



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

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the
U.S. Department of Justice
Annual Financial Statements
Fiscal Year 2017**



Commentary and Summary

*Audit of the U.S. Department of Justice Annual Financial Statements
Fiscal Year 2017*

Objective

Pursuant to Section 304(a) of the *Chief Financial Officers Act of 1990*, as expanded by Section 405(b) of the *Government Management Reform Act of 1994*, the Department of Justice (Department) Office of the Inspector General (OIG) is required to perform an audit of the Department's annual financial statements.

The objectives of the audit are to opine on the financial statements, report on internal control over financial reporting, and report on compliance and other matters, including compliance with the *Federal Financial Management Improvement Act of 1996* (FFMIA).

Results in Brief

The fiscal year (FY) 2017 audit resulted in an unmodified opinion on the Department's financial statements. The auditors' reports on internal controls over financial reporting, and compliance and other matters did not report any material weaknesses or instances of noncompliance.

The OIG reviewed KPMG LLP's (KPMG) 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 FFMIA, or conclusions on compliance and other matters. KPMG is responsible for the attached auditors' reports dated November 13, 2017, and the conclusions expressed in the reports. However, our review disclosed no instances where KPMG did not comply, in all material respects, with auditing standards generally accepted in the United States of America.

Recommendations

No recommendations were provided in the report.

Audit Results

Under the direction of the OIG, KPMG performed the Department's audit in accordance with auditing standards generally accepted in the United States of America. The FY 2017 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.

KPMG neither identified any material weaknesses, nor reported any significant deficiencies in the FY 2017 report on internal controls. Additionally, no instances of non-compliance or other matters, including FFMIA, were identified during the audit that are required to be reported under Government Auditing Standards.

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.) also prepare separate audited annual financial statements, which are available on the OIG's website shortly after issuance.

Beginning in 2009, the Department has made measurable progress toward implementing the Unified Financial Management System (UFMS). The Department has two final implementations scheduled in October 2018 and 2019, after which the UFMS implementation will be complete. 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 currently being used by three of the Department's nine reporting components.

**AUDIT OF THE
U.S. DEPARTMENT OF JUSTICE
ANNUAL FINANCIAL STATEMENTS
FISCAL YEAR 2017**

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)



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.

Consistent with the Government Performance and Results Modernization Act of 2010 (GPRAMA), the Department is in the process of developing a new Strategic Plan that will guide it during FYs 2018 through 2022. For FY 2017, the Department’s strategic goals and objectives were as follows.

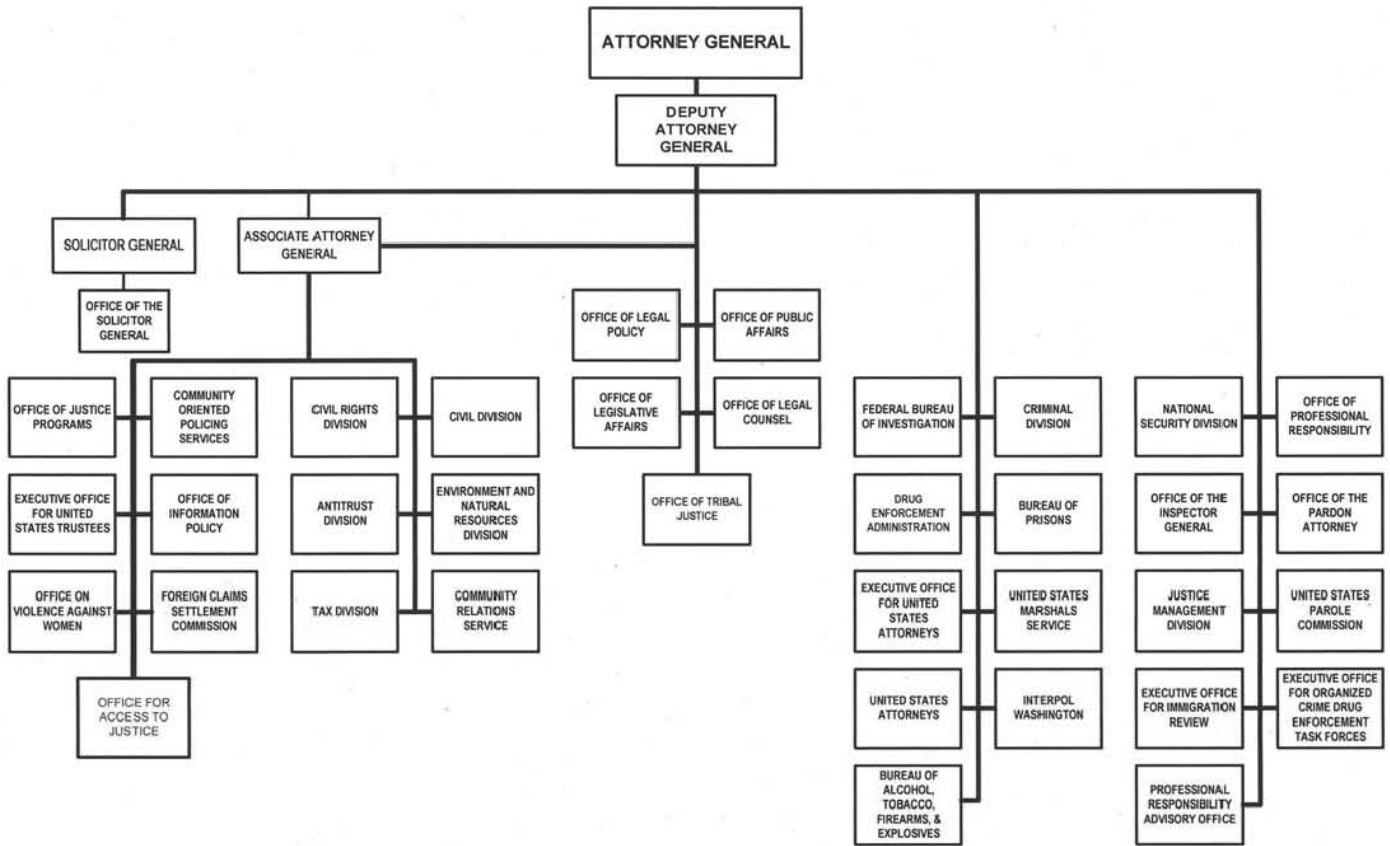
Strategic Goal		Strategic Objectives
1	Prevent Terrorism and Promote the Nation’s Security Consistent with the Rule of Law	<p>1.1 Prevent, disrupt, and defeat terrorist operations before they occur by integrating intelligence and law enforcement efforts to achieve a coordinated response to terrorist 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 separate component organizations. There are 115,760 employees who 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.

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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 2017 Resource Information

The following pages provide summary-level resource and performance information regarding the Department's operations for FY 2017. The charts on this page reflect employees on board as of September 30, 2017.

