(1,575)</u>	<u>(242)</u>
Total Custodial Revenue (Note 21)	13,268,226	16,915,996
Disposition of Collections		
Transferred to Federal Agencies		
Library of Congress	-	(119)
U.S. Department of Agriculture	(46,897)	(256,014)
U.S. Department of Commerce	(19,732)	(1,840)
U.S. Department of the Interior	(181,310)	(104,501)
U.S. Department of Justice	(18,534)	(36,290)
U.S. Department of Labor	(4,336)	(8,842)
U.S. Postal Service	(16,212)	(1,352)
U.S. Department of State	(1,683)	(8)
U.S. Department of the Treasury	(1,483,057)	(811,596)
Office of Personnel Management	(9,528)	(5,024)
National Credit Union Administration	(557,751)	(1)
Federal Communications Commission	(71)	(345)
Social Security Administration	(916)	(1,241)
Smithsonian Institution	(127)	(1,711)
U.S. Department of Veterans Affairs	(18,065)	(8,007)
Equal Employment Opportunity Commission	(154)	(291)
General Services Administration	(53,647)	(36,820)
Securities and Exchange Commission	(3)	(135,843)
Federal Deposit Insurance Corporation	(49)	(1,000,355)
Railroad Retirement Board	(303)	(335)
Tennessee Valley Authority	(2,078)	(60)
Environmental Protection Agency	(89,678)	(1,975,823)
U.S. Department of Transportation	(14,320)	(10,312)
U.S. Department of Homeland Security	(114,261)	(56,750)
Agency for International Development	(11,647)	(812)
Small Business Administration	(22,617)	(17,535)
U.S. Department of Health and Human Services	(1,099,933)	(960,690)
National Aeronautics and Space Administration	(1,353)	(572)
Export-Import Bank of the United States	(1,258)	(7,653)
U.S. Department of Housing and Urban Development	(743,963)	(1,185,772)
National Archives & Records Administration	-	(126)
U.S. Department of Energy	(9,744)	(4,089)
U.S. Department of Education	(37,303)	(20,364)
Independent Agencies	(123,522)	(61,443)
Treasury General Fund	(8,020,654)	(8,107,129)
U.S. Department of Defense	(139,543)	(159,664)
Transferred to the Public	(691,925)	(668,627)
(Increase)/Decrease in Amounts Yet to be Transferred	640,663	(853,578)
Refunds and Other Payments	(4,706)	(20,682)
Retained by the Reporting Entity	<u>(368,009)</u>	<u>(393,780)</u>
Total Disposition of Collections	(13,268,226)	(16,915,996)
Net Custodial Activity	<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)

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

These notes are an integral part of the financial statements.

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

B. Basis of Presentation

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

C. Basis of Consolidation

The consolidated/combined financial statements of the Department include the accounts of the AFF/SADF, ATF, BOP, DEA, FBI, FPI, OBDs, OJP and USMS. 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 2016 and 2015, 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 may be necessary to adjust cash collections and refund disbursements.

The financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources and legal authority to do so.

These notes are an integral part of the financial statements.

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

E. Non-Entity Assets

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

F. Fund Balance with U.S. Treasury and Cash and Other Monetary Assets

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 Fiscal Service. 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 Fiscal Service website. 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

Capitalization of general property, plant and equipment (PP&E) occurs when the initial cost of acquiring or improving the asset meets the minimum threshold and the asset has an estimated useful life of two or more years. Land is always capitalized regardless of the acquisition costs. For projects funded by an appropriation, the Department established standard capitalization thresholds as shown below:

Type of Property	Capitalization Threshold
Real Property	\$ 250
Personal Property	\$ 50
Aircraft	\$ 100
Internal Use Software	\$ 5,000

An exception to the Department's standard capitalization thresholds provides Revolving, Working Capital, and Trust Fund entities the option to establish its own capitalization thresholds for general PP&E and Internal Use Software. If this option is exercised, the thresholds must not conflict with the standard capitalization thresholds, but may be more restrictive, at the discretion of the entity. Federal Prisons Industries, Inc., a revolving fund, exercised this option and established a threshold to capitalize personal property acquisition costs exceeding \$10. The Bureau of Prisons also exercised this option capitalizing personal property acquisition costs exceeding \$100.

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)

Depreciation or amortization of general PP&E, based on historical cost, is calculated using the straight-line method over the estimated useful life of the asset. Land is never depreciated.

K. Advances and Prepayments

Advances and prepayments, classified as assets on the Consolidated Balance Sheets, consist primarily of funds disbursed to grantees in excess of total expenditures made by those grantees to third parties, funds advanced to state and local participants in the DEA Domestic Cannabis Eradication and Suppression Program, and funds disbursed to finance operations that exceed the total expenditures incurred. 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.

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. The amount ultimately realized from the forfeiture and disposition of these assets could differ from the amounts initially reported. The proceeds from the sale of forfeited property are deposited in the AFF.

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 seized property is held by the USMS from the point of seizure until its disposition. In certain cases, the investigative agency will keep seized property in its custody if the intention is to place the property into official use after forfeiture or to use the property as evidence in a court proceeding. 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. Seized cash and monetary instruments are presented as assets with offsetting liabilities on the balance sheet. Seized property other than cash and monetary instruments are presented in the footnotes only.

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.

These notes are an integral part of the financial statements.

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

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.

N. Accrued Grant Liabilities (continued)

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.

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.

These notes are an integral part of the financial statements.

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

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 13.7% of the gross pay for regular employees and 30.1% for law enforcement officers.
 - 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 11.9% of the gross pay for regular employees and 28.4% 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 11.9% of the gross pay for regular employees and 28.4% for law enforcement officers.

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

S. Federal Employee Compensation Benefits

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

These notes are an integral part of the financial statements.

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

S. Federal Employee Compensation Benefits (continued)

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.

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. With the exception of certain accruals, 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.

These notes are an integral part of the financial statements.

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

U. Revenues and Other Financing Sources (continued)

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 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.

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.

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 (continued)

The following funds meet the definition of a fund from dedicated collections: AFF, U.S. Trustee System Fund, Antitrust Division, Crime Victims Fund, Domestic Trafficking 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.

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 a periodic 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.

These notes are an integral part of the financial statements.

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

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 2015 financial statements were reclassified to conform to the FY 2016 Departmental financial statement presentation requirements. These reclassifications have no material effect on total assets, liabilities, net position, change in net position, budgetary resources, or custodial activity as previously reported.

AA. Subsequent Events

Subsequent events and transactions occurring after September 30, 2016 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.

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

Note 2. Non-Entity Assets

As of September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Intragovernmental		
Fund Balance with U.S. Treasury	\$ 1,101,057	\$ 1,649,177
Investments, Net	<u>1,067,000</u>	<u>1,267,045</u>
Total Intragovernmental	<u>2,168,057</u>	<u>2,916,222</u>
With the Public		
Cash and Other Monetary Assets	226,763	1,104,136
Accounts Receivable, Net	<u>3,830</u>	<u>4,400</u>
Total With the Public	<u>230,593</u>	<u>1,108,536</u>
Total Non-Entity Assets	2,398,650	4,024,758
Total Entity Assets	<u>46,208,841</u>	<u>46,695,345</u>
Total Assets	<u>\$ 48,607,491</u>	<u>\$ 50,720,103</u>

Immaterial errors were identified in the FY 2015 Consolidated Balance Sheet resulting in the overstatement of assets in the amount \$95,378, and the accompanying FY 2015 accounts were revised to reflect these immaterial corrections.

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Fund Balances		
Trust Funds	\$ 101,648	\$ 110,820
Special Funds	14,202,065	15,382,757
Revolving Funds	1,125,824	1,110,897
General Funds	15,085,629	14,556,369
Other Fund Types	78,044	73,679
Total Fund Balances with U.S. Treasury	<u>\$ 30,593,210</u>	<u>\$ 31,234,522</u>
Status of Fund Balances		
Unobligated Balance - Available	\$ 4,501,930	\$ 3,933,234
Unobligated Balance - Available in Subsequent Periods	848,333	1,016,112
Unobligated Balance - Unavailable	1,014,003	1,128,001
Obligated Balance not yet Disbursed	19,862,470	17,559,771
Other Funds (With)/Without Budgetary Resources	4,361,646	7,592,221
Total Status of Fund Balances	<u>\$ 30,588,382</u>	<u>\$ 31,229,339</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 - Available in Subsequent Periods includes amounts apportioned for future fiscal years that are available for obligation in a subsequent period (apportioned as Category C).

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. 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.

For the fiscal years ended September 30, 2016 and 2015, the respective immaterial variances of \$4,828 and \$5,183 between Fund Balance with U.S. Treasury line item on the Balance Sheet and Total Status of Fund Balances on the note represent sequestered BOP balances.

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 Other Monetary Assets

As of September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash		
Undeposited Collections	\$ 17	\$ 258
Imprest Funds	40,903	41,825
Seized Cash Deposited	134,580	1,023,825
Other	<u>29,444</u>	<u>26,012</u>
Total Cash	<u>204,944</u>	<u>1,091,920</u>
Other Monetary Assets		
Seized Monetary Instruments	<u>62,735</u>	<u>54,310</u>
Total Other Monetary Assets	<u>62,735</u>	<u>54,310</u>
Total Cash and Other Monetary Assets	<u>\$ 267,679</u>	<u>\$ 1,146,230</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, 2016					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 7,498,846	\$ (10,840)	\$ 761	\$ 7,488,767	\$ 7,493,881
As of September 30, 2015					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 7,828,448	\$ (4,019)	\$ 360	\$ 7,824,789	\$ 7,826,617

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Intragovernmental		
Accounts Receivable	\$ 580,970	\$ 499,316
Allowance for Uncollectible Accounts	<u>(501)</u>	<u>(777)</u>
Total Intragovernmental	<u>580,469</u>	<u>498,539</u>
With the Public		
Accounts Receivable	107,668	98,455
Allowance for Uncollectible Accounts	<u>(12,626)</u>	<u>(14,965)</u>
Total With the Public	<u>95,042</u>	<u>83,490</u>
Total Accounts Receivable, Net	<u>\$ 675,511</u>	<u>\$ 582,029</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, and FBI National Name Check Program.

Note 7. Inventory and Related Property, Net

As of September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Inventory		
Raw Materials	\$ 52,670	\$ 56,842
Work in Process	18,975	29,510
Finished Goods	30,728	47,264
Inventory Purchased for Resale	18,564	19,034
Excess, Obsolete, and Unserviceable	18,835	19,463
Inventory Allowance	<u>(15,071)</u>	<u>(22,241)</u>
Operating Materials and Supplies		
Held for Current Use	<u>17,579</u>	<u>19,464</u>
Total Inventory and Related Property, Net	<u>\$ 142,280</u>	<u>\$ 169,336</u>

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

Analysis of Change in Forfeited Property:

The number of items represents quantities calculated using many different units of measure. If necessary, the adjustments column include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category. The valuation changes occur primarily due to changes in appraisals.

Method of Disposition of Forfeited Property:

During FYs 2016 and 2015, \$132,206 and \$122,951 of forfeited property were sold, \$1,633 and \$599 were destroyed or donated, \$7,968 and \$9,714 were returned to owners, and \$62,630 and \$204,900 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, 2016

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	349	427	537	(980)	333	-	333
	Value	\$ 4,386	\$ 2,034	\$ 52,328	\$ (55,670)	\$ 3,078	\$ -	\$ 3,078
Real Property	Number	463	10	320	(406)	387	-	387
	Value	\$ 91,616	\$ 3,408	\$ 75,043	\$ (98,189)	\$ 71,878	\$ (2,078)	\$ 69,800
Personal Property	Number	3,846	128	3,268	(4,517)	2,725	-	2,725
	Value	\$ 39,967	\$ 3,854	\$ 44,795	\$ (50,578)	\$ 38,038	\$ (778)	\$ 37,260
Non-Valued Firearms	Number	24,147	(439)	19,980	(15,689)	27,999	-	27,999
Total	Number	28,805	126	24,105	(21,592)	31,444	-	31,444
	Value	\$ 135,969	\$ 9,296	\$ 172,166	\$ (204,437)	\$ 112,994	\$ (2,856)	\$ 110,138

For the Fiscal Year Ended September 30, 2015

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	284	469	577	(981)	349	-	349
	Value	\$ 4,907	\$ 9,819	\$ 188,277	\$ (198,617)	\$ 4,386	\$ -	\$ 4,386
Real Property	Number	458	(15)	384	(364)	463	-	463
	Value	\$ 88,679	\$ (4,585)	\$ 88,425	\$ (80,903)	\$ 91,616	\$ (3,200)	\$ 88,416
Personal Property	Number	3,232	78	5,305	(4,769)	3,846	-	3,846
	Value	\$ 48,915	\$ (4,162)	\$ 53,858	\$ (58,644)	\$ 39,967	\$ (349)	\$ 39,618
Non-Valued Firearms	Number	25,965	3,956	15,639	(21,413)	24,147	-	24,147
Total	Number	29,939	4,488	21,905	(27,527)	28,805	-	28,805
	Value	\$ 142,501	\$ 1,072	\$ 330,560	\$ (338,164)	\$ 135,969	\$ (3,549)	\$ 132,420

(1) Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category. Valuation changes occur primarily due to changes in appraisals.

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)

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.

Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category. Valuation changes occur primarily due to changes in appraisals.

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)

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 2016 and 2015, \$1,757,651 and \$1,307,559 of seized property were forfeited, \$99,386 and \$112,889 were returned to parties with a bonafide interest, and \$11,191 and \$22,943 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, 2016

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash and Monetary Instruments	Number Value	11,234 \$ 2,222,270	612 \$ 18,931	7,448 \$ 706,942	(9,069) \$ (1,730,921)	10,225 \$ 1,217,222	- \$ (291,503)	10,225 \$ 925,719
Financial Instruments	Number Value	377 \$ 186,764	(59) \$ (21,061)	270 \$ 24,290	(172) \$ (11,030)	416 \$ 178,963	- \$ (1,931)	416 \$ 177,032
Real Property	Number Value	80 \$ 33,858	9 \$ (3,392)	111 \$ 27,195	(117) \$ (41,576)	83 \$ 16,085	- \$ (7,787)	83 \$ 8,298
Personal Property	Number Value	5,487 \$ 128,426	456 \$ (10,909)	3,578 \$ 65,039	(4,260) \$ (69,421)	5,261 \$ 113,135	- \$ (39,545)	5,261 \$ 73,590
Non-Valued Firearms	Number	25,251	3,047	16,503	(22,026)	22,775	-	22,775
Total	Number Value	42,429 \$ 2,571,318	4,065 \$ (16,431)	27,910 \$ 823,466	(35,644) \$ (1,852,948)	38,760 \$ 1,525,405	- \$ (340,766)	38,760 \$ 1,184,639

For the Fiscal Year Ended September 30, 2015

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash and Monetary Instruments	Number Value	13,824 \$ 1,373,316	662 \$ 39,752	8,985 \$ 2,064,442	(12,237) \$ (1,255,240)	11,234 \$ 2,222,270	- \$ (156,523)	11,234 \$ 2,065,747
Financial Instruments	Number Value	357 \$ 124,376	(70) \$ (79,070)	345 \$ 193,711	(255) \$ (52,253)	377 \$ 186,764	- \$ (491)	377 \$ 186,273
Real Property	Number Value	131 \$ 52,586	9 \$ (3,112)	98 \$ 30,738	(158) \$ (46,354)	80 \$ 33,858	- \$ (11,451)	80 \$ 22,407
Personal Property	Number Value	7,293 \$ 147,805	526 \$ (11,498)	4,184 \$ 73,400	(6,516) \$ (81,281)	5,487 \$ 128,426	- \$ (35,847)	5,487 \$ 92,579
Non-Valued Firearms	Number	24,394	6,481	14,725	(20,349)	25,251	-	25,251
Total	Number Value	45,999 \$ 1,698,083	7,608 \$ (53,928)	28,337 \$ 2,362,291	(39,515) \$ (1,435,128)	42,429 \$ 2,571,318	- \$ (204,312)	42,429 \$ 2,367,006

(1) Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category. Valuation changes occur primarily due to changes in appraisals.

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, 2016

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Evidence								
Seized Monetary Instruments	Value	\$ 36,545	\$ (3,024)	\$ 19,663	\$ (11,740)	\$ 41,444	\$ -	\$ 41,444
Personal Property	Number	351	61	62	(116)	358	-	358
	Value	\$ 6,001	\$ 1,310	\$ 1,041	\$ (3,540)	\$ 4,812	\$ -	\$ 4,812
Non-Valued								
Firearms	Number	55,770	(1,005)	11,190	(11,932)	54,023	-	54,023
Drug Evidence								
Cocaine	KG	64,434	901	78,840	(82,656)	61,519	-	61,519
Heroin	KG	4,502	25	1,819	(908)	5,438	-	5,438
Marijuana	KG	11,829	162	1,211	(2,889)	10,313	-	10,313
Bulk Drug Evidence	KG	126,391	559	520,309	(551,635)	95,624	-	95,624
Methamphetamine	KG	13,629	67	6,365	(3,319)	16,742	-	16,742
Other	KG	19,081	356	1,301	(5,159)	15,579	-	15,579
Total Drug Evidence	KG	239,866	2,070	609,845	(646,566)	205,215	-	205,215

For the Fiscal Year Ended September 30, 2015

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Evidence								
Seized Monetary Instruments	Value	\$ 37,127	\$ (6,338)	\$ 12,097	\$ (6,341)	\$ 36,545	\$ -	\$ 36,545
Personal Property	Number	408	(36)	94	(115)	351	-	351
	Value	\$ 7,907	\$ (2,597)	\$ 2,613	\$ (1,922)	\$ 6,001	\$ -	\$ 6,001
Non-Valued								
Firearms	Number	56,014	(664)	11,101	(10,681)	55,770	-	55,770
Drug Evidence								
Cocaine	KG	50,264	1,496	67,547	(54,873)	64,434	-	64,434
Heroin	KG	3,849	95	1,435	(877)	4,502	-	4,502
Marijuana	KG	12,892	304	1,972	(3,339)	11,829	-	11,829
Bulk Drug Evidence	KG	147,626	1,301	722,808	(745,344)	126,391	-	126,391
Methamphetamine	KG	12,106	91	5,073	(3,641)	13,629	-	13,629
Other	KG	20,367	(257)	1,506	(2,535)	19,081	-	19,081
Total Drug Evidence	KG	247,104	3,030	800,341	(810,609)	239,866	-	239,866

- (1) Adjustments include property status, asset group, and valuation changes that occurred during the current year for assets that were already on hand at the start of the year. Asset group changes occur primarily when cash is substituted for a different asset category. Valuation changes occur primarily due to changes in appraisals.

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, 2016

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 184,715	\$ -	\$ 184,715	N/A
Construction in Progress	345,735	-	345,735	N/A
Buildings, Improvements and Renovations	11,339,869	(5,750,328)	5,589,541	2-50 yrs
Other Structures and Facilities	964,853	(633,888)	330,965	10-50 yrs
Aircraft	573,247	(218,486)	354,761	5-30 yrs
Boats	14,551	(6,057)	8,494	5-25 yrs
Vehicles	382,764	(258,085)	124,679	2-25 yrs
Equipment	1,361,616	(904,693)	456,923	2-25 yrs
Assets Under Capital Lease	90,315	(63,380)	26,935	2-30 yrs
Leasehold Improvements	1,745,057	(1,151,897)	593,160	2-20 yrs
Internal Use Software	2,070,029	(1,298,898)	771,131	2-10 yrs
Internal Use Software in Development	134,572	-	134,572	N/A
Other General Property, Plant and Equipment	2,951	(800)	2,151	10-20 yrs
Total	\$ 19,210,274	\$ (10,286,512)	\$ 8,923,762	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment			
Purchases for FY 2016	\$ 154,781	\$ 613,615	\$ 768,396

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, 2015

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 184,715	\$ -	\$ 184,715	N/A
Improvements to Land	4,989	(2,185)	2,804	15 yrs
Construction in Progress	443,885	-	443,885	N/A
Buildings, Improvements and Renovations	10,885,792	(5,376,621)	5,509,171	2-50 yrs
Other Structures and Facilities	926,432	(593,812)	332,620	10-50 yrs
Aircraft	545,798	(197,220)	348,578	5-30 yrs
Boats	15,216	(5,625)	9,591	5-25 yrs
Vehicles	364,747	(243,003)	121,744	2-25 yrs
Equipment	1,319,621	(876,461)	443,160	2-25 yrs
Assets Under Capital Lease	90,451	(60,506)	29,945	2-30 yrs
Leasehold Improvements	1,704,063	(1,059,965)	644,098	2-20 yrs
Internal Use Software	1,989,253	(1,013,392)	975,861	2-10 yrs
Internal Use Software in Development	123,088	-	123,088	N/A
Other General Property, Plant and Equipment	5,378	(601)	4,777	10-20 yrs
Total	\$ 18,603,428	\$ (9,429,391)	\$ 9,174,037	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment			
Purchases for FY 2015	\$ 173,762	\$ 388,449	\$ 562,211

Immaterial errors were identified in the FY 2015 Consolidated Balance Sheet resulting in the overstatement of assets, specifically the Buildings, Improvements and Renovations in the amount \$95,378, and the accompanying FY 2015 accounts were revised to reflect these immaterial corrections.

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Intragovernmental		
Advances and Prepayments	\$ 64,490	\$ 57,330
Other Intragovernmental Assets	<u>20</u>	<u>123</u>
Total Intragovernmental	64,510	57,453
Other Assets With the Public	<u>597</u>	<u>2,069</u>
Total Other Assets	<u>\$ 65,107</u>	<u>\$ 59,522</u>

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Intragovernmental		
Accrued FECA Liabilities	\$ 279,408	\$ 276,599
Other Unfunded Employment Related Liabilities	1,103	1,189
Other	<u>2,761</u>	<u>2,879</u>
Total Intragovernmental	<u>283,272</u>	<u>280,667</u>
With the Public		
Actuarial FECA Liabilities	1,725,538	1,654,318
Accrued Annual and Compensatory Leave Liabilities	866,831	839,485
Environmental and Disposal Liabilities (Note 12)	70,387	79,802
Deferred Revenue	563,888	546,938
Contingent Liabilities (Note 16)	40,431	52,413
Capital Lease Liabilities (Note 13)	97	129
RECA Liabilities (Note 25)	329,494	433,760
September 11th Victim Compensation Fund (Note 25)	5,418,196	2,579,175
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)	1,025,000	-
Other	<u>224,746</u>	<u>144,225</u>
Total With the Public	<u>10,264,608</u>	<u>6,330,245</u>
Total Liabilities not Covered by Budgetary Resources	10,547,880	6,610,912
Total Liabilities Covered by Budgetary Resources	<u>10,614,997</u>	<u>12,026,124</u>
Total Liabilities	<u>\$ 21,162,877</u>	<u>\$ 18,637,036</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 of future funded energy savings performance contracts and utilities.

Note 12. Environmental and Disposal Liabilities

As of September 30, 2016 and 2015	2016	2015
Firing Ranges		
Beginning Balance, Brought Forward	\$ 29,921	\$ 29,236
Future Funded Expenses	178	495
Inflation Adjustment	462	190
Total Firing Range Liability	30,561	29,921
 Asbestos		
Beginning Balance, Brought Forward	\$ 49,881	\$ 49,563
New Asbestos	11	31
Abatements	(357)	(208)
Inflation Adjustment	626	262
Future Funded Expenses	(10,335)	233
Total Asbestos Liability	\$ 39,826	\$ 49,881
Total Environmental and Disposal Liabilities	\$ 70,387	\$ 79,802

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)

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. For FY 2016, the BOP adjusted the estimated clean-up liability by the current U.S. inflation rate of 1.6 percent as determined by the U.S. Treasury, as such the liability cost for firing ranges increased by \$462. As of September 30, 2016 and 2015, the BOP reported the estimated firing range clean-up liability of \$29,057 and \$28,595, respectively.

The FBI-owned ranges 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 2016, the FBI estimated total firing range liability of \$1,504 based on the estimated costs for contamination remediation. As of September 30, 2016 and 2015, the FBI reported the estimated firing range clean up liability of \$1,504 and \$1,326, respectively

Asbestos

BOP conducted a review of 46 institutions that were built prior to 1980; the review provided an estimate of the extent of friable and non-friable Asbestos Containing Materials (ACM) remaining in each of the institutions as of October 30, 2009. In FY 2016, the BOP decreased the clean-up liability by \$357 for the abatement of asbestos at 14 locations. In addition, the BOP increased the clean-up liability by \$11 due to additional asbestos found at 5 locations and in the amount of \$626 due to current U.S. inflation rate of 1.6 percent as determined by the U.S. Treasury. As of September 30, 2016 and 2015, the BOP recorded an estimated asbestos clean-up liability of \$39,350 and \$39,070 respectively, a \$280 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 asbestos liability over the 50 year useful life is \$496, and 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 any current year abatements and adjusted for inflation, is the estimated cleanup liability. As of September 30, 2016 and 2015, the FBI recognized the estimated cleanup liability of \$476 and \$10,811 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, 2016.

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, 2016 and 2015

Capital Leases	<u>2016</u>	<u>2015</u>
Summary of Assets Under Capital Lease		
Land and Buildings	\$ 89,625	\$ 89,625
Machinery and Equipment	690	826
Accumulated Amortization	(63,380)	(60,506)
Total Assets Under Capital Lease (Note 9)	<u>\$ 26,935</u>	<u>\$ 29,945</u>

Future Capital Lease Payments Due

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2017	\$ 33	\$ 39	\$ 72
2018	32	36	68
2019	32	35	67
2020	-	16	16
Total Future Capital Lease Payments	<u>\$ 97</u>	<u>\$ 126</u>	<u>\$ 223</u>
Less: Imputed Interest	-	(9)	(9)
Less: Executory Costs	-	(62)	(62)
FY 2016 Net Capital Lease Liabilities	<u>\$ 97</u>	<u>\$ 55</u>	<u>\$ 152</u>
FY 2015 Net Capital Lease Liabilities	<u>\$ 129</u>	<u>\$ 79</u>	<u>\$ 208</u>

	<u>2016</u>	<u>2015</u>
Net Capital Lease Liabilities Covered by Budgetary Resources	\$ 55	\$ 79
Net Capital Lease Liabilities not Covered by Budgetary Resources	\$ 97	\$ 129

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.

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>
2017	\$ 352,664	\$ 7,741	\$ 360,405
2018	361,450	394	361,844
2019	365,829	55	365,884
2020	351,279	48	351,327
2021	324,685	19	324,704
After 2021	<u>2,703,961</u>	<u>-</u>	<u>2,703,961</u>
Total Future Noncancelable Operating Lease Payments	<u>\$ 4,459,868</u>	<u>\$ 8,257</u>	<u>\$ 4,468,125</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Investments, Net	\$ 1,067,000	\$ 1,180,680
Seized Cash Deposited	134,580	1,023,825
Seized Monetary Instruments	62,735	54,310
Seized Cash in Transit to Forfeiture	<u>(5,649)</u>	<u>-</u>
Total Seized Cash and Monetary Instruments	<u>\$ 1,258,666</u>	<u>\$ 2,258,815</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	\$ 161,738	\$ 120,720
Other Post-Employment Benefits Due and Payable	2,095	770
Other Unfunded Employment Related Liabilities	1,103	1,190
Advances from Others	219,226	192,216
Liability for Clearing Accounts	(4,878)	59
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	6,975	1,604
Other Liabilities	<u>33,897</u>	<u>15,336</u>
Total Intragovernmental	<u>\$ 420,156</u>	<u>\$ 331,895</u>
With the Public		
Other Accrued Liabilities	\$ 7,172	\$ 8,353
Advances from Others	12,388	14,076
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	76,031	76,315
Liability for Clearing Accounts	256	182
Custodial Liabilities	125,849	175,619
Capital Leases Liabilities	152	208
Other Liabilities	<u>320,155</u>	<u>165,983</u>
Total With the Public	<u>\$ 542,003</u>	<u>\$ 440,736</u>
Total Other Liabilities	<u>\$ 962,159</u>	<u>\$ 772,631</u>

The Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity consist of non-entity assets held in a General Fund Receipt Account or other Department of the Treasury account symbol for transfer to other Federal entities.

The majority of Intragovernmental Other Liabilities are composed of employer contributions payables, payroll taxes payables, other liabilities without related budgetary obligations, 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.

Most of the 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 Total Other 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, 2016			
Probable	\$ 40,431	\$ 40,431	\$ 61,780
Reasonably Possible		611,504	1,200,375
As of September 30, 2015			
Probable	\$ 52,413	\$ 52,413	\$ 90,648
Reasonably Possible		111,472	172,921

These notes are an integral part of the financial statements.

FY 2016 U. S. Department of Justice Annual 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, 2016

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Balance Sheet								
Assets								
Fund Balance with U. S. Treasury	\$ 115,389	\$ 58,724	\$ 27,686	\$ 13,668,231	\$ 131	\$ 279,623	\$ 75,164	\$ 14,224,948
Investments, Net	6,166,684	15,776	-	-	-	-	-	6,182,460
Other Assets	115,693	39,992	2,153	5,186	-	11,310	24,632	198,966
Total Assets	\$ 6,397,766	\$ 114,492	\$ 29,839	\$ 13,673,417	\$ 131	\$ 290,933	\$ 99,796	\$ 20,606,374
Liabilities								
Accounts Payable	\$ 4,829,965	\$ 13,080	\$ 4,286	\$ 33,617	\$ -	\$ 8,503	\$ 13,169	\$ 4,902,620
Other Liabilities	107,575	17,900	12,743	164,474	-	581,348	11,438	895,478
Total Liabilities	\$ 4,937,540	\$ 30,980	\$ 17,029	\$ 198,091	\$ -	\$ 589,851	\$ 24,607	\$ 5,798,098
Net Position								
Unexpended Appropriations	\$ -	\$ -	\$ 19,512	\$ -	\$ -	\$ -	\$ -	\$ 19,512
Cumulative Results of Operations	1,460,226	83,512	(6,702)	13,475,326	131	(298,918)	75,189	14,788,764
Total Net Position	\$ 1,460,226	\$ 83,512	\$ 12,810	\$ 13,475,326	\$ 131	\$ (298,918)	\$ 75,189	\$ 14,808,276
Total Liabilities and Net Position	\$ 6,397,766	\$ 114,492	\$ 29,839	\$ 13,673,417	\$ 131	\$ 290,933	\$ 99,796	\$ 20,606,374

For the Fiscal Year Ended September 30, 2016

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Statement of Net Cost								
Gross Cost of Operations	\$ 1,215,946	\$ 222,385	\$ 176,030	\$ 993,949	\$ -	\$ 356,167	\$ 369,144	\$ 3,333,621
Less: Earned Revenues	14,877	149,665	114,181	-	-	365,358	353,093	997,174
Net Cost of Operations	\$ 1,201,069	\$ 72,720	\$ 61,849	\$ 993,949	\$ -	\$ (9,191)	\$ 16,051	\$ 2,336,447
Statement of Changes in Net Position								
Net Position Beginning of Period	\$ 1,549,919	\$ 155,497	\$ 23,553	\$ 14,861,917	\$ -	\$ (317,611)	\$ 86,784	\$ 16,360,059
Budgetary Financing Sources	913,186	279	50,804	(392,642)	131	-	-	571,758
Other Financing Sources	198,190	456	302	-	-	9,502	4,456	212,906
Total Financing Sources	1,111,376	735	51,106	(392,642)	131	9,502	4,456	784,664
Net Cost of Operations	(1,201,069)	(72,720)	(61,849)	(993,949)	-	9,191	(16,051)	(2,336,447)
Net Change	(89,693)	(71,985)	(10,743)	(1,386,591)	131	18,693	(11,595)	(1,551,783)
Net Position End of Period	\$ 1,460,226	\$ 83,512	\$ 12,810	\$ 13,475,326	\$ 131	\$ (298,918)	\$ 75,189	\$ 14,808,276

These notes are an integral part of the financial statements.