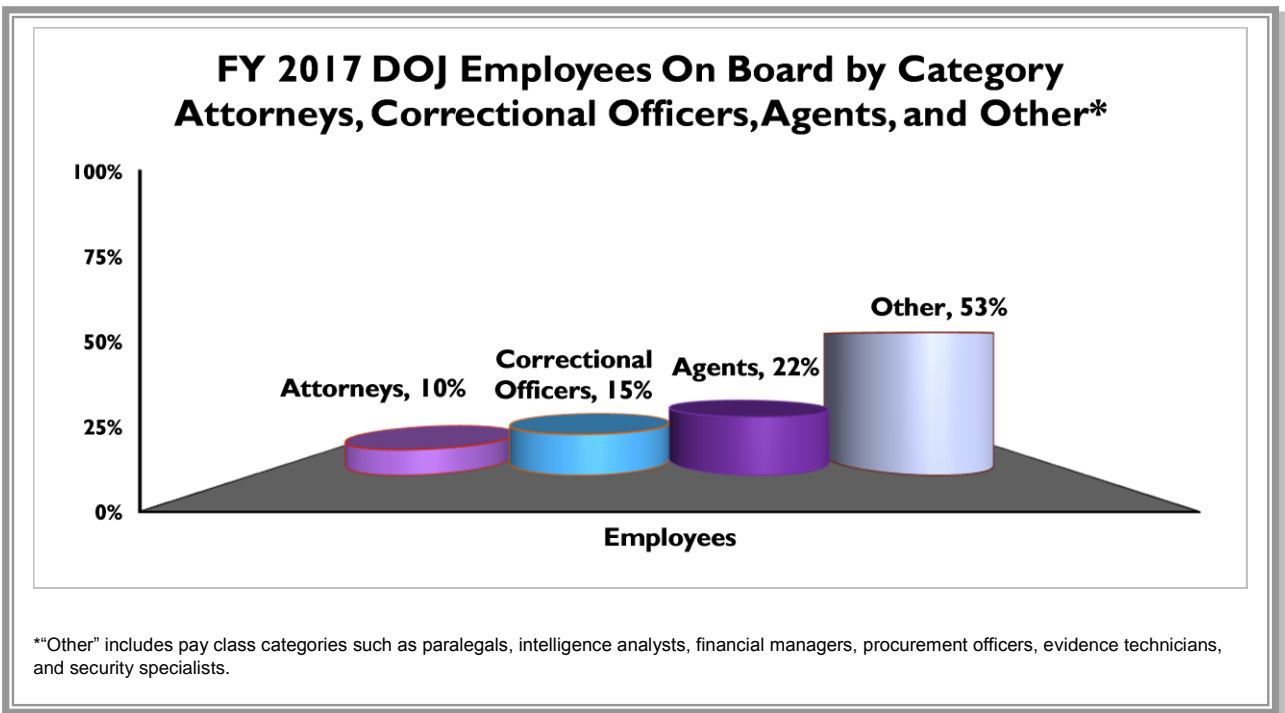
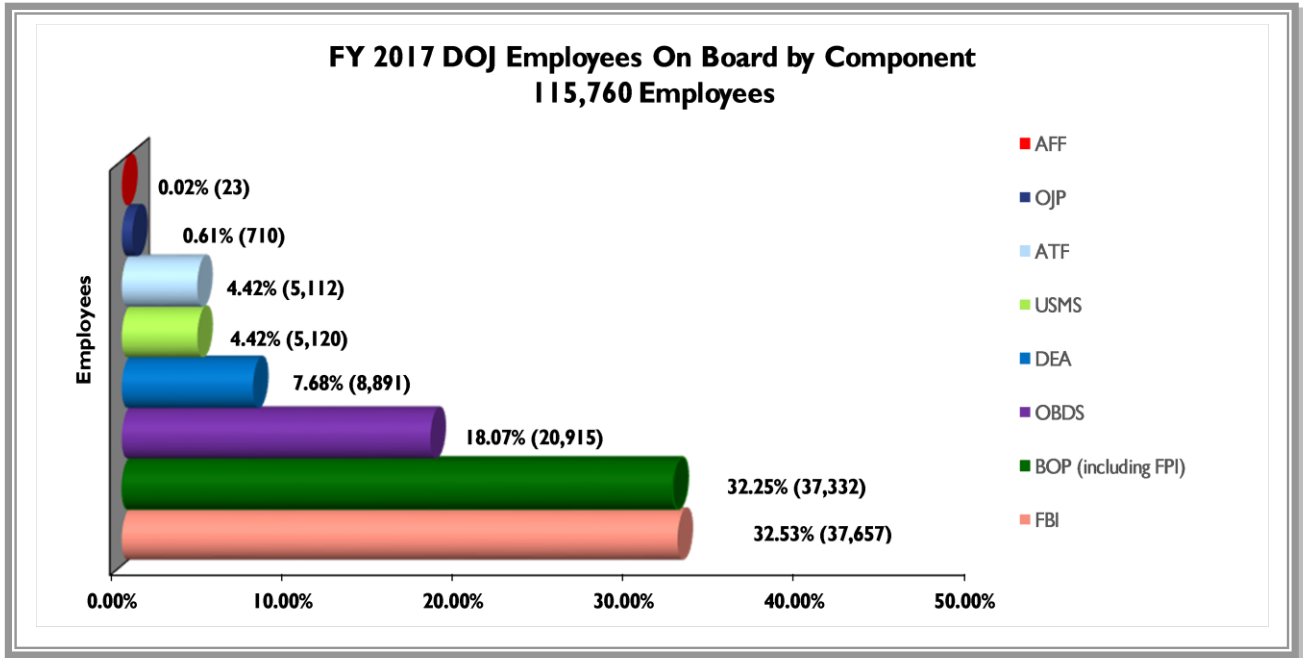


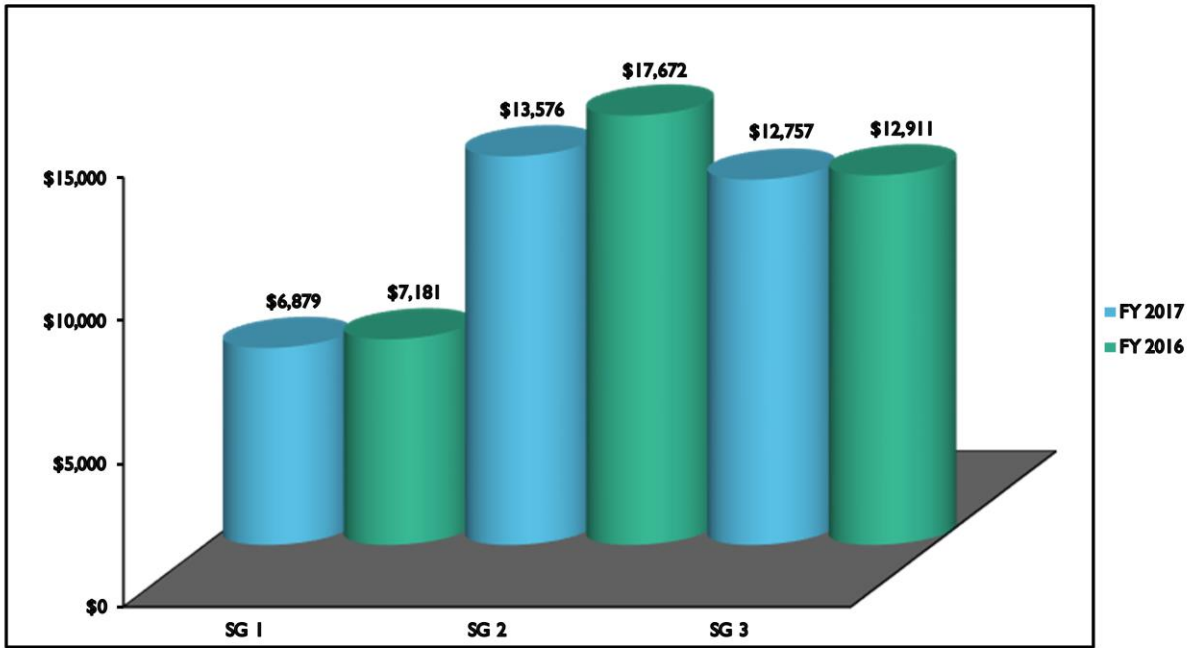
Table 1. Sources of DOJ Resources
(Dollars in Thousands)