FY 2016 U. S. Department of Justice Annual 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, 2015

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Balance Sheet								
Assets								
Fund Balance with U. S. Treasury	\$ 153,034	\$ 8,183	\$ 37,988	\$ 14,979,212	\$ -	\$ 240,724	\$ 86,602	\$ 15,505,743
Investments, Net	6,223,642	138,968	-	-	-	-	-	6,362,610
Other Assets	136,455	35,458	5,507	4,866	-	13,819	23,911	220,016
Total Assets	\$ 6,513,131	\$ 182,609	\$ 43,495	\$ 14,984,078	\$ -	\$ 254,543	\$ 110,513	\$ 22,088,369
Liabilities								
Accounts Payable	\$ 4,827,689	\$ 10,312	\$ 8,331	\$ 31,648	\$ -	\$ 9,793	\$ 12,402	\$ 4,900,175
Other Liabilities	135,523	16,800	11,611	90,514	-	562,361	11,327	828,136
Total Liabilities	\$ 4,963,212	\$ 27,112	\$ 19,942	\$ 122,162	\$ -	\$ 572,154	\$ 23,729	\$ 5,728,311
Net Position								
Unexpended Appropriations	\$ -	\$ (82)	\$ 31,356	\$ -	\$ -	\$ -	\$ -	\$ 31,274
Cumulative Results of Operations	1,549,919	155,579	(7,803)	14,861,917	-	(317,611)	86,784	16,328,785
Total Net Position	\$ 1,549,919	\$ 155,497	\$ 23,553	\$ 14,861,917	\$ -	\$ (317,611)	\$ 86,784	\$ 16,360,059
Total Liabilities and Net Position	\$ 6,513,131	\$ 182,609	\$ 43,495	\$ 14,984,078	\$ -	\$ 254,543	\$ 110,513	\$ 22,088,370

For the Fiscal Year Ended September 30, 2015

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Statement of Net Cost								
Gross Cost of Operations	\$ 1,551,414	\$ 219,656	\$ 158,403	\$ 749,568	\$ -	\$ 342,247	\$ 380,274	\$ 3,401,562
Less: Earned Revenues	14,557	148,709	120,218	-	-	348,248	369,234	1,000,966
Net Cost of Operations	\$ 1,536,857	\$ 70,947	\$ 38,185	\$ 749,568	\$ -	\$ (6,001)	\$ 11,040	\$ 2,400,596
Statement of Changes in Net Position								
Net Position Beginning of Period	\$ 2,560,848	\$ 225,513	\$ 24,188	\$ 12,971,522	\$ -	\$ (332,973)	\$ 93,245	\$ 15,542,343
Budgetary Financing Sources	191,890	438	37,251	2,639,963	-	(85)	-	2,869,457
Other Financing Sources	334,038	493	299	-	-	9,446	4,579	348,855
Total Financing Sources	525,928	931	37,550	2,639,963	-	9,361	4,579	3,218,312
Net Cost of Operations	(1,536,857)	(70,947)	(38,185)	(749,568)	-	6,001	(11,040)	(2,400,596)
Net Change	(1,010,929)	(70,016)	(635)	1,890,395	-	15,362	(6,461)	817,716
Net Position End of Period	\$ 1,549,919	\$ 155,497	\$ 23,553	\$ 14,861,917	\$ -	\$ (317,611)	\$ 86,784	\$ 16,360,059

These notes are an integral part of the financial statements.

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

Note 17. Funds from Dedicated Collections (continued)

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

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

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

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

The Domestic Trafficking Victims Fund is funded through an annual transfer of funds from the HHS and collections from assessments of \$5 imposed on individuals or entities convicted of sexual abuse or exploitation, human smuggling, or human trafficking. The Fund will award grants to states and localities to combat trafficking, provide protection and assistance for victims, develop and implement child abuse prevention programs, and provide services to victims of child pornography.

The Diversion Control Fee Account is established in the Treasury General Fund 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.

These notes are an integral part of the financial statements.

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

Note 17. Funds from Dedicated Collections (continued)

The 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.

Note 18. Net Cost of Operations by Suborganization

For the Fiscal Year Ended September 30, 2016

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Elimination	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law											
Gross Cost	\$ -	\$ 439,440	\$ -	\$ 82,360	\$ 5,616,030	\$ -	\$ 1,299,474	\$ -	\$ 86,114	\$ (30,527)	\$ 7,492,891
Less: Eamed Revenues	-	-	-	13,714	319,400	-	8,918	-	-	(30,527)	311,505
Net Cost of Operations	-	439,440	-	68,646	5,296,630	-	1,290,556	-	86,114	-	7,181,386
Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law											
Gross Cost	1,215,946	933,809	10,431	2,963,703	3,561,832	-	10,102,444	1,444,578	39,008	(1,261,861)	19,009,890
Less: Eamed Revenues	14,877	79,387	-	827,724	225,117	-	1,445,546	7,597	-	(1,261,861)	1,338,387
Net Cost of Operations	1,201,069	854,422	10,431	2,135,979	3,336,715	-	8,656,898	1,436,981	39,008	-	17,671,503
Goal 3: Ensure and Support the Fair, Impartial, Efficient and Transparent Administration of Justice at the Federal, State, Local, Tribal and International Levels											
Gross Cost	-	-	7,974,513	-	790,470	633,116	866,970	1,282,979	2,999,876	(236,145)	14,311,779
Less: Eamed Revenues	-	-	378,243	-	561,722	613,541	(962)	17,167	49,421	(218,036)	1,401,096
Net Cost of Operations	-	-	7,596,270	-	228,748	19,575	867,932	1,265,812	2,950,455	(18,109)	12,910,683
Net Cost of Operations	\$ 1,201,069	\$ 1,293,862	\$ 7,606,701	\$ 2,204,625	\$ 8,862,093	\$ 19,575	\$ 10,815,386	\$ 2,702,793	\$ 3,075,577	\$ (18,109)	\$ 37,763,572

For the Fiscal Year Ended September 30, 2015

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Elimination	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law											
Gross Cost	\$ -	\$ 427,470	\$ -	\$ 98,050	\$ 5,310,342	\$ -	\$ 210,360	\$ -	\$ 106,924	\$ (28,776)	\$ 6,124,370
Less: Eamed Revenues	-	-	-	29,898	274,532	-	19,901	-	-	(28,776)	295,555
Net Cost of Operations	-	427,470	-	68,152	5,035,810	-	190,459	-	106,924	-	5,828,815
Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law											
Gross Cost	1,551,414	908,372	9,217	2,889,617	3,555,518	-	5,467,814	1,143,294	43,841	(1,269,298)	14,299,789
Less: Eamed Revenues	14,557	84,896	-	828,185	306,527	-	1,509,658	6,950	-	(1,269,298)	1,481,475
Net Cost of Operations	1,536,857	823,476	9,217	2,061,432	3,248,991	-	3,958,156	1,136,344	43,841	-	12,818,314
Goal 3: Ensure and Support the Fair, Impartial, Efficient and Transparent Administration of Justice at the Federal, State, Local, Tribal and International Levels											
Gross Cost	-	-	7,928,326	-	960,334	608,192	851,705	1,158,146	2,955,417	(241,480)	14,220,640
Less: Eamed Revenues	-	-	419,292	-	582,682	564,172	11,651	16,970	54,329	(222,000)	1,427,096
Net Cost of Operations	-	-	7,509,034	-	377,652	44,020	840,054	1,141,176	2,901,088	(19,480)	12,793,544
Net Cost of Operations	\$ 1,536,857	\$ 1,250,946	\$ 7,518,251	\$ 2,129,584	\$ 8,662,453	\$ 44,020	\$ 4,988,669	\$ 2,277,520	\$ 3,051,853	\$ (19,480)	\$ 31,440,673

Immaterial errors were identified in the FY 2015 Consolidated Statement of Net Cost. As a result, the Gross Cost in Strategic Goal 3 and Net Cost of Operations amounts were understated by \$95,378, and the accompanying FY 2015 accounts were revised to reflect these immaterial corrections.

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	33.5%
	Regular Employees Offset	24.6%
	Law Enforcement Officers	57.9%
	Law Enforcement Officers Offset	49.7%
Federal Employees Retirement System (FERS)	Regular Employees	15.1%
	Regular Employees – Revised Annuity Employees (RAE)	15.6%
	Regular Employees – Further Revised Annuity Employees (FRAE)	15.7%
	Law Enforcement Officers	33.4%
	Law Enforcement Officers – RAE	34.1%
	Law Enforcement Officers – FRAE	34.1%

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, 2016 and 2015

	2016	2015
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	\$ 23,986	\$ 25,296
Health Insurance	606,936	528,947
Life Insurance	2,153	2,081
Pension	168,585	273,750
Total Imputed Inter-Departmental	\$ 801,660	\$ 830,074

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's imputed costs relates to 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. For FYs 2016 and 2015, the FPI imputed costs were \$18,109 and \$19,480, respectively.

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 New Obligations and Upward Adjustments:

	<u>Direct</u> <u>New Obligations and</u> <u>Upward Adjustments</u>	<u>Reimbursable</u> <u>New Obligations and</u> <u>Upward Adjustments</u>	<u>Total</u> <u>New Obligations and</u> <u>Upward Adjustments</u>
For the Fiscal Year Ended September 30, 2016			
Apportioned Under			
Category A	\$ 34,823,087	\$ 4,179,162	\$ 39,002,249
Category B	2,141,876	271,261	2,413,137
Exempt from Apportionment	-	571,736	571,736
Total	<u>\$ 36,964,963</u>	<u>\$ 5,022,159</u>	<u>\$ 41,987,122</u>
For the Fiscal Year Ended September 30, 2015			
Apportioned Under			
Category A	\$ 31,967,586	\$ 4,314,680	\$ 36,282,266
Category B	3,203,671	244,288	3,447,959
Exempt from Apportionment	-	627,303	627,303
Total	<u>\$ 35,171,257</u>	<u>\$ 5,186,271</u>	<u>\$ 40,357,528</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 represents resources apportioned for calendar quarters. Category B represents resources apportioned for activities, projects, and objectives or for a combination thereof.

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

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

Status of Undelivered Orders:

Undelivered Orders (UDO) represents 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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
UDO Obligations Unpaid	\$ 13,234,382	\$ 11,161,325
UDO Obligations Prepaid/Advanced	<u>423,347</u>	<u>443,927</u>
Total UDO	<u>\$ 13,657,729</u>	<u>\$ 11,605,252</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' RECA 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)

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 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.
- 28 U.S.C. § 599 reauthorizes the Independent Counsel Reauthorization Act of 2016 for a five-year period. The Act also amends the time period in which individuals who held certain positions are subject to preliminary investigations by the Department of Justice from 1 year to 8 years after leaving office. The preliminary investigation is conducted to determine if the appointment of an independent counsel for further investigation and possible prosecution is necessary.

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 or apportioned under Category C. The use of unobligated balances is restricted based on annual legislation requirements and other enabling authorities. Funds are appropriated on an annual, multi-year, no-year, and subsequent 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, 2015 is presented below. The reconciliation as of September 30, 2016 is not presented, because the submission of the Budget of the United States (Budget) for FY 2018, which presents the execution of the FY 2016 Budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website and will be available in early February 2017.

For the Fiscal Year Ended September 30, 2015 (Dollars in Millions)	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	\$ 46,435	\$ 40,358	\$ 629	\$ 29,899
Funds not Reported in the Budget				
Expired Funds: OBDs, USMS, DEA, OJP, FBI, ATF & BOP	(927)	(177)	-	-
AFF/SADF Forfeiture Activity	10	8	-	8
USMS Court Security Funds	(470)	(451)	-	(413)
Distributed Offsetting Receipts	-	-	(12)	1
Special and Trust Fund Receipts	-	-	-	620
Other	(3)	-	(1)	(3)
Budget of the United States Government	<u>\$ 45,045</u>	<u>\$ 39,736</u>	<u>\$ 616</u>	<u>\$ 30,112</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)

Note 21. Net Custodial Revenue Activity

The Department collects for Federal debts, fines, penalties and restitution; fees and licenses, and other non-exchange miscellaneous collections. Accrual adjustments may be necessary to adjust cash collections and refund disbursements. For example, collections are refunded to the applicants who withdraw from the process or rejected by the Licensing Center. If payments are not processed before the quarter end, an accrual is established. These activities are recognized as non-exchange custodial revenue and reported on the Statement of Custodial Activity (SCA) using the modified cash accounting basis.

The sources of custodial revenue as presented on the SCA are described below.

OBDs' Office of Debt Collection Management (DCM) is the primary source of collections for the Department, and civil litigated matters (e.g., student loan defaults, financial 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 may accept wire transfers or other payments on a criminal debt, in rare cases, if a Clerk of the U.S. Court is unable to do so. In addition, other negligible custodial collections occur for interest, fines, and penalties. Lastly, the DCM processes collections of criminal funds related to the Department's Swiss Bank Program. The proceeds from the Swiss Bank Program are deposited to the Treasury General Fund.

DEA collects fees for the Diversion Control Program and civil monetary penalties related to violations of the Controlled Substances Act that are incidental to DEA's mission.

ATF collects fees from firearms and explosives industries, as well as import, permit and license fees as an agent of the federal government and as authorized by 26 U.S.C. § 6301, Special Occupational Taxes are collected from certain firearms businesses. Miscellaneous collections include project-generated proceeds.

FBI collects restitution payments, seized abandoned cash, and project-generated proceeds. These collections were incidental to the FBI's mission.

BOP collects 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.

For the above related activities, funds for which the Department has no authority to use are transmitted to the Treasury General Fund at the end of the fiscal year.

As of September 30, 2016 and 2015, the Department reported total custodial revenue on the Statement of Custodial Activity in the amounts of \$13,268,226 and \$16,915,996, respectively. The custodial revenue represented \$13,269,801 and \$16,916,238 in custodial collections and \$(1,575) and \$(242) in accrual adjustments. The custodial collections that have yet to be disbursed are included in the assets and liabilities sections on the balance sheet. As of September 30, 2016 and 2015, the assets and liabilities related to custodial activity were \$1,025,556 and \$1,666,219, respectively. As of September 30, 2016 and 2015, the total funds returned to the Treasury General Fund were \$(8,020,654) and \$(8,107,129).

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, 2016 and 2015

Dollars in Thousands	2016	2015
ASSETS		
Intragovernmental		
Fund Balance with U.S. Treasury	\$ 30,593,210	\$ 31,234,522
Investments, Net	7,488,767	7,824,789
Accounts Receivable, Net	580,469	498,539
Other Assets	64,510	57,453
Total Intragovernmental	<u>38,726,956</u>	<u>39,615,303</u>
Cash and Other Monetary Assets	267,679	1,146,230
Accounts Receivable, Net	95,042	83,490
Inventory and Related Property, Net	252,418	301,756
General Property, Plant and Equipment, Net	8,923,762	9,174,037
Other Assets	341,634	399,287
Total Assets	<u>\$ 48,607,491</u>	<u>\$ 50,720,103</u>
LIABILITIES		
Intragovernmental		
Accounts Payable	\$ 316,106	\$ 320,091
Other Liabilities	1,602,246	2,102,671
Total Intragovernmental	<u>1,918,352</u>	<u>2,422,762</u>
Accounts Payable	6,161,623	6,349,078
Federal Employee and Veteran Benefits	1,725,538	1,654,318
Environmental and Disposal Liabilities	70,387	79,802
Other Liabilities	11,286,977	8,131,076
Total Liabilities	<u>\$ 21,162,877</u>	<u>\$ 18,637,036</u>
NET POSITION		
Unexpended Appropriations - Funds from Dedicated Collections	\$ 19,512	\$ 31,274
Unexpended Appropriations - All Other Funds	9,851,034	9,131,425
Cumulative Results of Operations - Funds from Dedicated Collections	14,788,764	16,328,785
Cumulative Results of Operations - All Other Funds	2,785,304	6,591,583
Total Net Position	<u>\$ 27,444,614</u>	<u>\$ 32,083,067</u>
Total Liabilities and Net Position	<u>\$ 48,607,491</u>	<u>\$ 50,720,103</u>

Immaterial errors were identified in the FY 2015 Consolidated Balance Sheet resulting in the overstatement of assets, specifically the General Property, Plant, and Equipment, Net in the amount of \$95,378, and the accompanying FY 2015 accounts were revised to reflect these immaterial corrections.

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

For the Fiscal Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Resources Used to Finance Activities		
Budgetary Resources Obligated		
New Obligations and Upward Adjustments	\$ 41,987,122	\$ 40,357,528
Less: Spending Authority from Offsetting Collections and Recoveries	<u>6,799,823</u>	<u>7,698,014</u>
Obligations Net of Offsetting Collections and Recoveries	35,187,299	32,659,514
Less: Offsetting Receipts	<u>636,301</u>	<u>629,088</u>
Net Obligations	34,550,998	32,030,426
Other Resources		
Donations and Forfeitures of Property	200,868	337,358
Transfers-In/Out Without Reimbursement	(1,619)	6,980
Imputed Financing from Costs Absorbed by Others (Note 19)	801,660	830,074
Other	<u>(7,849)</u>	<u>(10,836)</u>
Net Other Resources Used to Finance Activities	<u>993,060</u>	<u>1,163,576</u>
Total Resources Used to Finance Activities	<u>35,544,058</u>	<u>33,194,002</u>
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	(2,134,799)	(1,590,405)
Resources That Fund Expenses Recognized in Prior Periods (Note 24)	(125,781)	(280,142)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	(20,637)	780,657
Resources That Finance the Acquisition of Assets	(779,260)	(611,266)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	<u>(3,428)</u>	<u>(1,205,872)</u>
Total Resources Used to Finance Items not Part of the Net Cost of Operations	<u>(3,063,905)</u>	<u>(2,907,028)</u>
Total Resources Used to Finance the Net Cost of Operations	\$ 32,480,153	\$ 30,286,974

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Components of Net Cost of Operations That Did Not Require or Generate Resources in the Current Period		
Components That will Require or Generate Resources in in Future Periods (Note 24)	\$ 4,057,135	\$ 84,718
Depreciation and Amortization	991,947	1,040,047
Revaluation of Assets or Liabilities	28,864	31,288
Other	<u>205,473</u>	<u>(2,353)</u>
Total Components of Net Cost of Operations That Did Not Require or Generate Resources in the Current Period	<u>\$ 5,283,419</u>	<u>\$ 1,153,699</u>
Net Cost of Operations	<u>\$ 37,763,572</u>	<u>\$ 31,440,673</u>

Immaterial errors were identified in the FY 2015 Consolidated Balance Sheet resulting in the overstatement of assets, specifically, the General Property, Plant, and Equipment, Net line in the amount of \$95,378. Consequently, the Resources That Finance the Acquisition of Assets was understated by \$105,649, and Depreciation and Amortization was overstated by \$10,271 as a result of the immaterial error. Net Cost of Operations was therefore understated by \$95,378, as reflected on the Statements of Net Cost and Changes in Net Position. The accompanying FY 2015 accounts were revised to reflect these immaterial corrections.

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 \$10,547,880 and \$6,610,912 as of September 30, 2016 and 2015, 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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Resources that Fund Expenses Recognized in Prior Periods		
Decrease in Liabilities Not Covered by Budgetary Resources:		
Decrease in Environmental and Disposal Liabilities	\$ (9,415)	\$ -
Decrease in Actuarial FECA Liabilities	-	(24,927)
Decrease in Contingent Liabilities	(11,982)	(5,712)
Decrease in Unfunded Capital Lease Liabilities	(32)	(32)
Decrease in RECA Liabilities	(104,266)	(127,901)
Decrease in September 11th Victim Compensation Act Liabilities	-	(121,409)
Decrease in Other Unfunded Employment Related Liabilities	(86)	(161)
Total Decrease in Liabilities Not Covered by Budgetary Resources	<u>(125,781)</u>	<u>(280,142)</u>
Total Resources that Fund Expenses Recognized in Prior Periods	<u>\$ (125,781)</u>	<u>\$ (280,142)</u>
Components That Will Require or Generate Resources in Future Periods		
(Increase)/Decrease in Exchange Revenue Receivable from the Public	\$ (1,666)	\$ 7,908
(Increase)/Decrease in Surcharge Revenue Receivable from Other Federal Agencies	(3,948)	3,541
Increase in Liabilities Not Covered by Budgetary Resources:		
Increase in Accrued Annual and Compensatory Leave Liabilities	27,346	23,109
Increase in Actuarial FECA Liabilities	71,220	-
Increase in Accrued FECA Liabilities	2,809	9,545
Increase in Deferred Revenue	16,950	24,893
Increase in September 11th Victim Compensation Act Liabilities	2,839,021	-
Increase in United States Victims of State Sponsored Terrorism Act Liabilities	1,025,000	-
Increase in Other Liabilities	80,403	14,719
Increase in Environmental and Disposal Liabilities	-	1,003
Total Increase in Liabilities Not Covered by Budgetary Resources	<u>4,062,749</u>	<u>73,269</u>
Total Components that Will Require or Generate Resources in Future Periods	<u>\$ 4,057,135</u>	<u>\$ 84,718</u>

These notes are an integral part of the financial statements.

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

Note 25. Compensation Funds

Radiation Exposure Compensation Act

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

On July 10, 2000, the Radiation Exposure Compensation Act Amendments of 2000, P.L. 106-245, was enacted. Some of the widespread changes included 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 \$329,494 and \$433,760 for estimated future benefits payable by the Department as of September 30, 2016 and 2015, respectively, to eligible individuals under the Act through FY 2023. The estimated liability is based on activity between FYs 2007 – 2011 and 2016. 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. In FY 2016, the projected payments are discounted to present value based on nominal discount rates.

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)

United States Victims of State Sponsored Terrorism Fund

The Consolidated Appropriations Act of 2016, Public Law 114-113 (“Justice for United States Victims of State Sponsored Terrorism Act”), codified at 42 U.S.C. § 10609 (2015) (the “Act”), established the U.S. Victims of State Sponsored Terrorism Fund (USVSST Fund) to provide compensation to individuals who were injured as a result of an international act of terrorism by a state sponsor of terrorism. The USVSST Fund will award payment to victims of acts of international terrorism based on final judgments pursuant to the Foreign Sovereign Immunities Act obtained in U.S. district courts against a state sponsor of terrorism, as well as to hostages held at the U.S. Embassy in Tehran, Iran from November 4, 1979 through January 20, 1981, and their spouses and children.

The Act mandates that certain forfeiture proceeds, penalties, and fines be deposited into the USVSST Fund if forfeited or paid to the United States after the date of the Act’s enactment, December 18, 2015. The forfeiture proceeds, penalties, and fines qualify for deposit in the USVSST Fund if they result from criminal and civil cases and administrative actions involving prohibited transactions with state sponsors of terrorism or related conspiracies or federal offenses.

During FY 2016, \$78 million was recorded as revenue and deposited into the USVSST Fund. The USVSST Fund recognized funded expenses in the amount of \$69.9 million during FY 2016.

In addition, in FY 2016 Congress appropriated \$1.025 billion for the USVSST Fund in FY 2017 to be available until expended. The expected claims against the USVSST Fund exceed available funding; therefore, an unfunded liability and expense has been recorded against the USVSST Fund in the amount of \$1.025 billion as of September 30, 2016.

September 11th Victim Compensation Fund

Title II of the James Zadroga 9/11 Health and Compensation Act of 2010 (Zadroga Act) P.L. 111-347, reactivated the September 11th Victim Compensation Fund (VCF) 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 reactivated VCF opened in October 2011 and was authorized to operate until October 2017, with a claim filing deadline of October 2016.

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

Note 25. Compensation Funds (continued)

September 11th Victim Compensation Fund

In FY 2016, the Zadroga Act was reauthorized, extending the fund for 5 years, extending the claim filing deadline to December 18, 2020, and increasing the total funding amount. The Reauthorized Zadroga Act P.L. 114-113 makes the original \$2.775 billion appropriation available immediately to pay claims and provides an additional \$4.600 billion in funding that becomes available in October 2016. Additionally, the reauthorization directs full payment to claimants who received a letter notifying them of their loss determination dated on or before December 17, 2015, and specifies changes to the way in which the fund calculates loss amounts for claimants receiving loss determination letters after that date. This includes limiting the amount of non-economic loss that can be awarded, eliminating claims for future out-of-pocket medical expenses, and capping the computation of future economic loss by limiting the gross annual income level.

For FY 2016, the Department of Justice received appropriations of \$2.531 billion, including a rescission of \$45.2 million. As of September 30, 2016, the Department has paid, or made funding available to pay, claimants who received a loss determination letter dated on or before December 17, 2015. Remaining funds available for FY 2016 will be returned to Treasury. These funds, in addition to the additional \$4.600 billion funding appropriated by the Reauthorized Zadroga Act, will become available in FY 2017 to pay pending and future claims. Therefore, as of September 30, 2016 and 2015, the Department's unfunded liability was \$5.418 billion and \$2.579 billion, respectively.

Summarized financial information about the Fund is presented below:

For the Fiscal Year Ended September 30, 2016 and 2015

	FY 2016	FY 2015
Appropriated Funds Received - Current Year	\$ 2,565,877	\$ 395,800
Appropriated Funds Received - Carryforward	10,979	10,632
Rescission	(45,240)	(8,863)
Total Funds Received	<u>2,531,616</u>	<u>397,569</u>
Less: Adjudicated Benefit Claims Disbursements	1,676,152	101,472
Salaries and Expenses Disbursements	20,568	19,590
Funds Returned to Treasury	818,196	265,528
Total Disbursements	<u>2,514,916</u>	<u>386,590</u>
Total Fund Balance with Treasury	<u>\$ 16,700</u>	<u>\$ 10,979</u>
Remaining Federal Funds Available for Subsequent Years (P.L. 111-347)	\$ 818,196	\$ 2,579,175
Additional Program Funding for Subsequent Years (P.L. 114-113)	4,600,000	-
Total Unfunded Liability for September 11 th VCF	<u>\$ 5,418,196</u>	<u>\$ 2,579,175</u>

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, 2016**

Dollars in Thousands	AFF/SADF	ATF	BOP	OJP	DEA	FBI	FPI	OBDs	USMS	Combined
Budgetary Resources										
Unobligated Balance, Brought Forward, October 1	\$ 1,016,485	\$ 261,763	\$ 336,597	\$ 119,621	\$ 554,786	\$ 1,997,091	\$ 119,828	\$ 1,352,976	\$ 318,200	\$ 6,077,347
Recoveries of Prior Year Unpaid Obligations	104,138	26,284	1,510	94,114	88,710	247,237	-	347,813	54,709	964,515
Other Changes in Unobligated Balance	1,528	1,104	(6,348)	1,008	6,640	(25,052)	-	87,898	(6,974)	59,804
Unobligated Balance from Prior Year Budget Authority, Net	1,122,151	289,151	331,759	214,743	650,136	2,219,276	119,828	1,788,687	365,935	7,101,666
Appropriations (discretionary and mandatory)	835,348	1,240,330	7,478,500	4,538,417	2,488,893	8,720,005	-	7,214,839	2,969,104	35,485,436
Spending Authority from Offsetting Collections (discretionary and mandatory)	15,788	75,018	378,448	271,835	434,568	1,211,877	613,541	2,622,762	140,449	5,764,286
Total Budgetary Resources	\$ 1,973,287	\$ 1,604,499	\$ 8,188,707	\$ 5,024,995	\$ 3,573,597	\$ 12,151,158	\$ 733,369	\$ 11,626,288	\$ 3,475,488	\$ 48,351,388
Status of Budgetary Resources:										
New Obligations and Upward Adjustments (Total) (Note 20)	\$ 1,333,585	\$ 1,362,650	\$ 7,442,435	\$ 4,857,867	\$ 3,045,166	\$ 10,004,967	\$ 571,736	\$ 10,080,197	\$ 3,288,519	\$ 41,987,122
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	624,216	230,003	568,221	153,127	477,744	1,848,284	-	1,093,115	146,456	5,141,166
Exempt from Apportionment, Unexpired Accounts	-	-	47,464	-	-	-	161,633	-	-	209,097
Unapportioned, Unexpired Accounts	15,486	-	-	14,001	-	1,953	-	257,344	12,068	300,852
Unexpired Unobligated Balance, End of Year	639,702	230,003	615,685	167,128	477,744	1,850,237	161,633	1,350,459	158,524	5,651,115
Expired Unobligated Balance, End of Year	-	11,846	130,587	-	50,687	295,954	-	195,632	28,445	713,151
Unobligated Balance - End of Year (Total)	639,702	241,849	746,272	167,128	528,431	2,146,191	161,633	1,546,091	186,969	6,364,266
Total Status of Budgetary Resources:	\$ 1,973,287	\$ 1,604,499	\$ 8,188,707	\$ 5,024,995	\$ 3,573,597	\$ 12,151,158	\$ 733,369	\$ 11,626,288	\$ 3,475,488	\$ 48,351,388
Change in Obligated Balance:										
Unpaid Obligations:										
Unpaid Obligations, Brought Forward, October 1	\$ 5,037,587	\$ 240,413	\$ 661,076	\$ 5,735,268	\$ 593,465	\$ 2,835,687	\$ 133,111	\$ 3,617,061	\$ 519,755	\$ 19,373,423
New Obligations and Upward Adjustments	1,333,585	1,362,650	7,442,435	4,857,867	3,045,166	10,004,967	571,736	10,080,197	3,288,519	41,987,122
Outlays, Gross (-)	(1,242,354)	(1,342,694)	(7,399,090)	(2,723,091)	(2,950,800)	(9,735,982)	(544,711)	(9,477,946)	(3,150,855)	(38,567,523)
Recoveries of Prior Year Unpaid Obligations (-)	(104,138)	(26,284)	(1,510)	(94,114)	(88,710)	(247,237)	-	(347,813)	(54,709)	(964,515)
Unpaid Obligations, End of Year	5,024,680	234,085	702,911	7,775,930	599,121	2,857,435	160,136	3,871,499	602,710	21,828,507
Uncollected Payments:										
Uncollected Payments from Federal Sources, Brought Forward, October 1 (-)	(5,576)	(51,743)	(6,430)	(118,767)	(157,285)	(537,226)	(37,757)	(890,763)	(8,105)	(1,813,652)
Change in Uncollected Payments from Federal Sources	(856)	10,994	1,610	(53,432)	35,822	(23,798)	(1,703)	(118,671)	(2,351)	(152,385)
Uncollected Payments from Federal Sources, End of Year (-)	(6,432)	(40,749)	(4,820)	(172,199)	(121,463)	(561,024)	(39,460)	(1,009,434)	(10,456)	(1,966,037)
Memorandum (non-add) Entries:										
Obligated balance, Start of Year	\$ 5,032,011	\$ 188,670	\$ 654,646	\$ 5,616,501	\$ 436,180	\$ 2,298,461	\$ 95,354	\$ 2,726,298	\$ 511,650	\$ 17,559,771
Obligated balance, End of Year	\$ 5,018,248	\$ 193,336	\$ 698,091	\$ 7,603,731	\$ 477,658	\$ 2,296,411	\$ 120,676	\$ 2,862,065	\$ 592,254	\$ 19,862,470

U. S. Department of Justice
Combining Statement of Budgetary Resources - Continued
For the Fiscal Year Ended September 30, 2016