Source	FY 2017	FY 2016	% Change
Earned Revenue:	\$ 2,834,883	\$ 3,050,988	(7.08%)
Budgetary Financing Sources:			
Appropriations Received	35,463,968	31,668,095	11.99%
Appropriations Transferred-In/Out	1,250,532	378,414	230.47%
Nonexchange Revenues	7,157,288	1,521,189	370.51%
Donations and Forfeitures of Cash and Cash Equivalents	1,378,432	1,764,050	(21.86%)
Transfers-In/Out Without Reimbursement	(496,397)	(1,897,872)	(73.84%)
Other Budgetary Financing Sources	-	(80,767)	(100.00%)
Other Adjustments	(177,123)	(1,221,050)	(85.49%)
Other Financing Sources:			
Donations and Forfeitures of Property	370,007	200,868	84.20%
Transfers-In/Out Without Reimbursement	21,168	(1,619)	(1407.47%)
Imputed Financing	725,702	801,660	(9.48%)
Other Financing Sources	(649,352)	(7,849)	8173.05%
Total DOJ Resources	\$ 47,879,108	\$ 36,176,107	32.35%

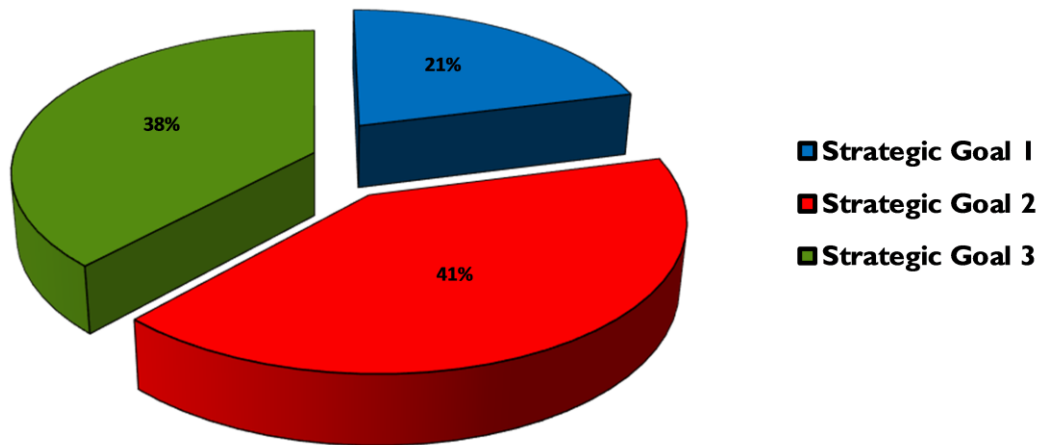
Table 2. How DOJ Resources Are Spent
(Dollars in Thousands)

Strategic Goal	FY 2017	FY 2016	% Change
1 Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law			
Gross Cost	\$ 7,169,392	\$ 7,492,891	
Less: Earned Revenue	290,694	311,505	
<i>Net Cost</i>	6,878,698	7,181,386	(4.21%)
2 Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law			
Gross Cost	14,882,824	19,009,890	
Less: Earned Revenue	1,307,215	1,338,387	
<i>Net Cost</i>	13,575,609	17,671,503	(23.18%)
3 Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels			
Gross Cost	13,993,537	14,311,779	
Less: Earned Revenue	1,236,974	1,401,096	
<i>Net Cost</i>	12,756,563	12,910,683	(1.19%)
Total Gross Cost	36,045,753	40,814,560	
Less: Total Earned Revenue	2,834,883	3,050,988	
Total Net Cost of Operations	\$ 33,210,870	\$ 37,763,572	(12.06%)

Comparison of Net Costs by Strategic Goal (SG) - FY 2017 and 2016 (Dollars in Thousands)



FY 2017 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, 2017 and 2016. 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 2017. 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, 2017, shows \$60.7 billion in total assets, an increase of \$12.1 billion over the previous year's total assets of \$48.6 billion. The increase was primarily due to increases in the September 11th Victim Compensation Fund funding and Crime Victims Funds receipts. Fund Balance with U.S. Treasury (FBWT) was \$43.0 billion, which represented 71% percent of total assets.

Liabilities: Total Department liabilities were \$21.4 billion as of September 30, 2017, an increase of \$213.0 million from the previous year's total liabilities of \$21.2 billion. The increase is primarily related to various large amounts for custodial activities.

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 \$33.2 billion for the fiscal year ended September 30, 2017, a decrease of \$4.6 billion from the previous year's net cost of operations of \$37.8 billion. The decrease is primarily related to the September 11th Victim Compensation Fund recording of an unfunded liability of \$4.6 billion in FY 2016.

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, and USMS

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 2017 Combined Statement of Budgetary Resources shows \$54.0 billion in total budgetary resources, an increase of \$5.6 billion from the previous year's total budgetary resources of \$48.4 billion. The majority of the increase is related to budgetary authority received for the September 11th Victim Compensation Fund and the United States Victims of State Sponsored Terrorism Fund.

Net Agency Outlays: The Department's FY 2017 Combined Statement of Budgetary Resources shows \$33.8 billion in net agency outlays, an increase of \$1.5 billion from the previous year's total net agency outlays of \$32.3 billion. The increase is primarily due to claimant payments from the September 11th Victim Compensation Fund and the United States Victims of State Sponsored Terrorism Fund.

Summary of Performance Information

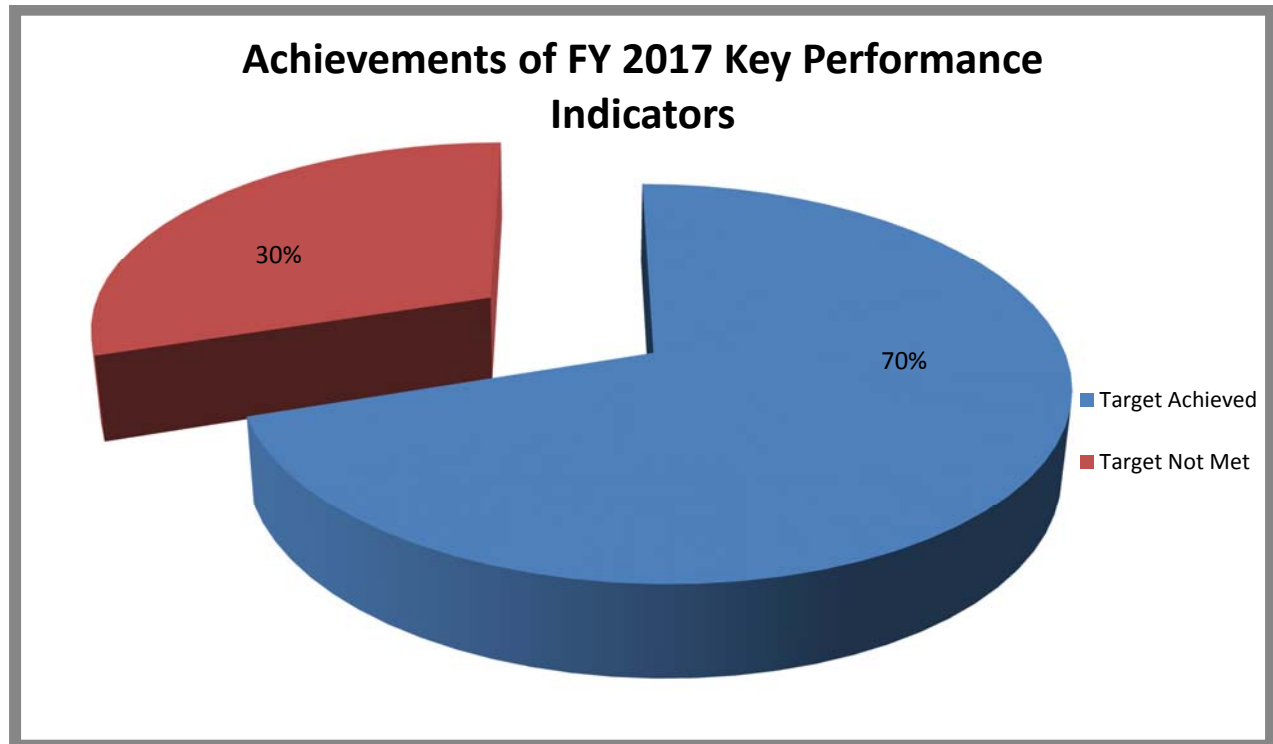
The Government Performance and Results Act Modernization Act of 2010 (GPRAMA) requires an agency's Strategic Plan to be updated every four years and cover a period of not less than four years forward from the fiscal year in which it is submitted.

The Department's FY 2014 – 2018 Strategic Plan, which contains three strategic goals, is used for this report. It includes 30 key performance measures addressing DOJ's priorities toward achieving its long-term outcome goals; the performance measures are summarized in this document. This report provides the final reporting on this Plan and associated measures; the next Strategic Plan will be released with the FY 2019 President's Budget in February 2018, consistent with GPRAMA.

During FY 2017, Departmental leadership continued to display a clear commitment to performance management through the reliance on formal quarterly status reviews. Additionally, Departmental components continued to work on improving the quality and timeliness of financial and performance information that inform quarterly status reporting and operating plans.

For this summary report, 90 percent of the performance measures have actual data for FY 2017. The Department achieved 70 percent of its key measures that had data available as of September 30, 2017. For some of the performance measures, the actual data will not be available until early 2018. 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 2017 long-term outcome goals (key performance indicators).



FY 2017 Long-term Outcome Goals
(Key Performance Indicators)

	[] Designates the reporting entity	FY 2016 Revised Actual	FY 2017 Target	FY 2017 Actual	Target Achieved/ Not Met
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]	460	200	723*	Target Achieved
1.2	Percentage of counterterrorism defendants whose cases were favorably resolved [NSD]	99%	90%	100%	Target Achieved
1.3	Percentage of counterespionage actions and disruptions against national counterintelligence priorities that result from FBI outreach [FBI]	17%	Not Disclosed	Not Disclosed ²	N/A
	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]	259	500	262*	Not Met
	Percentage of cyber defendants whose cases were favorably resolved [NSD]	100%	90%	100%	Target Achieved

*FY 2017 actual is preliminary.

² FBI discontinued the counterespionage performance measure. Due to national security reasons, the FBI's Counterintelligence Divisions implemented new Counterintelligence measures and analyses that are classified.

	[] Designates the reporting entity	FY 2016 Revised Actual	FY 2017 Target	FY 2017 Actual	Target Achieved/ Not Met
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-Consolidated Priority Organization Target (non-CPOT) [FBI]	123	124	178*	Target Achieved
	Percent of criminal cases favorably resolved [USA, CRM]	93%	90%	93%	Target Achieved
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	5,149	Target Achieved
	Percent of children recovered within 72 hours of an issuance of an AMBER alert [OJP]	95%	92%	96%	Target Achieved
2.3	Consolidated Priority Organizations Target (CPOT)-linked drug trafficking organizations [DEA, FBI (Consolidated data-OCDETF)]				
	Dismantled	185	188	106*	Not Met
	Disrupted	268	233	191*	Not Met
2.4	Number of criminal enterprises engaging in white collar crime dismantled [FBI]	302	400	438*	Target Achieved
	Percentage of dollar amounts sought by the government recovered [CIV]	88%	85%	92%	Target Achieved
2.5	Percent of civil rights cases favorably resolved: criminal cases [CRT]	85%	85%	98%	Target Achieved
	Percent of civil rights cases favorably resolved: civil cases [CRT]	100%	85%	98%	Target Achieved
2.6	Case resolution for DOJ litigating divisions – percent of criminal cases favorably resolved [ATR, CIV, CRM, ENRD, TAX, USA]	97%	90%	93%	Target Achieved
	Case resolution for DOJ litigating divisions – percent of civil cases favorably resolved [ATR, CIV, CRM, ENRD, TAX, USA]	85%	80%	82%	Target Achieved

*FY 2017 actual is preliminary.