Dollars in Thousands	AFF/SAHF	ATF	BOP	OJP	DEA	FBI	FPI	OBDs	USMS	Combined
Budgetary Authority and Outlays, Net:										
Budgetary Authority, Gross (discretionary and mandatory)	\$ 851,136	\$ 1,315,348	\$ 7,856,948	\$ 4,810,252	\$ 2,923,461	\$ 9,931,882	\$ 613,541	\$ 9,837,601	\$ 3,109,553	\$ 41,249,722
Less: Actual Offsetting Collections (discretionary and mandatory)	16,459	88,109	379,703	223,594	477,123	1,215,877	611,838	2,515,839	154,379	5,682,921
Change in Uncollected Payments from Federal Sources (discretionary and mandatory)	(856)	10,994	1,610	(53,432)	35,822	(23,798)	(1,703)	(118,671)	(2,351)	(152,385)
Recoveries of Prior Year Paid Obligations (discretionary and mandatory)	1,528	2,098	-	5,191	6,733	27,798	-	15,011	16,281	74,640
Budget Authority, Net (discretionary and mandatory)	<u>\$ 835,349</u>	<u>\$ 1,240,331</u>	<u>\$ 7,478,855</u>	<u>\$ 4,538,417</u>	<u>\$ 2,488,893</u>	<u>\$ 8,720,005</u>	<u>\$ -</u>	<u>\$ 7,218,102</u>	<u>\$ 2,969,104</u>	<u>\$ 35,489,056</u>
Outlays, Gross (discretionary and mandatory)	\$ 1,242,354	\$ 1,342,694	\$ 7,399,090	\$ 2,723,091	\$ 2,950,800	\$ 9,735,982	\$ 544,711	\$ 9,477,946	\$ 3,150,855	\$ 38,567,523
Less: Actual Offsetting Collections (discretionary and mandatory)	16,459	88,109	379,703	223,594	477,123	1,215,877	611,838	2,515,839	154,379	5,682,921
Outlays, Net (discretionary and mandatory)	1,225,895	1,254,585	7,019,387	2,499,497	2,473,677	8,520,105	(67,127)	6,962,107	2,996,476	32,884,602
Less: Distributed Offsetting Receipts	12,220	985	5,336	-	383,956	(1,316)	-	213,004	-	614,185
Agency Outlays, Net (discretionary and mandatory)	<u>\$ 1,213,675</u>	<u>\$ 1,253,600</u>	<u>\$ 7,014,051</u>	<u>\$ 2,499,497</u>	<u>\$ 2,089,721</u>	<u>\$ 8,521,421</u>	<u>\$ (67,127)</u>	<u>\$ 6,749,103</u>	<u>\$ 2,996,476</u>	<u>\$ 32,270,417</u>

**U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2015**

Dollars in Thousands	AFF/SADF	ATF	BOP	OJP	DEA	FBI	FPI	OBDs	USMS	Combined
Budgetary Resources										
Unobligated Balance, Brought Forward, October 1	\$ 1,915,572	\$ 30,803	\$ 300,243	\$ 171,614	\$ 242,484	\$ 1,321,242	\$ 182,959	\$ 1,361,657	\$ 298,157	\$ 5,824,731
Recoveries of Prior Year Unpaid Obligations	69,845	32,980	25,438	66,975	94,549	225,535	-	226,270	56,889	798,481
Other Changes in Unobligated Balance	2,826	(7,103)	(11,482)	(25,929)	6,406	(15,989)	-	22,541	(10,264)	(38,994)
Unobligated Balance from Prior Year Budget Authority, Net	1,988,243	56,680	314,199	212,660	343,439	1,530,788	182,959	1,610,468	344,782	6,584,218
Appropriations (discretionary and mandatory)	1,742,356	1,430,158	6,919,615	3,977,171	2,712,338	8,989,686	-	5,278,783	1,993,155	33,043,262
Spending Authority from Offsetting Collections (discretionary and mandatory)	13,292	85,466	414,266	207,754	513,326	1,181,101	564,172	2,649,947	1,178,071	6,807,395
Total Budgetary Resources	\$ 3,743,891	\$ 1,572,304	\$ 7,648,080	\$ 4,397,585	\$ 3,569,103	\$ 11,701,575	\$ 747,131	\$ 9,539,198	\$ 3,516,008	\$ 46,434,875
Status of Budgetary Resources:										
New Obligations and Upward Adjustments (Total) (Note 20)	\$ 2,727,406	\$ 1,310,541	\$ 7,311,483	\$ 4,277,964	\$ 3,014,317	\$ 9,704,484	\$ 627,303	\$ 8,186,222	\$ 3,197,808	\$ 40,357,528
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	796,822	251,958	160,498	108,713	518,558	1,609,687	-	1,056,504	270,657	4,773,397
Exempt from Apportionment, Unexpired Accounts	-	-	56,121	-	-	-	119,828	-	-	175,949
Unapportioned, Unexpired Accounts	219,663	-	-	7,831	35	98	-	137,588	-	365,215
Unexpired Unobligated Balance, End of Year	1,016,485	251,958	216,619	116,544	518,593	1,609,785	119,828	1,194,092	270,657	5,314,561
Expired Unobligated Balance, End of Year	-	9,805	119,978	3,077	36,193	387,306	-	158,884	47,543	762,786
Unobligated Balance - End of Year (Total)	1,016,485	261,763	336,597	119,621	554,786	1,997,091	119,828	1,352,976	318,200	6,077,347
Total Status of Budgetary Resources:	\$ 3,743,891	\$ 1,572,304	\$ 7,648,080	\$ 4,397,585	\$ 3,569,103	\$ 11,701,575	\$ 747,131	\$ 9,539,198	\$ 3,516,008	\$ 46,434,875
Change in Obligated Balance:										
Unpaid Obligations:										
Unpaid Obligations, Brought Forward, October 1	\$ 4,813,200	\$ 253,938	\$ 725,928	\$ 3,904,697	\$ 577,616	\$ 2,783,840	\$ 171,461	\$ 3,519,630	\$ 467,147	\$ 17,217,457
New Obligations and Upward Adjustments	2,727,406	1,310,541	7,311,483	4,277,964	3,014,317	9,704,484	627,303	8,186,222	3,197,808	40,357,528
Outlays, Gross (-)	(2,433,174)	(1,291,086)	(7,350,897)	(2,380,418)	(2,903,919)	(9,427,102)	(665,653)	(7,862,521)	(3,088,311)	(37,403,081)
Recoveries of Prior Year Unpaid Obligations (-)	(69,845)	(32,980)	(25,438)	(66,975)	(94,549)	(225,535)	-	(226,270)	(56,889)	(798,481)
Unpaid Obligations, End of Year	5,037,587	240,413	661,076	5,735,268	593,465	2,835,687	133,111	3,617,061	519,755	19,373,423
Uncollected Payments:										
Uncollected Payments from Federal Sources, Brought Forward, October 1 (-)	(11,503)	(56,712)	(5,007)	(118,571)	(149,568)	(606,615)	(22,485)	(800,576)	(18,368)	(1,789,405)
Change in Uncollected Payments from Federal Sources	5,927	4,969	(1,423)	(196)	(7,717)	69,389	(15,272)	(90,187)	10,263	(24,247)
Uncollected Payments from Federal Sources, End of Year (-)	\$ (5,576)	\$ (51,743)	\$ (6,430)	\$ (118,767)	\$ (157,285)	\$ (537,226)	\$ (37,757)	\$ (890,763)	\$ (8,105)	\$ (1,813,652)
Memorandum (non-add) Entries:										
Obligated balance, Start of Year	\$ 4,801,697	\$ 197,226	\$ 720,921	\$ 3,786,126	\$ 428,048	\$ 2,177,225	\$ 148,976	\$ 2,719,054	\$ 448,779	\$ 15,428,052
Obligated balance, End of Year	\$ 5,032,011	\$ 188,670	\$ 654,646	\$ 5,616,501	\$ 436,180	\$ 2,298,461	\$ 95,354	\$ 2,726,298	\$ 511,650	\$ 17,559,771

U. S. Department of Justice
Combining Statement of Budgetary Resources - Continued
For the Fiscal Year Ended September 30, 2015

Dollars in Thousands	AFF/SADF	ATF	BOP	OJP	DEA	FBI	FPI	OBDs	USMS	Combined
Budgetary Authority and Outlays, Net:										
Budgetary Authority, Gross (discretionary and mandatory)	\$ 1,755,648	\$ 1,515,624	\$ 7,333,881	\$ 4,184,925	\$ 3,225,664	\$ 10,170,787	\$ 564,172	\$ 7,928,730	\$ 3,171,226	\$ 39,850,657
Less: Actual Offsetting Collections (discretionary and mandatory)	22,045	92,085	418,042	210,155	514,999	1,274,292	548,900	2,602,369	1,192,400	6,875,287
Change in Uncollected Payments from Federal Sources (discretionary and mandatory)	5,927	4,969	(1,423)	(196)	(7,717)	69,389	(15,272)	(90,187)	10,263	(24,247)
Recoveries of Prior Year Paid Obligations (discretionary and mandatory)	2,826	1,649	16	2,597	9,390	23,802	-	42,609	4,066	86,955
Budget Authority, Net (discretionary and mandatory)	\$ 1,742,356	\$ 1,430,157	\$ 6,914,432	\$ 3,977,171	\$ 2,712,338	\$ 8,989,686	\$ -	\$ 5,278,783	\$ 1,993,155	\$ 33,038,078
Outlays, Gross (discretionary and mandatory)	\$ 2,433,174	\$ 1,291,086	\$ 7,350,897	\$ 2,380,418	\$ 2,903,919	\$ 9,427,102	\$ 665,653	\$ 7,862,521	\$ 3,088,311	\$ 37,403,081
Less: Actual Offsetting Collections (discretionary and mandatory)	22,045	92,085	418,042	210,155	514,999	1,274,292	548,900	2,602,369	1,192,400	6,875,287
Outlays, Net (discretionary and mandatory)	2,411,129	1,199,001	6,932,855	2,170,263	2,388,920	8,152,810	116,753	5,260,152	1,895,911	30,527,794
Less: Distributed Offsetting Receipts	6,610	454	988	-	375,125	(1,153)	-	247,064	-	629,088
Agency Outlays, Net (discretionary and mandatory)	\$ 2,404,519	\$ 1,198,547	\$ 6,931,867	\$ 2,170,263	\$ 2,013,795	\$ 8,153,963	\$ 116,753	\$ 5,013,088	\$ 1,895,911	\$ 29,898,706

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REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

(UNAUDITED)



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U.S. Department of Justice
Required Supplementary Stewardship Information
Consolidated Stewardship Investments
For Fiscal Years Ended September 30, 2016, 2015, 2014, 2013, and 2012

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 FY 2012 through FY 2016 are as follows:

Dollars in Thousands	2016	2015	2014	2013	2012
Recipients of Non-Federal Physical Property:					
Grants to Indian Tribes	\$ 8,572	\$ 16,118	\$ 39,431	\$ 52,980	\$ 97,553
Grants to States	-	(84)	(12)	-	84
Total Non-Federal Physical Property	<u>\$ 8,572</u>	<u>\$ 16,034</u>	<u>\$ 39,419</u>	<u>\$ 52,980</u>	<u>\$ 97,637</u>

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OTHER INFORMATION

(UNAUDITED)



**U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2016**

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with U.S. Treasury	\$ 115,389	\$ 428,828	\$ 1,518,493	\$ 1,022,374	\$ 4,417,713	\$ 45,909	\$ 5,440,650	\$ 16,813,844	\$ 790,010	\$ -	\$ 30,593,210
Investments, Net	7,233,684	-	-	-	-	239,307	15,776	-	-	-	7,488,767
Accounts Receivable, Net	3,141	22,978	2,093	49,978	398,354	39,079	378,370	8,372	9,108	(331,004)	580,469
Other Assets	88	255	8,096	16,240	16,460	-	25,949	23,949	1,039	(27,566)	64,510
Total Intragovernmental	7,352,302	452,061	1,528,682	1,088,592	4,832,527	324,295	5,860,745	16,846,165	800,157	(358,570)	38,726,956
Cash and Other Monetary Assets	155,871	9,430	420	20,727	81,188	-	43	-	-	-	267,679
Accounts Receivable, Net	1,732	160	5,906	2,015	40,648	6,461	36,374	1,565	181	-	95,042
Inventory and Related Property, Net	-	-	18,564	14,812	-	106,137	-	-	2,767	-	142,280
Forfeited Property, Net	110,138	-	-	-	-	-	-	-	-	-	110,138
General Property, Plant and Equipment, Net	556	158,390	5,358,410	252,664	2,718,609	58,929	96,937	10,723	268,544	-	8,923,762
Advances and Prepayments	-	759	5,745	481	69,939	1,224	1,432	261,457	-	-	341,037
Other Assets	38	-	-	-	-	375	-	-	184	-	597
Total Assets	\$ 7,620,637	\$ 620,800	\$ 6,917,727	\$ 1,379,291	\$ 7,742,911	\$ 497,421	\$ 5,995,531	\$ 17,119,910	\$ 1,071,833	\$ (358,570)	\$ 48,607,491
LIABILITIES											
Intragovernmental											
Accounts Payable	\$ 164,377	\$ 11,366	\$ 36,694	\$ 26,748	\$ 133,927	\$ 2,608	\$ 224,038	\$ 25,827	\$ 19,374	\$ (328,853)	\$ 316,106
Accrued FECA Liabilities	-	20,907	176,933	24,854	32,273	2,019	9,193	13	16,191	-	282,383
Custodial Liabilities	-	1	-	1,678	864	-	897,164	-	-	-	899,707
Other Liabilities	278	8,470	60,215	22,593	145,551	105,298	63,951	34,704	8,813	(29,717)	420,156
Total Intragovernmental	164,655	40,744	273,842	75,873	312,615	109,925	1,194,346	60,544	44,378	(358,570)	1,918,352
Accounts Payable	4,665,588	36,775	309,500	92,058	334,929	40,962	375,055	63,129	243,627	-	6,161,623
Accrued Grant Liabilities	-	-	-	-	-	-	83,460	582,515	-	-	665,975
Actuarial FECA Liabilities	-	125,701	1,063,293	155,958	201,737	24,303	56,812	73	97,661	-	1,725,538
Accrued Payroll and Benefits	1,158	23,606	114,129	41,984	155,051	3,814	93,014	4,060	23,279	-	460,095
Accrued Annual and Compensatory Leave Liabilities	1,650	50,492	179,274	100,401	300,507	5,380	181,697	7,655	45,155	-	872,211
Environmental and Disposal Liabilities	-	-	68,407	-	1,980	-	-	-	-	-	70,387
Deferred Revenue	110,138	-	880	563,888	-	-	-	-	-	-	674,906
Seized Cash and Monetary Instruments	1,217,222	2,715	-	469	38,260	-	-	-	-	-	1,258,666
Contingent Liabilities	-	-	8,265	27,152	3,789	-	1,225	-	-	-	40,431
Radiation Exposure Compensation Act Liabilities	-	-	-	-	-	-	329,494	-	-	-	329,494
9/11 Victim Compensation Fund	-	-	-	-	-	-	5,418,196	-	-	-	5,418,196
United States Victims of State Sponsored Terrorism Act Liabilities	-	-	-	-	-	-	1,025,000	-	-	-	1,025,000
Other Liabilities	-	770	300,260	10,555	21,855	55	198,564	-	9,944	-	542,003
Total Liabilities	\$ 6,160,411	\$ 280,803	\$ 2,317,850	\$ 1,068,338	\$ 1,370,723	\$ 184,439	\$ 8,956,863	\$ 717,976	\$ 464,044	\$ (358,570)	\$ 21,162,877
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,512	\$ -	\$ -	\$ -	\$ 19,512
Unexpended Appropriations - All Other Funds	-	145,777	887,347	385,282	2,798,520	-	2,658,653	2,918,297	440,906	(383,748)	9,851,034
Cumulative Results of Operations - Funds from Dedicated Collections	1,460,226	-	75,189	(298,918)	-	-	76,810	13,475,457	-	-	14,788,764
Cumulative Results of Operations - All Other Funds	-	194,220	3,637,341	224,589	3,573,668	312,982	(5,716,307)	8,180	166,883	383,748	2,785,304
Total Net Position	\$ 1,460,226	\$ 339,997	\$ 4,599,877	\$ 310,953	\$ 6,372,188	\$ 312,982	\$ (2,961,332)	\$ 16,401,934	\$ 607,789	\$ -	\$ 27,444,614
Total Liabilities and Net Position	\$ 7,620,637	\$ 620,800	\$ 6,917,727	\$ 1,379,291	\$ 7,742,911	\$ 497,421	\$ 5,995,531	\$ 17,119,910	\$ 1,071,833	\$ (358,570)	\$ 48,607,491

**U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2015**

	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with U.S. Treasury	\$ 153,034	\$ 444,278	\$ 1,057,086	\$ 1,007,824	\$ 4,271,474	\$ 20,690	\$ 5,620,270	\$ 17,816,402	\$ 843,464	\$ -	\$ 31,234,522
Investments, Net	7,404,322	-	-	-	-	195,134	225,333	-	-	-	7,824,789
Accounts Receivable, Net	3,194	27,348	3,932	46,306	335,690	37,428	339,571	9,395	6,807	(311,132)	498,539
Other Assets	89	689	11,539	19,420	6,894	-	29,965	22,470	2,398	(36,011)	57,453
Total Intragovernmental	7,560,639	472,315	1,072,557	1,073,550	4,614,058	253,252	6,215,139	17,848,267	852,669	(347,143)	39,615,303
Cash and Other Monetary Assets	1,041,590	9,123	449	21,397	73,580	-	91	-	-	-	1,146,230
Accounts Receivable, Net	-	168	6,321	4,720	35,419	4,241	31,373	1,138	110	-	83,490
Inventory and Related Property, Net	-	-	19,034	17,383	-	130,838	-	-	2,081	-	169,336
Forfeited Property, Net	132,420	-	-	-	-	-	-	-	-	-	132,420
General Property, Plant and Equipment, Net	752	157,264	5,562,586	268,690	2,763,048	75,383	105,998	6,184	234,132	-	9,174,037
Advances and Prepayments	-	510	5,085	7,631	77,319	96	1,378	305,199	-	-	397,218
Other Assets	-	-	-	-	1	1,884	-	-	184	-	2,069
Total Assets	\$ 8,735,401	\$ 639,380	\$ 6,666,032	\$ 1,393,371	\$ 7,563,425	\$ 465,694	\$ 6,353,979	\$ 18,160,788	\$ 1,089,176	\$ (347,143)	\$ 50,720,103
LIABILITIES											
Intragovernmental											
Accounts Payable	\$ 128,284	\$ 13,570	\$ 45,839	\$ 30,257	\$ 125,860	\$ 2,172	\$ 221,626	\$ 30,563	\$ 32,306	\$ (310,386)	\$ 320,091
Accrued FECA Liabilities	-	20,351	173,376	25,246	33,322	2,400	9,349	12	16,120	-	280,176
Custodial Liabilities	-	-	-	4,221	19	-	1,486,360	-	-	-	1,490,600
Other Liabilities	197	6,249	41,494	22,590	123,437	79,181	47,770	40,946	6,788	(36,757)	331,895
Total Intragovernmental	128,481	40,170	260,709	82,314	282,638	83,753	1,765,105	71,521	55,214	(347,143)	2,422,762
Accounts Payable	4,699,405	51,422	346,989	101,513	440,845	39,060	374,911	71,880	223,053	-	6,349,078
Accrued Grant Liabilities	-	-	-	-	-	-	83,650	403,842	-	-	487,492
Actuarial FECA Liabilities	-	122,750	1,003,179	156,829	193,721	23,657	56,247	165	97,770	-	1,654,318
Accrued Payroll and Benefits	1,006	18,073	87,587	33,425	115,112	3,950	72,291	3,168	17,677	-	352,289
Accrued Annual and Compensatory Leave Liabilities	1,900	49,677	177,589	97,918	283,758	6,270	176,972	6,926	44,745	-	845,755
Environmental and Disposal Liabilities	-	-	67,665	-	12,137	-	-	-	-	-	79,802
Deferred Revenue	132,420	-	1,283	546,938	-	-	-	-	-	-	680,641
Seized Cash and Monetary Instruments	2,222,270	2,861	-	505	33,179	-	-	-	-	-	2,258,815
Contingent Liabilities	-	-	10,920	26,447	2,864	-	12,182	-	-	-	52,413
Radiation Exposure Compensation Act Liabilities	-	-	-	-	-	-	433,760	-	-	-	433,760
9/11 Victim Compensation Fund	-	-	-	-	-	-	2,579,175	-	-	-	2,579,175
Other Liabilities	-	529	218,215	10,334	18,865	79	179,151	-	13,563	-	440,736
Total Liabilities	\$ 7,185,482	\$ 285,482	\$ 2,174,136	\$ 1,056,223	\$ 1,383,119	\$ 156,769	\$ 5,733,444	\$ 557,502	\$ 452,022	\$ (347,143)	\$ 18,637,036
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,274	\$ -	\$ -	\$ -	\$ 31,274
Unexpended Appropriations - All Other Funds	-	153,807	419,497	393,450	2,631,892	-	2,548,909	2,737,617	246,253	-	9,131,425
Cumulative Results of Operations - Funds from Dedicated Collections	1,549,919	-	86,784	(317,611)	86,784	-	147,776	14,861,917	-	-	16,328,785
Cumulative Results of Operations - All Other Funds	-	200,091	3,985,615	261,309	3,548,414	308,925	(2,107,424)	3,752	390,901	-	6,591,583
Total Net Position	\$ 1,549,919	\$ 353,898	\$ 4,491,896	\$ 337,148	\$ 6,180,306	\$ 308,925	\$ 620,535	\$ 17,603,286	\$ 637,154	\$ -	\$ 32,083,067
Total Liabilities and Net Position	\$ 8,735,401	\$ 639,380	\$ 6,666,032	\$ 1,393,371	\$ 7,563,425	\$ 465,694	\$ 6,353,979	\$ 18,160,788	\$ 1,089,176	\$ (347,143)	\$ 50,720,103

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2016

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law											
Gross Cost - Intragovernmental	\$ -	\$ 143,508	\$ -	\$ 31,363	\$ 1,575,606	\$ -	\$ 61,000	\$ -	\$ 19,553	\$ (30,527)	\$ 1,800,503
Gross Cost - With the Public	-	295,932	-	50,997	4,040,424	-	1,238,474	-	66,561	-	5,692,388
Subtotal Gross Costs	-	439,440	-	82,360	5,616,030	-	1,299,474	-	86,114	(30,527)	7,492,891
Earned Revenues - Intragovernmental	-	-	-	13,709	310,818	-	8,866	-	-	(30,527)	302,866
Earned Revenues - With the Public	-	-	-	5	8,582	-	52	-	-	-	8,639
Subtotal Earned Revenues	-	-	-	13,714	319,400	-	8,918	-	-	(30,527)	311,505
Subtotal Net Cost of Operations	\$ -	\$ 439,440	\$ -	\$ 68,646	\$ 5,296,630	\$ -	\$ 1,290,556	\$ -	\$ 86,114	\$ -	\$ 7,181,386
Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law											
Gross Cost - Intragovernmental	\$ 619,482	\$ 304,954	\$ -	\$ 999,342	\$ 959,865	\$ -	\$ 1,841,753	\$ 145,861	\$ 9,965	\$ (1,261,861)	\$ 3,619,361
Gross Cost - With the Public	596,464	628,855	10,431	1,964,361	2,601,967	-	8,260,691	1,298,717	29,043	-	15,390,529
Subtotal Gross Costs	1,215,946	933,809	10,431	2,963,703	3,561,832	-	10,102,444	1,444,578	39,008	(1,261,861)	19,009,890
Earned Revenues - Intragovernmental	14,877	78,304	-	458,084	219,776	-	813,667	7,597	-	(1,261,861)	330,444
Earned Revenues - With the Public	-	1,083	-	369,640	5,341	-	631,879	-	-	-	1,007,943
Subtotal Earned Revenues	14,877	79,387	-	827,724	225,117	-	1,445,546	7,597	-	(1,261,861)	1,338,387
Subtotal Net Cost of Operations	\$ 1,201,069	\$ 854,422	\$ 10,431	\$ 2,135,979	\$ 3,336,715	\$ -	\$ 8,656,898	\$ 1,436,981	\$ 39,008	\$ -	\$ 17,671,503
Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels											
Gross Cost - Intragovernmental	\$ -	\$ -	\$ 1,876,331	\$ -	\$ 294,711	\$ 110,606	\$ 152,749	\$ 117,796	\$ 578,085	\$ (236,145)	\$ 2,894,133
Gross Cost - With the Public	-	-	6,098,182	-	495,759	522,510	714,221	1,165,183	2,421,791	-	11,417,646
Subtotal Gross Costs	-	-	7,974,513	-	790,470	633,116	866,970	1,282,979	2,999,876	(236,145)	14,311,779
Earned Revenues - Intragovernmental	-	-	3,037	-	366,631	564,553	(997)	17,167	41,768	(218,036)	774,123
Earned Revenues - With the Public	-	-	375,206	-	195,091	48,988	35	-	7,653	-	626,973
Subtotal Earned Revenues	-	-	378,243	-	561,722	613,541	(962)	17,167	49,421	(218,036)	1,401,096
Subtotal Net Cost of Operations	\$ -	\$ -	\$ 7,596,270	\$ -	\$ 228,748	\$ 19,575	\$ 867,932	\$ 1,265,812	\$ 2,950,455	\$ (18,109)	\$ 12,910,683
Total Net Cost of Operations	\$ 1,201,069	\$ 1,293,862	\$ 7,606,701	\$ 2,204,625	\$ 8,862,093	\$ 19,575	\$ 10,815,386	\$ 2,702,793	\$ 3,075,577	\$ (18,109)	\$ 37,763,572

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2015

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law											
Gross Cost - Intragovernmental	\$ -	\$ 138,135	\$ -	\$ 30,918	\$ 1,426,003	\$ -	\$ 72,562	\$ -	\$ 22,077	\$ (28,776)	\$ 1,660,919
Gross Cost - With the Public	-	289,335	-	67,132	3,884,339	-	137,798	-	84,847	-	4,463,451
Subtotal Gross Costs	-	427,470	-	98,050	5,310,342	-	210,360	-	106,924	(28,776)	6,124,370
Earned Revenues - Intragovernmental	-	-	-	29,895	263,571	-	19,852	-	-	(28,776)	284,542
Earned Revenues - With the Public	-	-	-	3	10,961	-	49	-	-	-	11,013
Subtotal Earned Revenues	-	-	-	29,898	274,532	-	19,901	-	-	(28,776)	295,555
Subtotal Net Cost of Operations	\$ -	\$ 427,470	\$ -	\$ 68,152	\$ 5,035,810	\$ -	\$ 190,459	\$ -	\$ 106,924	\$ -	\$ 5,828,815
Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law											
Gross Cost - Intragovernmental	\$ 578,656	\$ 293,536	\$ -	\$ 958,727	\$ 914,346	\$ -	\$ 1,824,425	\$ 98,043	\$ 8,512	\$ (1,269,298)	\$ 3,406,947
Gross Cost - With the Public	972,758	614,836	9,217	1,930,890	2,641,172	-	3,643,389	1,045,251	35,329	-	10,892,842
Subtotal Gross Costs	1,551,414	908,372	9,217	2,889,617	3,555,518	-	5,467,814	1,143,294	43,841	(1,269,298)	14,299,789
Earned Revenues - Intragovernmental	14,557	84,325	-	474,949	299,471	-	851,676	6,950	-	(1,269,298)	462,630
Earned Revenues - With the Public	-	571	-	353,236	7,056	-	657,982	-	-	-	1,018,845
Subtotal Earned Revenues	14,557	84,896	-	828,185	306,527	-	1,509,658	6,950	-	(1,269,298)	1,481,475
Subtotal Net Cost of Operations	\$ 1,536,857	\$ 823,476	\$ 9,217	\$ 2,061,432	\$ 3,248,991	\$ -	\$ 3,958,156	\$ 1,136,344	\$ 43,841	\$ -	\$ 12,818,314
Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels											
Gross Cost - Intragovernmental	\$ -	\$ -	\$ 1,825,084	\$ -	\$ 290,555	\$ 145,097	\$ 166,578	\$ 62,306	\$ 605,145	\$ (241,480)	\$ 2,853,285
Gross Cost - With the Public	-	-	6,103,242	-	669,779	463,095	685,127	1,095,840	2,350,272	-	11,367,355
Subtotal Gross Costs	-	-	7,928,326	-	960,334	608,192	851,705	1,158,146	2,955,417	(241,480)	14,220,640
Earned Revenues - Intragovernmental	-	-	28,560	-	410,888	519,032	11,619	16,970	30,736	(222,000)	795,805
Earned Revenues - With the Public	-	-	390,732	-	171,794	45,140	32	-	23,593	-	631,291
Subtotal Earned Revenues	-	-	419,292	-	582,682	564,172	11,651	16,970	54,329	(222,000)	1,427,096
Subtotal Net Cost of Operations	\$ -	\$ -	\$ 7,509,034	\$ -	\$ 377,652	\$ 44,020	\$ 840,054	\$ 1,141,176	\$ 2,901,088	\$ (19,480)	\$ 12,793,544
Total Net Cost of Operations	\$ 1,536,857	\$ 1,250,946	\$ 7,518,251	\$ 2,129,584	\$ 8,662,453	\$ 44,020	\$ 4,988,669	\$ 2,277,520	\$ 3,051,853	\$ (19,480)	\$ 31,440,673

U. S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2016

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,274	\$ -	\$ -	\$ -	\$ 31,274
All Other Funds	-	153,807	419,497	393,450	2,631,892	-	2,548,909	2,737,617	246,253	-	9,131,425
Budgetary Financing Sources											
Appropriations Received											
Funds from Dedicated Collections	-	-	-	-	-	-	50,804	-	-	-	50,804
All Other Funds	-	1,240,000	7,478,500	2,080,000	8,798,768	-	7,384,068	1,935,960	2,699,995	-	31,617,291
Appropriations Transferred-In/Out											
All Other Funds	-	(664)	(6,182)	25,434	(45,945)	-	345,719	1,672	442,128	(383,748)	378,414
Other Adjustments											
All Other Funds	-	-	(166)	(200)	(151)	-	(907,078)	(48,181)	(196,274)	-	(1,152,050)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	(62,566)	-	-	-	(62,566)
All Other Funds	-	(1,247,366)	(7,004,302)	(2,113,402)	(8,586,044)	-	(6,712,965)	(1,708,771)	(2,751,196)	-	(30,124,046)
Total Financing Sources											
Funds from Dedicated Collections	-	-	-	-	-	-	(11,762)	-	-	-	(11,762)
All Other Funds	-	(8,030)	467,850	(8,168)	166,628	-	109,744	180,680	194,653	(383,748)	719,609
Net Change											
Funds from Dedicated Collections	-	-	-	-	-	-	(11,762)	-	-	-	(11,762)
All Other Funds	-	(8,030)	467,850	(8,168)	166,628	-	109,744	180,680	194,653	(383,748)	719,609
Ending Balances											
Funds from Dedicated Collections	-	-	-	-	-	-	19,512	-	-	-	19,512
All Other Funds	-	145,777	887,347	385,282	2,798,520	-	2,658,653	2,918,297	440,906	(383,748)	9,851,034
Total All Funds	\$ -	\$ 145,777	\$ 887,347	\$ 385,282	\$ 2,798,520	\$ -	\$ 2,678,165	\$ 2,918,297	\$ 440,906	\$ (383,748)	\$ 9,870,546

U. S. Department of Justice
 Consolidating Statement of Changes in Net Position - Continued
 For the Fiscal Year Ended September 30, 2016