**Final actual figure will be available in early 2018.

	[] Designates the reporting entity	FY 2016 Revised Actual	FY 2017 Target	FY 2017 Actual	Target Achieved/ Not Met
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]	71%	55%	TBD**	TBD
3.2	Assaults against protected court members [USMS]	0	0	0	Target Achieved
3.3	Percent of system-wide crowding in federal prisons [BOP]	16%	13%	13%	Target Achieved
3.4	Number of inmate participants in the Residential Drug Abuse Program [BOP]	17,588	18,591	16,641	Not Met
	Percent of youths who exhibit a desired change in the targeted behavior [OJP]	68%	73%	TBD**	TBD
3.5	Percent and number of USMS federal fugitives apprehended or cleared [USMS]	64%/32,831	60%/29,638	64%/34,261	Target Achieved
	Number of red and green notices published on U.S. fugitives and sex offenders [IPOL]	Red-384 Green-566	Red-346 Green-460	Red-343 Green-538	Not Met ³ Target Achieved
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]	5,695	4,197	5,271	Target Achieved
3.7	Percent of Institutional Hearing Program cases completed before release [EOIR]	72%	85%	79%	Not Met
	Percent of detained cases completed within 60 days [EOIR]	67%	80%	63%	Not Met
	Percent of detained appeals completed within 150 days [EOIR]	98%	90%	94%	Target Achieved
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]	12	10	12	Target Achieved
	Number of individuals in Indian Country that are receiving substance abuse treatment services (in-patient or out-patient), including Healing-to-Wellness Court [OJP]	788	947	TBD**	TBD

**Final actual figure will be available in early 2018.

³ The number of red and green notices published on U.S. fugitives and sex offenders is reported as a single performance measure. In FY 2017, IPOL partially achieved its target for total notices published – achieving only 99% of its target for red notices published.

Analysis of Systems, Controls, and Legal Compliance

Internal Control and Risk Management in the Department of Justice

The Department of Justice's internal control and risk management 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 risks and 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, Risk Management Committee, Chief Information Officers Council, Justice Management Division's Internal Review and Evaluation Office and Quality Control and Compliance Group, and Department component internal review and inspections offices. In addition, the Department considers reports issued by the Office of the Inspector General (OIG) and Government Accountability Office (GAO) when assessing risks and internal control.

In FY 2017, the Department made significant strides in developing its Enterprise Risk Management (ERM) program with the goal of integrating ERM with strategic planning and internal control processes to foster better performance-based management and decision-making. The Department convened a Risk Management Committee to identify and prioritize enterprise-wide risks associated with mission and mission-support operations across the Department. The Committee included representatives from material reporting components, a litigating division, and the Justice Management Division (JMD). Discussions of existing and planned management controls associated with the risks led to the development of an initial ERM Risk Profile.⁴

Efforts will continue in FY 2018 to further develop the Department's ERM program, to include implementing a framework for integrating ERM practices with strategy setting and performance management initiatives, consistent with the framework provided in OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. The governance structure will evolve to incorporate representatives from additional components, and Management Working Groups will be established to support detailed analyses of risks, risk responses, and internal control monitoring. Communication, training, and awareness building will be key areas of focus to leverage existing ERM practices and gain further integration between strategic planning, internal control monitoring, and performance assessment.

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.

⁴ The components contributing to the initial risk profile included the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); Bureau of Prisons (BOP); Drug Enforcement Administration (DEA); Federal Bureau of Investigation (FBI); Office of Justice Programs (OJP); United States Marshals Service (USMS); National Security Division (NSD); and the following JMD offices – Budget Staff, Finance Staff, Human Resources Staff, and the Office of the Chief Information Officer.

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 § 2) and whether financial management systems comply with government-wide requirements (FMFIA § 4).

FMFIA Assurance Statement

Department of Justice management is responsible for managing risks and maintaining effective internal control to meet the objectives of FMFIA § 2 and § 4. 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, 2017.

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 2018 to building on our achievements as we continue the important work of the Department.



Jefferson B. Sessions III
Attorney General
November 13, 2017

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. 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 2017, 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 reviews conducted pursuant to the Federal Information Security Management Act (FISMA) 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 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 2017, 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 2016.⁵ In FY 2017, the Department continued its planning efforts for the FY 2018 migrations of eight components and the remaining United States Attorneys' Offices.⁶ The UFMS implementation goals leverage lessons learned from previous migrations and are based on and aligned with operational risks and requirements unique to each component.

The Department's UFMS implementation has enabled components to improve financial and budget management and realize increased efficiencies. For example, UFMS has standardized and integrated financial

⁵ The three components migrated to UFMS in October 2015 were the Executive Office for Immigration Review, OIG, 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.

⁶ 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.

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 § 2), compliance with financial management system requirements (FMFIA § 4), and compliance with the FFMIA.

Table 3. Summary of Financial Statement Audit

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

Table 4. Summary of Management Assurances

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Prison Crowding	1	0	1	0	0	0
Total Material Weaknesses	1	0	1	0	0	0
Effectiveness of Internal Control over Financial Reporting (FMFIA § 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 § 4)						
Statement of Assurance	Federal Systems Comply					
Non-Compliances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0
Total Non-Compliances	0	0	0	0	0	0
Compliance with Section 803(a) of Federal Financial Management Improvement Act (FFMIA)						
Compliance with Specific Requirements						
Specific Requirements	Agency			Auditor		
Federal Financial Management System Requirements	No Lack of Compliance Noted			No Lack of Compliance Noted		
Applicable Federal 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		

Analysis of Legal Compliance

Department of Justice management is committed to ensuring compliance with applicable laws and regulations. In FY 2017, the OIG conducted an examination of the Department's compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act). The DATA Act requires the Inspector General of each Federal agency to review a statistically valid sample of the agency's spending data on USASpending.gov and submit to Congress a publicly available report assessing the completeness, timeliness, quality, and accuracy of the data sampled and the agency's implementation and use of the government wide financial data standards. The OIG found that the Department submitted complete and timely data to the DATA Act broker system by May 9, 2017, as required by the DATA Act, and the Department successfully implemented and used the government-wide financial data standards. However, the OIG identified a material weakness in internal controls that contributed to the Department being materially noncompliant with standards for the quality and accuracy of the data submitted. Management of the components with findings have reviewed the findings and have already taken corrective actions or actions are underway. The Department will develop a Department-level Corrective Action Plan as part of management's response to the recommendations in the OIG's report.

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.
- Foreign Intelligence and Insider Threat: Both international and domestic terrorists threaten Americans at home and abroad. Foreign governments and state-sponsored actors threaten U.S. national security through foreign operations and espionage.

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 of adversaries are always evolving.
- Opioid Epidemic: Drug overdoses are now the leading cause of injury-related deaths in the United States – more than which include prescriptions, heroin and fentanyl.
- Transnational Organized Crime: Transnational criminal organizations pose the greatest threat to national security and the safety of American citizens.

Immigration

- Increasing Workload: The Executive Office for Immigration Review's (EOIR) immigration court caseload continues to increase to record levels, growing by more than 125 percent since FY 2010 to 560,000 cases currently pending adjudication.
- Illegal Aliens: An increase in DHS apprehensions will result in more fugitive investigations for individuals with immigration warrants; more protective investigations and details for members of the judiciary; and more prisoners to receive, process, and detain.
- Immigration Enforcement Prosecutors: Federal prosecution of border crime is an essential part of the nation's defense and security and critical to public safety. U.S. Attorneys' Offices address the criminal and civil caseloads generated by law enforcement activities to ensure aggressive enforcement of all immigration statutes.

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 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, with components absorbing inflationary costs.

Unpredictable

- Responses to unanticipated natural disasters and their aftermath, such as the three major hurricanes the United States endured in 2017, 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.

U.S. DEPARTMENT OF JUSTICE

INDEPENDENT AUDITORS' REPORTS





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

Independent Auditors' Report on the Financial Statements

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited the accompanying consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2017 and 2016, 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 11% and 14% of consolidated total assets at September 30, 2017 and 2016, respectively, and total net costs constituting 23% and 20% of consolidated total net costs for the years then ended, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component, is based solely on the report 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. 17-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 17-03 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
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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 report 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, 2017 and 2016, 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



Independent Auditors' Report on the Financial Statements
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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 in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017 on our consideration of the Department's internal control over financial reporting, and our report dated November 13, 2017 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 13, 2017



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

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

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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. 17-03, *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, 2017 and 2016, 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 13, 2017. We did not audit the financial statements of the Federal Bureau of Prisons (BOP) as of and for the years ended September 30, 2017 and 2016. Those financial statements were audited by other auditors whose report has been furnished to us, and our report, insofar as it relates to the amounts included for that component, is based solely on the report 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, 2017, 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 2017 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 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 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



Independent Auditors' Report on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
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of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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 13, 2017



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

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

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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. 17-03, *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, 2017 and 2016, 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 13, 2017. We did not audit the financial statements of the Federal Bureau of Prisons (BOP) as of and for the years ended September 30, 2017 and 2016. Those financial statements were audited by other auditors whose report has been furnished to us, and our report, insofar as it relates to the amounts included for that component, is based solely on the report 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 disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 17-03.

As stated above, we did not audit the fiscal year 2017 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 of the other auditors.

The Department is currently reviewing three matters regarding potential violations of the *Antideficiency Act* (ADA) as follows:

- There are two potential ADA violations for the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). One potential violation is related to whether congressional notification was



Independent Auditors' Report on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
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necessary prior to funding the relocation of four ATF employees to the Caribbean in fiscal year 2016. The other potential violation is related to an appropriations act restriction on the consolidation or centralization of certain firearm records between fiscal years 2007 and 2009.

- The Office of Justice Programs is evaluating a potential ADA violation related to the period of availability of funds awarded under the *Victims of Crime Act of 1984*.

As of the date of this report, the outcome of these matters, and any resulting ramifications, are not known.

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 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 13, 2017

U.S. DEPARTMENT OF JUSTICE

PRINCIPAL FINANCIAL STATEMENTS AND RELATED NOTES

SEE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS



U. S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2017 and 2016

Dollars in Thousands	2017	2016
ASSETS (Note 2)		
Intragovernmental		
Fund Balance with U.S. Treasury (Note 3)	\$ 42,967,217	\$ 30,593,210
Investments, Net (Note 5)	6,707,819	7,488,767
Accounts Receivable, Net (Note 6)	633,814	580,468
Other Assets (Note 10)	167,638	64,510
Total Intragovernmental	<u>50,476,488</u>	<u>38,726,955</u>
Cash and Other Monetary Assets (Note 4)	498,093	267,679
Accounts Receivable, Net (Note 6)	297,074	95,042
Inventory and Related Property, Net (Note 7)	145,786	142,280
Forfeited Property, Net (Note 8)	112,178	110,138
General Property, Plant and Equipment, Net (Note 9)	8,765,528	8,923,762
Advances and Prepayments	355,143	341,037
Other Assets (Note 10)	3,512	598
Total Assets	<u>\$ 60,653,802</u>	<u>\$ 48,607,491</u>
LIABILITIES (Note 11)		
Intragovernmental		
Accounts Payable	\$ 360,858	\$ 316,106
Accrued Federal Employees' Compensation Act Liabilities	278,407	282,383
Custodial Liabilities (Note 21)	2,561,643	899,707
Other Liabilities (Note 15)	376,419	420,156
Total Intragovernmental	<u>3,577,327</u>	<u>1,918,352</u>
Accounts Payable	5,996,230	6,161,623
Accrued Grant Liabilities	414,286	665,975
Actuarial Federal Employees' Compensation Act Liabilities	1,785,919	1,725,538
Accrued Payroll and Benefits	468,990	460,095
Accrued Annual and Compensatory Leave Liabilities	872,085	872,211
Environmental and Disposal Liabilities (Note 12)	75,361	70,387
Deferred Revenue	698,594	674,906
Seized Cash and Monetary Instruments (Note 14)	1,544,366	1,258,666
Contingent Liabilities (Note 16)	50,338	40,431
Radiation Exposure Compensation Act Liabilities (Note 25)	252,401	329,494
September 11 th Victim Compensation Fund Liabilities (Note 25)	4,419,221	5,418,196
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)	738,182	1,025,000
Other Liabilities (Note 15)	482,533	542,003
Total Liabilities	<u>\$ 21,375,833</u>	<u>\$ 21,162,877</u>
NET POSITION		
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	\$ 74,314	\$ 19,512
Unexpended Appropriations - All Other Funds	15,483,266	9,851,034
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	20,038,128	14,788,764
Cumulative Results of Operations - All Other Funds	3,682,261	2,785,304
Total Net Position	<u>\$ 39,277,969</u>	<u>\$ 27,444,614</u>
Total Liabilities and Net Position	<u>\$ 60,653,802</u>	<u>\$ 48,607,491</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, 2017 and 2016

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	2017	\$ 1,817,042	\$ 5,352,350	\$ 7,169,392	\$ 281,720	\$ 8,974	\$ 290,694	\$ 6,878,698
	2016	\$ 1,800,503	\$ 5,692,388	\$ 7,492,891	\$ 302,866	\$ 8,639	\$ 311,505	\$ 7,181,386
Goal 2	2017	3,549,018	11,333,806	14,882,824	282,268	1,024,947	1,307,215	13,575,609
	2016	3,619,361	15,390,529	19,009,890	330,444	1,007,943	1,338,387	17,671,503
Goal 3	2017	2,897,452	11,096,085	13,993,537	672,549	564,425	1,236,974	12,756,563
	2016	2,894,133	11,417,646	14,311,779	774,123	626,973	1,401,096	12,910,683
Total	2017	<u>\$ 8,263,512</u>	<u>\$ 27,782,241</u>	<u>\$ 36,045,753</u>	<u>\$ 1,236,537</u>	<u>\$ 1,598,346</u>	<u>\$ 2,834,883</u>	<u>\$ 33,210,870</u>
	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>