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Funds from Dedicated Collections	\$ 1,549,919	\$ -	\$ 86,784	\$ (317,611)	\$ -	\$ -	\$ 147,776	\$ 14,861,917	\$ -	\$ -	\$ 16,328,785
All Other Funds	-	200,091	3,985,615	261,309	3,548,414	308,925	(2,107,424)	3,752	390,901	-	6,591,583
Budgetary Financing Sources											
Other Adjustments											
All Other Funds	-	-	-	-	-	-	(69,000)	-	-	-	(69,000)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	62,566	-	-	-	62,566
All Other Funds	-	1,247,366	7,004,302	2,113,402	8,586,044	-	6,712,965	1,708,771	2,751,196	-	30,124,046
Nonexchange Revenues											
Funds from Dedicated Collections	34,336	-	-	-	-	-	279	1,486,489	-	-	1,521,104
All Other Funds	-	-	-	-	-	-	-	85	-	-	85
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	1,686,050	-	-	-	-	-	-	-	-	-	1,686,050
All Other Funds	-	-	-	-	-	-	78,000	-	-	-	78,000
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(807,200)	-	-	-	-	-	-	(1,879,000)	-	-	(2,686,200)
All Other Funds	-	-	-	-	131,600	-	211,780	-	61,200	383,748	788,328
Other Budgetary Financing Sources											
All Other Funds	-	-	-	-	(80,767)	-	-	-	-	-	(80,767)
Other Financing Sources											
Donations and Forfeitures of Property											
Funds from Dedicated Collections	200,868	-	-	-	-	-	-	-	-	-	200,868
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(4,209)	-	-	-	-	-	-	-	-	-	(4,209)
All Other Funds	-	3,509	-	2,740	10,911	-	(14,556)	(147)	133	-	2,590
Imputed Financing from Costs Absorbed by Others											
Funds from Dedicated Collections	1,531	-	4,456	9,502	-	-	758	-	-	-	16,247
All Other Funds	-	37,116	238,074	60,954	247,408	23,632	152,745	4,563	39,030	(18,109)	785,413
Other Financing Sources											
All Other Funds	-	-	-	-	(7,849)	-	-	-	-	-	(7,849)
Total Financing Sources											
Funds from Dedicated Collections	1,111,376	-	4,456	9,502	-	-	63,603	(392,511)	-	-	796,426
All Other Funds	-	1,287,991	7,242,376	2,177,096	8,887,347	23,632	7,071,934	1,713,272	2,851,559	365,639	31,620,846
Net Cost of Operations											
Funds from Dedicated Collections	(1,201,069)	-	(16,051)	9,191	-	-	(134,569)	(993,949)	-	-	(2,336,447)
All Other Funds	-	(1,293,862)	(7,590,650)	(2,213,816)	(8,862,093)	(19,575)	(10,680,817)	(1,708,844)	(3,075,577)	18,109	(35,427,125)
Net Change											
Funds from Dedicated Collections	(89,693)	-	(11,595)	18,693	-	-	(70,966)	(1,386,460)	-	-	(1,540,021)
All Other Funds	-	(5,871)	(348,274)	(36,720)	25,254	4,057	(3,608,883)	4,428	(224,018)	383,748	(3,806,279)
Ending Balances											
Funds from Dedicated Collections	1,460,226	-	75,189	(298,918)	-	-	76,810	13,475,457	-	-	14,788,764
All Other Funds	-	194,220	3,637,341	224,589	3,573,668	312,982	(5,716,307)	8,180	166,883	383,748	2,785,304
Total All Funds	\$ 1,460,226	\$ 194,220	\$ 3,712,530	\$ (74,329)	\$ 3,573,668	\$ 312,982	\$ (5,639,497)	\$ 13,483,637	\$ 166,883	\$ 383,748	\$ 17,574,068
Net Position - Funds from Dedicated Collections											
	1,460,226	-	75,189	(298,918)	-	-	96,322	13,475,457	-	-	14,808,276
Net Position - All Other Funds											
	-	339,997	4,524,688	609,871	6,372,188	312,982	(3,057,654)	2,926,477	607,789	-	12,636,338
Net Position - Total	\$ 1,460,226	\$ 339,997	\$ 4,599,877	\$ 310,953	\$ 6,372,188	\$ 312,982	\$ (2,961,332)	\$ 16,401,934	\$ 607,789	\$ -	\$ 27,444,614

U. S. Department of Justice
 Consolidating Statement of Changes in Net Position
 For the Fiscal Year Ended September 30, 2015

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,750	\$ -	\$ -	\$ -	\$ 32,750
All Other Funds	-	162,725	477,632	416,009	2,640,676	-	2,743,717	2,664,388	480,555	-	9,585,702
Budgetary Financing Sources											
Appropriations Received											
Funds from Dedicated Collections	-	-	-	-	-	-	43,306	-	-	-	43,306
All Other Funds	-	1,201,000	6,921,000	2,033,320	8,436,569	-	5,420,869	1,713,800	1,700,107	-	27,426,665
Appropriations Transferred-In/Out											
Funds from Dedicated Collections	-	-	-	-	-	-	(137)	-	-	-	(137)
All Other Funds	-	(8,732)	(12,837)	18,355	(35,187)	-	(34,801)	(3,600)	437,422	-	360,620
Other Adjustments											
Funds from Dedicated Collections	-	-	-	-	-	-	(6,000)	-	-	-	(6,000)
All Other Funds	-	(3,200)	(46)	-	-	-	(479,271)	(113,250)	(188,000)	-	(783,767)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	(38,645)	-	-	-	(38,645)
All Other Funds	-	(1,197,986)	(6,966,252)	(2,074,234)	(8,410,166)	-	(5,101,605)	(1,523,721)	(2,183,831)	-	(27,457,795)
Total Financing Sources											
Funds from Dedicated Collections	-	-	-	-	-	-	(1,476)	-	-	-	(1,476)
All Other Funds	-	(8,918)	(58,135)	(22,559)	(8,784)	-	(194,808)	73,229	(234,302)	-	(454,277)
Net Change											
Funds from Dedicated Collections	-	-	-	-	-	-	(1,476)	-	-	-	(1,476)
All Other Funds	-	(8,918)	(58,135)	(22,559)	(8,784)	-	(194,808)	73,229	(234,302)	-	(454,277)
Ending Balances											
Funds from Dedicated Collections	-	-	-	-	-	-	31,274	-	-	-	31,274
All Other Funds	-	153,807	419,497	393,450	2,631,892	-	2,548,909	2,737,617	246,253	-	9,131,425
Total All Funds	\$ -	\$ 153,807	\$ 419,497	\$ 393,450	\$ 2,631,892	\$ -	\$ 2,580,183	\$ 2,737,617	\$ 246,253	\$ -	\$ 9,162,699

U. S. Department of Justice
 Consolidating Statement of Changes in Net Position - Continued
 For the Fiscal Year Ended September 30, 2015

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Funds from Dedicated Collections	\$ 2,560,848	\$ -	\$ 93,245	\$ (332,973)	\$ -	\$ -	\$ 216,951	\$ 12,971,522	\$ -	\$ -	\$ 15,509,593
All Other Funds	-	(24,711)	4,284,649	(33,804)	2,979,505	319,993	(2,454,243)	3,696	83,426	-	5,158,511
Budgetary Financing Sources											
Other Adjustments											
All Other Funds	-	-	-	-	-	-	(99,000)	-	-	-	(99,000)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	38,645	-	-	-	38,645
All Other Funds	-	1,197,986	6,966,252	2,074,234	8,410,166	-	5,101,605	1,523,721	2,183,831	-	27,457,795
Nonexchange Revenues											
Funds from Dedicated Collections	6,610	-	-	-	-	-	520	2,639,963	-	-	2,647,093
All Other Funds	-	-	-	-	21	-	-	221	-	-	242
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	1,285,294	-	-	-	-	-	-	-	-	-	1,285,294
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(1,100,014)	-	-	(85)	-	-	-	-	-	-	(1,100,099)
All Other Funds	-	232,337	-	286,050	548,515	-	103,193	-	1,129,296	-	2,299,391
Other Financing Sources											
Donations and Forfeitures of Property											
Funds from Dedicated Collections	337,357	-	-	-	-	-	-	-	-	-	337,357
All Other Funds	-	-	1	-	-	-	-	-	-	-	1
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(4,890)	-	-	-	-	-	-	-	-	-	(4,890)
All Other Funds	-	4,807	(6,896)	3,664	25,800	6,905	(24,662)	(325)	2,577	-	11,870
Imputed Financing from Costs Absorbed by Others											
Funds from Dedicated Collections	1,571	-	4,579	9,446	-	-	792	-	-	-	16,388
All Other Funds	-	40,618	248,820	66,750	257,696	26,047	145,220	4,391	43,624	(19,480)	813,686
Other Financing Sources											
All Other Funds	-	-	-	-	(10,836)	-	-	-	-	-	(10,836)
Total Financing Sources											
Funds from Dedicated Collections	525,928	-	4,579	9,361	-	-	39,957	2,639,963	-	-	3,219,788
All Other Funds	-	1,475,748	7,208,177	2,430,698	9,231,362	32,952	5,226,356	1,528,008	3,359,328	(19,480)	30,473,149
Net Cost of Operations											
Funds from Dedicated Collections	(1,536,857)	-	(11,040)	6,001	-	-	(109,132)	(749,568)	-	-	(2,400,596)
All Other Funds	-	(1,250,946)	(7,507,211)	(2,135,585)	(8,662,453)	(44,020)	(4,879,537)	(1,527,952)	(3,051,853)	19,480	(29,040,077)
Net Change											
Funds from Dedicated Collections	(1,010,929)	-	(6,461)	15,362	-	-	(69,175)	1,890,395	-	-	819,192
All Other Funds	-	224,802	(299,034)	295,113	568,909	(11,068)	346,819	56	307,475	-	1,433,072
Ending Balances											
Funds from Dedicated Collections	1,549,919	-	86,784	(317,611)	-	-	147,776	14,861,917	-	-	16,328,785
All Other Funds	-	200,091	3,985,615	261,309	3,548,414	308,925	(2,107,424)	3,752	390,901	-	6,591,583
Total All Funds	\$ 1,549,919	\$ 200,091	\$ 4,072,399	\$ (56,302)	\$ 3,548,414	\$ 308,925	\$ (1,959,648)	\$ 14,865,669	\$ 390,901	\$ -	\$ 22,920,368
Net Position - Funds from Dedicated Collections											
	1,549,919	-	86,784	(317,611)	-	-	179,050	14,861,917	-	-	16,360,059
Net Position - All Other Funds											
	-	353,898	4,405,112	654,759	6,180,306	308,925	441,485	2,741,369	637,154	-	15,723,008
Net Position - Total	\$ 1,549,919	\$ 353,898	\$ 4,491,896	\$ 337,148	\$ 6,180,306	\$ 308,925	\$ 620,535	\$ 17,603,286	\$ 637,154	\$ -	\$ 32,083,067

U. S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2016

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Revenue Activity										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	\$ -	\$ 44	\$ -	\$ 15,000	\$ 3,100	\$ -	\$ 13,158,267	\$ -	\$ -	\$ 13,176,411
Fees and Licenses	-	76,738	-	15,386	-	-	-	-	-	92,124
Miscellaneous	-	941	49	-	276	-	-	-	-	1,266
Total Cash Collections	\$ -	\$ 77,723	\$ 49	\$ 30,386	\$ 3,376	\$ -	\$ 13,158,267	\$ -	\$ -	\$ 13,269,801
Accrual Adjustments	-	104	-	(2,543)	864	-	-	-	-	(1,575)
Total Custodial Revenue	\$ -	\$ 77,827	\$ 49	\$ 27,843	\$ 4,240	\$ -	\$ 13,158,267	\$ -	\$ -	\$ 13,268,226
Disposition of Collections										
Transferred to Federal Agencies										
U.S. Department of Agriculture	-	-	-	-	-	-	(46,897)	-	-	(46,897)
U.S. Department of Commerce	-	-	-	-	-	-	(19,732)	-	-	(19,732)
U.S. Department of the Interior	-	-	-	-	-	-	(181,310)	-	-	(181,310)
U.S. Department of Justice	-	-	-	-	-	-	(18,534)	-	-	(18,534)
U.S. Department of Labor	-	-	-	-	-	-	(4,336)	-	-	(4,336)
U.S. Postal Service	-	-	-	-	-	-	(16,212)	-	-	(16,212)
U.S. Department of State	-	-	-	-	-	-	(1,683)	-	-	(1,683)
U.S. Department of the Treasury	-	-	-	-	-	-	(1,483,057)	-	-	(1,483,057)
Office of Personnel Management	-	-	-	-	-	-	(9,528)	-	-	(9,528)
National Credit Union Administration	-	-	-	-	-	-	(557,751)	-	-	(557,751)
Federal Communications Commission	-	-	-	-	-	-	(71)	-	-	(71)
Social Security Administration	-	-	-	-	-	-	(916)	-	-	(916)
Smithsonian Institution	-	-	-	-	-	-	(127)	-	-	(127)
U.S. Department of Veterans Affairs	-	-	-	-	-	-	(18,065)	-	-	(18,065)
Equal Employment Opportunity Commission	-	-	-	-	-	-	(154)	-	-	(154)
General Services Administration	-	-	-	-	-	-	(53,647)	-	-	(53,647)
Securities and Exchange Commission	-	-	-	-	-	-	(3)	-	-	(3)
Federal Deposit Insurance Corporation	-	-	-	-	-	-	(49)	-	-	(49)
Railroad Retirement Board	-	-	-	-	-	-	(303)	-	-	(303)
Tennessee Valley Authority	-	-	-	-	-	-	(2,078)	-	-	(2,078)
Environmental Protection Agency	-	-	-	-	-	-	(89,678)	-	-	(89,678)
U.S. Department of Transportation	-	-	-	-	-	-	(14,320)	-	-	(14,320)
U.S. Department of Homeland Security	-	-	-	-	-	-	(114,261)	-	-	(114,261)
Agency for International Development	-	-	-	-	-	-	(11,647)	-	-	(11,647)
Small Business Administration	-	-	-	-	-	-	(22,617)	-	-	(22,617)
U.S. Department of Health and Human Services	-	-	-	-	-	-	(1,099,933)	-	-	(1,099,933)
National Aeronautics and Space Administration	-	-	-	-	-	-	(1,353)	-	-	(1,353)
Export-Import Bank of the United States	-	-	-	-	-	-	(1,258)	-	-	(1,258)
U.S. Department of Housing and Urban Development	-	-	-	-	-	-	(743,963)	-	-	(743,963)
U.S. Department of Energy	-	-	-	-	-	-	(9,744)	-	-	(9,744)
U.S. Department of Education	-	-	-	-	-	-	(37,303)	-	-	(37,303)
Independent Agencies	-	-	-	-	-	-	(123,522)	-	-	(123,522)
Treasury General Fund	-	(74,663)	(49)	(30,386)	(3,376)	-	(7,912,180)	-	-	(8,020,654)
U.S. Department of Defense	-	-	-	-	-	-	(139,543)	-	-	(139,543)
Transferred to the Public	-	-	-	-	-	-	(691,925)	-	-	(691,925)
(Increase)/Decrease in Amounts Yet to be Transferred	-	-	-	2,543	(864)	-	638,984	-	-	640,663
Refunds and Other Payments	-	(3,164)	-	-	-	-	(1,542)	-	-	(4,706)
Retained by the Reporting Entity	-	-	-	-	-	-	(368,009)	-	-	(368,009)
Total Disposition Of Collections	-	(77,827)	(49)	(27,843)	(4,240)	-	(13,158,267)	-	-	(13,268,226)
Net Custodial Activity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