- 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, 2017

	2017			
	Funds from Dedicated Collections	All Other Funds	Eliminations	Total
Cumulative Results of Operations				
Beginning Balances	\$ 14,788,764	\$ 2,401,556	\$ 383,748	\$ 17,574,068
Budgetary Financing Sources				
Appropriations Used	50,018	30,800,325	-	30,850,343
Nonexchange Revenues	6,642,025	515,263	-	7,157,288
Donations and Forfeitures of Cash and Cash Equivalents	1,216,430	162,002	-	1,378,432
Transfers-In/Out Without Reimbursement	(527,196)	414,547	(383,748)	(496,397)
Other Financing Sources				
Donations and Forfeitures of Property	369,992	15	-	370,007
Transfers-In/Out Without Reimbursement	(3,017)	24,185	-	21,168
Imputed Financing (Note 19)	24,380	719,829	(18,507)	725,702
Other Financing Sources	(2)	(649,350)	-	(649,352)
Total Financing Sources	<u>7,772,630</u>	<u>31,986,816</u>	<u>(402,255)</u>	<u>39,357,191</u>
Net Cost of Operations	<u>(2,523,266)</u>	<u>(30,706,111)</u>	<u>18,507</u>	<u>(33,210,870)</u>
Net Change	5,249,364	1,280,705	(383,748)	6,146,321
Cumulative Results of Operations	<u>\$ 20,038,128</u>	<u>\$ 3,682,261</u>	<u>\$ -</u>	<u>\$ 23,720,389</u>
Unexpended Appropriations				
Beginning Balances	\$ 19,512	\$ 10,234,782	\$ (383,748)	\$ 9,870,546
Budgetary Financing Sources				
Appropriations Received	104,820	35,359,148	-	35,463,968
Appropriations Transferred-In/Out	-	866,784	383,748	1,250,532
Other Adjustments	-	(177,123)	-	(177,123)
Appropriations Used	(50,018)	(30,800,325)	-	(30,850,343)
Total Budgetary Financing Sources	<u>54,802</u>	<u>5,248,484</u>	<u>383,748</u>	<u>5,687,034</u>
Unexpended Appropriations	<u>\$ 74,314</u>	<u>\$ 15,483,266</u>	<u>\$ -</u>	<u>\$ 15,557,580</u>
Net Position	<u>\$ 20,112,442</u>	<u>\$ 19,165,527</u>	<u>\$ -</u>	<u>\$ 39,277,969</u>

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
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
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
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
Combined Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2017 and 2016

Dollars in Thousands	2017	2016
Budgetary Resources:		
Unobligated Balance, Brought Forward, October 1	\$ 6,364,266	\$ 6,077,347
Recoveries of Prior Year Unpaid Obligations	1,251,047	964,515
Other Changes in Unobligated Balance	36,461	59,804
Unobligated Balance from Prior Year Budget Authority, Net	7,651,774	7,101,666
Appropriations (discretionary and mandatory)	40,788,752	35,485,436
Spending Authority from Offsetting Collections (discretionary and mandatory)	5,527,517	5,764,286
Total Budgetary Resources	\$ 53,968,043	\$ 48,351,388
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total) (Note 20)	\$ 41,885,462	\$ 41,987,122
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	10,764,924	5,141,166
Exempt from Apportionment, Unexpired Accounts	216,924	209,097
Unapportioned, Unexpired Accounts	306,436	300,852
Unexpired Unobligated Balance, End of Year	11,288,284	5,651,115
Expired Unobligated Balance, End of Year	794,297	713,151
Unobligated Balance - End of Year (Total)	12,082,581	6,364,266
Total Status of Budgetary Resources	\$ 53,968,043	\$ 48,351,388
Change in Obligated Balance:		
Unpaid Obligations:		
Unpaid Obligations, Brought Forward, October 1	\$ 21,828,507	\$ 19,373,423
New Obligations and Upward Adjustments	41,885,462	41,987,122
Outlays, Gross (-)	(40,153,942)	(38,567,523)
Recoveries of Prior Year Unpaid Obligations (-)	(1,251,047)	(964,515)
Unpaid Obligations, End of Year	22,308,980	21,828,507
Uncollected Payments:		
Uncollected Payments from Federal Sources, Brought Forward, October 1 (-)	(1,966,037)	(1,813,652)
Change in Uncollected Payments from Federal Sources	(120,517)	(152,385)
Uncollected Payments from Federal Sources, End of Year (-)	(2,086,554)	(1,966,037)
Memorandum (non-add) Entries:		
Obligated balance, Start of Year	\$ 19,862,470	\$ 17,559,771
Obligated balance, End of Year	\$ 20,222,426	\$ 19,862,470
Budgetary Authority and Outlays, Net:		
Budgetary Authority, Gross (discretionary and mandatory)	\$ 46,316,269	\$ 41,249,722
Less: Actual Offsetting Collections (discretionary and mandatory)	5,640,656	5,682,921
Change in Uncollected Payments from Federal Sources (discretionary and mandatory)	(120,517)	(152,385)
Recoveries of Prior Year Paid Obligations (discretionary and mandatory)	52,580	74,640
Budget Authority, Net (discretionary and mandatory)	\$ 40,607,676	\$ 35,489,056
Outlays, Gross (discretionary and mandatory)	\$ 40,153,942	\$ 38,567,523
Less: Actual Offsetting Collections (discretionary and mandatory)	5,640,656	5,682,921
Outlays, Net (Total) (discretionary and mandatory)	34,513,286	32,884,602
Less: Distributed Offsetting Receipts	668,308	614,185
Agency Outlays, Net (discretionary and mandatory)	\$ 33,844,978	\$ 32,270,417

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

U. S. Department of Justice
Combined Statements of Custodial Activity
For the Year Ended September 30, 2017 and 2016

Dollars in Thousands	2017	2016
Revenue Activity		
Sources of Cash Collections		
Federal Debts, Fines, Penalties and Restitution	\$ 14,457,265	\$ 13,176,411
Fees and Licenses	49,670	92,124
Miscellaneous	621	1,266
Total Cash Collections	<u>14,507,556</u>	<u>13,269,801</u>
Accrual Adjustments	1,309	(1,575)
Total Custodial Revenue (Note 21)	<u>14,508,865</u>	<u>13,268,226</u>
Disposition of Collections		
Transferred to Federal Agencies		
U.S. Department of Agriculture	(89,477)	(46,897)
U.S. Department of Commerce	(13,116)	(19,732)
U.S. Department of the Interior	(581,891)	(181,310)
U.S. Department of Justice	(43,576)	(18,534)
U.S. Department of Labor	(3,524)	(4,336)
U.S. Postal Service	(3,039)	(16,212)
U.S. Department of State	(954)	(1,683)
U.S. Department of the Treasury	(999,755)	(1,483,057)
Office of Personnel Management	(3,741)	(9,528)
National Credit Union Administration	(40)	(557,751)
Federal Communications Commission	(8,127)	(71)
Social Security Administration	(527)	(916)
Smithsonian Institution	-	(127)
U.S. Department of Veterans Affairs	(82,240)	(18,065)
Equal Employment Opportunity Commission	-	(154)
General Services Administration	(25,707)	(53,647)
Securities and Exchange Commission	(52)	(3)
Federal Deposit Insurance Corporation	(44)	(49)
Railroad Retirement Board	(525)	(303)
Tennessee Valley Authority	-	(2,078)
Environmental Protection Agency	(1,637,315)	(89,678)
U.S. Department of Transportation	(21,464)	(14,320)
U.S. Department of Homeland Security	(186,848)	(114,261)
Agency for International Development	(1,565)	(11,647)
Small Business Administration	(7,387)	(22,617)
U.S. Department of Health and Human Services	(1,083,580)	(1,099,933)
National Aeronautics and Space Administration	(908)	(1,353)
Export-Import Bank of the United States	(1,307)	(1,258)
U.S. Department of Housing and Urban Development	(204,517)	(743,963)
U.S. Department of Energy	(65,394)	(9,744)
U.S. Department of Education	(24,841)	(37,303)
Independent Agencies	(58,518)	(123,522)
Treasury General Fund	(6,796,992)	(8,020,654)
U.S. Department of Defense	(132,403)	(139,543)
Transferred to the Public	(416,983)	(691,925)
(Increase)/Decrease in Amounts Yet to be Transferred	(1,630,036)	640,663
Refunds and Other Payments	(30,604)	(4,706)
Retained by the Reporting Entity	(351,868)	(368,009)
Total Disposition of Collections	<u>(14,508,865)</u>	<u>(13,268,226)</u>
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, Federal Employee and Veteran Benefits 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 2017 and 2016, 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.