U. S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2015

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Revenue Activity										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	\$ -	\$ 53	\$ -	\$ 31,394	\$ 4,513	\$ -	\$ 16,820,901	\$ -	\$ -	\$ 16,856,861
Fees and Licenses	-	43,215	-	15,000	-	-	-	-	-	58,215
Miscellaneous	-	401	41	-	701	-	19	-	-	1,162
Total Cash Collections	\$ -	\$ 43,669	\$ 41	\$ 46,394	\$ 5,214	\$ -	\$ 16,820,920	\$ -	\$ -	\$ 16,916,238
Accrual Adjustments	-	255	-	(516)	19	-	-	-	-	(242)
Total Custodial Revenue	\$ -	\$ 43,924	\$ 41	\$ 45,878	\$ 5,233	\$ -	\$ 16,820,920	\$ -	\$ -	\$ 16,915,996
Disposition of Collections										
Transferred to Federal Agencies	-	-	-	-	-	-	(119)	-	-	(119)
Library of Congress	-	-	-	-	-	-	(119)	-	-	(119)
U.S. Department of Agriculture	-	-	-	-	-	-	(256,014)	-	-	(256,014)
U.S. Department of Commerce	-	-	-	-	-	-	(1,840)	-	-	(1,840)
U.S. Department of the Interior	-	-	-	-	-	-	(104,501)	-	-	(104,501)
U.S. Department of Justice	-	-	-	-	-	-	(36,290)	-	-	(36,290)
U.S. Department of Labor	-	-	-	-	-	-	(8,842)	-	-	(8,842)
U.S. Postal Service	-	-	-	-	-	-	(1,352)	-	-	(1,352)
U.S. Department of State	-	-	-	-	-	-	(8)	-	-	(8)
U.S. Department of the Treasury	-	-	-	-	-	-	(811,596)	-	-	(811,596)
Office of Personnel Management	-	-	-	-	-	-	(5,024)	-	-	(5,024)
National Credit Union Administration	-	-	-	-	-	-	(1)	-	-	(1)
Federal Communications Commission	-	-	-	-	-	-	(345)	-	-	(345)
Social Security Administration	-	-	-	-	-	-	(1,241)	-	-	(1,241)
Smithsonian Institution	-	-	-	-	-	-	(1,711)	-	-	(1,711)
U.S. Department of Veterans Affairs	-	-	-	-	-	-	(8,007)	-	-	(8,007)
Equal Employment Opportunity Commission	-	-	-	-	-	-	(291)	-	-	(291)
General Services Administration	-	-	-	-	-	-	(36,820)	-	-	(36,820)
Securities and Exchange Commission	-	-	-	-	-	-	(135,843)	-	-	(135,843)
Federal Deposit Insurance Corporation	-	-	-	-	-	-	(1,000,355)	-	-	(1,000,355)
Railroad Retirement Board	-	-	-	-	-	-	(335)	-	-	(335)
Tennessee Valley Authority	-	-	-	-	-	-	(60)	-	-	(60)
Environmental Protection Agency	-	-	-	-	-	-	(1,975,823)	-	-	(1,975,823)
U.S. Department of Transportation	-	-	-	-	-	-	(10,312)	-	-	(10,312)
U.S. Department of Homeland Security	-	-	-	-	-	-	(56,750)	-	-	(56,750)
Agency for International Development	-	-	-	-	-	-	(812)	-	-	(812)
Small Business Administration	-	-	-	-	-	-	(17,535)	-	-	(17,535)
U.S. Department of Health and Human Services	-	-	-	-	-	-	(960,690)	-	-	(960,690)
National Aeronautics and Space Administration	-	-	-	-	-	-	(572)	-	-	(572)
Export-Import Bank of the United States	-	-	-	-	-	-	(7,653)	-	-	(7,653)
U.S. Department of Housing and Urban Development	-	-	-	-	-	-	(1,185,772)	-	-	(1,185,772)
National Archives&Records Administration	-	-	-	-	-	-	(126)	-	-	(126)
U.S. Department of Energy	-	-	-	-	-	-	(4,089)	-	-	(4,089)
U.S. Department of Education	-	-	-	-	-	-	(20,364)	-	-	(20,364)
Independent Agencies	-	-	-	-	-	-	(61,443)	-	-	(61,443)
Treasury General Fund	-	(41,431)	(41)	(46,394)	(5,214)	-	(8,014,049)	-	-	(8,107,129)
U.S. Department of Defense	-	-	-	-	-	-	(159,664)	-	-	(159,664)
Transferred to the Public	-	-	-	-	-	-	(668,627)	-	-	(668,627)
(Increase)/Decrease in Amounts Yet to be Transferred	-	-	-	516	(19)	-	(854,075)	-	-	(853,578)
Refunds and Other Payments	-	(2,493)	-	-	-	-	(18,189)	-	-	(20,682)
Retained by the Reporting Entity	-	-	-	-	-	-	(393,780)	-	-	(393,780)
Total Disposition Of Collections	-	(43,924)	(41)	(45,878)	(5,233)	-	(16,820,920)	-	-	(16,915,996)
Net Custodial Activity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**U. S. Department of Justice
Combined Schedules of Spending
For the Fiscal Years Ended September 30, 2016 and 2015**

Dollars in Thousands	2016	2015
What Money is Available to Spend?		
Total Resources	\$ 48,351,388	\$ 46,434,875
Less: Amount Available but Not Agreed to be Spent	5,350,263	4,949,346
Less: Amount Not Available to be Spent	1,014,003	1,128,001
Total Amounts Agreed to be Spent	\$ 41,987,122	\$ 40,357,528
How was the Money Spent?		
Personnel Compensation and Benefits		
1100 Personnel Compensation	\$ 11,735,163	\$ 11,424,159
1200 Personnel Benefits	5,031,805	4,667,482
1300 Former Personnel	3,831	6,873
Other Program Related Expenses		
2100 Travel & Transportation of Persons	480,067	461,115
2200 Transportation of Things	71,764	70,455
2300 Rent, Communications, and Utilities	3,393,779	3,364,746
2400 Printing and Reproduction	19,230	11,699
2500 Other Contractual Services	11,789,175	12,045,142
2600 Supplies and Materials	1,497,311	1,602,832
3100 Equipment	990,177	957,427
3200 Land and Structures	149,286	168,366
4100 Grants, Subsidies, and Contributions	4,741,204	4,162,032
4200 Insurance Claims and Indemnities	2,000,363	302,995
4300 Interest and Dividends	-	76
4400 Refunds for Forfeited Assets	22,767	12,129
Expenditure Transfer to the U.S. Marshals Service	61,200	1,100,000
Total Amounts Agreed to be Spent	\$ 41,987,122	\$ 40,357,528
Who did the Money go to?		
For Profit	\$ 12,027,280	\$ 13,690,128
Federal Government	9,786,494	9,287,092
Employees	11,719,755	11,389,573
Grants	4,741,204	4,162,032
Other	3,712,389	1,828,703
Total Amounts Agreed to be Spent	\$ 41,987,122	\$ 40,357,528

U.S. Department of Justice
Freeze the Footprint
For the Fiscal Year Ended September 30, 2016

Under the leadership of the Attorney General, the Department continued its efforts during FY 2016 to reduce its real property footprint and monitor space utilization across the Department. The Department successfully reduced its overall square footage in FY 2015 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 2016, 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. 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

Freeze the Footprint Baseline Comparison

For the Fiscal Year Ended September 30, 2016			
	FY 2012 Baseline	FY 2015	Change
Square Footage	48,472,795	48,184,756	-0.6%

Reporting of Operation and Maintenance Costs - Owned and Directly Leased

For the Fiscal Year Ended September 30, 2016			
	FY 2012 Baseline	FY 2015	Change
Operation and Maintenance Costs (in whole dollars)	\$ 47,305,000	\$ 50,088,000	5.9%

**U.S. Department of Justice
Civil Monetary Penalties Inflation Adjustment
For the Fiscal Year Ended September 30, 2016**

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to maintain their deterrent effect. To improve compliance with the Act, and in response to multiple audits and recommendations, agencies should report annually in the Other Information section the most recent inflationary adjustments to civil monetary penalties to ensure penalty adjustments are both timely and accurate.

Bureau of Alcohol, Tobacco, Firearms, and Explosives

Bureau of Alcohol, Tobacco, Firearms and Explosives						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
18 U.S.C. 922(o)(5)	Brady Law - Nat'l Instant Criminal Check System; Transfer of firearm without checking NICS	1993	1993	8,162	Bureau of Alcohol, Tobacco, Firearms and Explosives	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
18 U.S.C. 924(p)	Child Safety Lock Act; Secure gun storage or safety device, violation	2005	2005	2,985	Bureau of Alcohol, Tobacco, Firearms and Explosives	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Civil Division

Civil Division						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
12 USC 1833a(b)(1)	Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) Violation	1989	1989	1,893,610	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing) (per day)	1989	1989	1,893,610	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing)	1989	1989	9,468,050	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
22 U.S.C. 2399b(a)(3)(A)	Foreign Assistance Act; Fraudulent Claim for Assistance (per act)	1968	1968	5,500	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
31 U.S.C. 3729(a)	False Claims Act; Violations	1986	1986	Min. 10,781 Max. 21,563	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
31 U.S.C. 3802(a)(1)	Program Fraud Civil Remedies Act; Violations Involving False Claim (per claim)	1986	1986	10,781	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
31 U.S.C. 3802(a)(2)	Program Fraud Civil Remedies Act; Violation Involving False Statement (per statement)	1986	1986	10,781	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Civil Monetary Penalties Inflation Adjustment (continued)

Civil Division (continued)

Civil Division						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
40 U.S.C. 123(a)(1)(A)	Federal Property and Administrative Services Act; Violation Involving Surplus Government Property (per act)	1949	1949	5,500	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
41 U.S.C. 8706(a)(1)(B)	Anti-Kickback Act; Violation Involving Kickbacks (per occurrence)	1986	1986	21,563	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
18 U.S.C. 2723(b)	Driver's Privacy Protection Act of 1994; Prohibition on Release and Use of Certain Personal Information from State Motor Vehicle Records - Substantial Non-compliance (per day)	1994	1994	7,954	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
18 U.S.C. 216(b)	Ethics Reform Act of 1989; Penalties for Conflict of Interest Crimes (per violation)	1989	1989	94,681	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
41 U.S.C. 2105(b)(1)	Office of Federal Procurement Policy Act; Violation by an individual (per violation)	1988	1988	98,935	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
41 U.S.C. 2105(b)(2)	Office of Federal Procurement Policy Act; Violation by an organization (per violation)	1988	1988	989,345	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
42 U.S.C. 5157(d)	Disaster Relief Act of 1974; Violation (per violation)	1974	1974	12,500	Civil Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Civil Rights Division

Civil Rights Division (excluding immigration-related penalties)						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
18 U.S.C. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 ("FACE Act"); Nonviolent physical obstruction, first violation	1994	1994	15,909	Civil Rights Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
18 U.S.C. 248(c)(2)(B)(ii)	FACE Act; Nonviolent physical obstruction, subsequent violation	1994	1994	23,863	Civil Rights Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
18 U.S.C. 248(c)(2)(B)(i)	FACE Act; Violation other than a nonviolent physical obstruction, first violation	1994	1994	23,863	Civil Rights Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
18 U.S.C. 248(c)(2)(B)(ii)	FACE Act; Violation other than a nonviolent physical obstruction, subsequent violation	1994	1994	39,772	Civil Rights Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Civil Monetary Penalties Inflation Adjustment (continued)

Civil Rights Division (continued)

Civil Rights Division (excluding immigration-related penalties)						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
42 U.S.C. 3614(d)(1)(C)(i)	Fair Housing Act of 1968; first violation	1988	1988	98,935	Civil Rights Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
42 U.S.C. 3614(d)(1)(C)(ii)	Fair Housing Act of 1968; subsequent violation	1988	1988	197,869	Civil Rights Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
42 U.S.C. 12188(b)(2)(C)(i)	Americans With Disabilities Act; Public accommodations for individuals with disabilities, first violation	1990	1990	89,078	Civil Rights Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
42 U.S.C. 12188(b)(2)(C)(ii)	Americans With Disabilities Act; Public accommodations for individuals with disabilities, subsequent violation	1990	1990	178,156	Civil Rights Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
50 U.S.C. App. 597(b)(3)	Service members Civil Relief Act of 2003; first violation	2010	2010	59,810	Civil Rights Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
50 U.S.C. App. 597(b)(3)	Service members Civil Relief Act of 2003; subsequent violation	2010	2010	119,620	Civil Rights Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Criminal Division

Criminal Division						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
18 U.S.C. 983(h)(1)	Civil Asset Forfeiture Reform Act of 2000; Penalty for Frivolous Assertion of Claim	2000	2000	Min. 342 Max. 6,834	Criminal Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
18 U.S.C. 1956(b)	Money Laundering Control Act of 1986; Violation	1986	1986	21,563	Criminal Division	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Drug Enforcement Administration

Drug Enforcement Administration						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
21 U.S.C. 844a(a)	Anti-Drug Abuse Act of 1988; Possession of small amounts of controlled substances (per violation)	1988	1988	19,787	Drug Enforcement Administration	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Civil Monetary Penalties Inflation Adjustment (continued)

Drug Enforcement Administration (continued)

Drug Enforcement Administration						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
21 U.S.C. 961(1)	Controlled Substance Import Export Act; Drug abuse, import or export	1970	1970	68,750	Drug Enforcement Administration	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
21 U.S.C. 842(c)(1)(A)	Controlled Substances Act ("CSA"); Violations of 842(a) - other than (5), (10) and (16) - Prohibited acts re: controlled substances (per violation)	1970	1970	62,500	Drug Enforcement Administration	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
21 U.S.C. 842(c)(1)(B)	CSA; Violations of 842(a)(5) and (10) - Prohibited acts re: controlled substances	1998	1998	14,502	Drug Enforcement Administration	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
21 U.S.C. 842(c)(1)(C)	CSA; Violation of 825(e) by importer, exporter, manufacturer, or distributor - False labeling of anabolic steroids (per violation)	2014	2014	500,855	Drug Enforcement Administration	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
21 U.S.C. 842(c)(1)(D)	CSA; Violation of 825(e) at the retail level - False labeling of anabolic steroids (per violation)	2014	2014	1,002	Drug Enforcement Administration	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
21 U.S.C. 842(c)(2)(C)	CSA; Violation of 842(a)(11) by a business Distribution of laboratory supply with reckless disregard	1996	1996	375,613	Drug Enforcement Administration	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
21 U.S.C. 856(d)	Illicit Drug Anti-Proliferation Act of 2003; Maintaining drug-involved premises	2003	2003	321,403	Drug Enforcement Administration	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Executive Office for Immigration Review

Immigration-Related Penalties						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
8 U.S.C. 1324a(e)(4)(A)(i)	Immigration Reform and Control Act of 1986 ("IRCA"); Unlawful employment of aliens, first order (per unauthorized alien)	1986	1986	Min. 539 Max. 4,313	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324a(e)(4)(A)(ii)	IRCA; Unlawful employment of aliens, second order (per such alien)	1986	1986	Min. 4,313 Max. 10,781	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324a(e)(4)(A)(iii)	IRCA; Unlawful employment of aliens, subsequent order (per such alien)	1986	1986	Min. 6,469 Max. 21,563	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324a(e)(5)	IRCA; Paperwork violation (per relevant individual)	1986	1986	Min. 216 Max. 2,156	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Civil Monetary Penalties Inflation Adjustment (continued)

Executive Office for Immigration Review (continued)

Immigration-Related Penalties						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
8 U.S.C. 1324a (note)	IRCA; Violation relating to participating employer's failure to notify of final no confirmation of employee's employment eligibility (per relevant individual)	1996	1996	Min. 751 Max. 1,502	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324a(g)(2)	IRCA; Violation/prohibition of indemnity bonds (per violation)	1986	1986	2,156	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324b(g)(2)(B)(iv)(I)	IRCA; Unfair immigration-related employment practices, first order (per individual discriminated against)	1990	1990	Min. 445 Max. 3,563	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324b(g)(2)(B)(iv)(II)	IRCA; Unfair immigration-related employment practices, second order (per individual discriminated against)	1990	1990	Min. 3,563 Max. 8,908	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324b(g)(2)(B)(iv)(III)	IRCA; Unfair immigration-related employment practices, subsequent order (per individual discriminated against)	1990	1990	Min. 5,345 Max. 17,816	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324b(g)(2)(B)(iv)(IV)	IRCA; Unfair immigration-related employment practices, document abuse (per individual discriminated against)	1990	1990	Min. 178 Max. 1,782	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324c(d)(3)(A)	IRCA; Document fraud, first order -- for violations described in USC 1324c(a)(1)-(4) (per document)	1990	1990	Min. 445 Max. 3,563	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324c(d)(3)(B)	IRCA; Document fraud, subsequent order -- for violations described in USC 1324c(a)(1)-(4) (per document)	1990	1990	Min. 3,563 Max. 8,908	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324c(d)(3)(A)	IRCA; Document fraud, first order -- for violations described in USC 1324c(a)(5)-(6) (per document)	1996	1996	Min. 376 Max. 3,005	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528
8 U.S.C. 1324c(d)(3)(B)	IRCA; Document fraud, subsequent order -- for violations described in USC 1324c(a)(5)-(6) (per document)	1996	1996	Min. 3,005 Max. 7,512	Executive Office of Immigration Reform	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Federal Bureau of Investigation

Federal Bureau of Investigation						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
49 U.S.C. 30505(a)	National Motor Vehicle Title Identification System; Violation (per violation)	1994	1994	1,591	Federal Bureau of Investigation	Federal Register 81 (30 June 2016): 42491-42503. https://www.federalregister.gov/d/2016-15528

Civil Monetary Penalties Inflation Adjustment (continued)

Office of Justice Programs

Office of Justice Programs						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
42 U.S.C. 3789g(d)	Confidentiality of information; State and Local Criminal History Record Information Systems - Right to Privacy Violation	1979	1979	27,500	Office of Justice Programs	Federal Register 81 (30 June 2016): 42491- 42503. https://www.federalregister.gov/d/2016- 15528

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