These notes are an integral part of the financial statements.

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

D. Basis of Accounting (continued)

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.

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.

These notes are an integral part of the financial statements.

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

G. Investments (continued)

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.

The United States Victims of State Sponsored Terrorism Act states that the USVSST Fund shall be invested in the same manner as a trust fund and authorizes the Treasury to manage the investment of the USVSST Fund. The Department of Justice notifies the Treasury promptly of amounts deposited to the USVSST Fund in order to ensure that Treasury may invest such receipts in the account. Treasury, in its administrative discretion, determines how the USVSST Fund will be invested, to ensure that the securities purchased for the USVSST Fund will have maturities suitable to the needs of the USVSST Fund. Interest revenue on investments will be reported on an accrual basis but all other activity in the USVSST Fund will be reported on a cash basis.

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.

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

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 was granted a waiver capitalizing real property acquisition costs equal to or exceeding \$100.

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.

These notes are an integral part of the financial statements.

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

L. Forfeited and Seized Property (continued)

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 valued at fair market value upon seizure, or, as soon as reasonably possible when market value could not be readily determined. The fair market value 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 Consolidated Balance Sheets. 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.

N. Accrued Grant Liabilities

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

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

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

O. Contingencies and Commitments

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

P. Annual, Sick, and Other Leave

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

Q. Interest on Late Payments

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

R. Retirement Plan

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

- 1) Employees hired before January 1, 1984, are covered by the Civil Service Retirement System (CSRS). 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.

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 (continued)

- b. Employees hired January 1, 2013 through December 31, 2013, are covered by the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE). The Department contributes 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, for additional details.

S. Federal Employee Compensation Benefits

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

Actuarial Liability: The Department of Labor (DOL) calculates the liability of the federal government for future compensation benefits, which includes the expected liability for death, disability, medical, and other approved costs. 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.

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)

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.

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.

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 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.

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.

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

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 obligations 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 2016 financial statements were reclassified to conform to the FY 2017 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, 2017 through the date of the auditors' opinion have been evaluated for potential recognition or disclosure in the financial statements. The date of the auditors' opinion also represents the date that the financial statements were available to be issued.

These notes are an integral part of the financial statements.

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

Note 2. Non-Entity Assets

As of September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Intragovernmental		
Fund Balance with U.S. Treasury	\$ 2,729,218	\$ 1,101,057
Investments, Net	<u>1,123,000</u>	<u>1,067,000</u>
Total Intragovernmental	<u>3,852,218</u>	<u>2,168,057</u>
With the Public		
Cash and Other Monetary Assets	454,471	226,763
Accounts Receivable, Net	<u>5,273</u>	<u>3,830</u>
Total With the Public	<u>459,744</u>	<u>230,593</u>
Total Non-Entity Assets	4,311,962	2,398,650
Total Entity Assets	<u>56,341,840</u>	<u>46,208,841</u>
Total Assets	<u>\$ 60,653,802</u>	<u>\$ 48,607,491</u>

These notes are an integral part of the financial statements.

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

Note 3. Fund Balance with U.S. Treasury

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

As of September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Fund Balances		
Trust Funds	\$ 93,460	\$ 101,648
Special Funds	20,810,519	14,202,065
Revolving Funds	850,416	1,125,824
General Funds	21,125,741	15,085,629
Other Fund Types	<u>87,081</u>	<u>78,044</u>
Total Fund Balances with U.S. Treasury	<u>\$ 42,967,217</u>	<u>\$ 30,593,210</u>
Status of Fund Balances		
Unobligated Balance - Available	\$ 10,276,053	\$ 4,501,930
Unobligated Balance - Available in Subsequent Periods	705,795	848,333
Unobligated Balance - Unavailable	1,100,733	1,014,003
Obligated Balance not yet Disbursed	20,222,426	19,862,470
Other Funds (With)/Without Budgetary Resources	<u>10,657,311</u>	<u>4,361,646</u>
Total Status of Fund Balances	<u>\$ 42,962,318</u>	<u>\$ 30,588,382</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, 2017 and 2016, the respective immaterial variances of \$4,899 and \$4,828 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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash		
Undeposited Collections	\$ 186	\$ 17
Imprest Funds	43,622	40,903
Seized Cash Deposited	365,644	134,580
Other	<u>32,919</u>	<u>29,444</u>
Total Cash	<u>442,371</u>	<u>204,944</u>
Other Monetary Assets		
Seized Monetary Instruments	<u>55,722</u>	<u>62,735</u>
Total Other Monetary Assets	<u>55,722</u>	<u>62,735</u>
Total Cash and Other Monetary Assets	<u>\$ 498,093</u>	<u>\$ 267,679</u>

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

Note 5. Investments, Net

	<u>Cost</u>	<u>Amortized (Premium) Discount</u>	<u>Interest Receivable</u>	<u>Investments, Net</u>	<u>Market Value</u>
As of September 30, 2017					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 6,672,146	\$ 34,940	\$ 733	\$ 6,707,819	\$ 6,705,241
As of September 30, 2016					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 7,461,697	\$ 26,309	\$ 761	\$ 7,488,767	\$ 7,493,881

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Intragovernmental		
Accounts Receivable	\$ 634,065	\$ 580,969
Allowance for Uncollectible Accounts	<u>(251)</u>	<u>(501)</u>
Total Intragovernmental	<u>633,814</u>	<u>580,468</u>
With the Public		
Accounts Receivable	310,749	107,668
Allowance for Uncollectible Accounts	<u>(13,675)</u>	<u>(12,626)</u>
Total With the Public	<u>297,074</u>	<u>95,042</u>
Total Accounts Receivable, Net	<u>\$ 930,888</u>	<u>\$ 675,510</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 U.S. Victims of State Sponsored Terrorism Fund (USVSST Fund), 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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Inventory		
Raw Materials	\$ 48,816	\$ 52,670
Work in Process	22,388	18,975
Finished Goods	26,930	30,728
Inventory Purchased for Resale	19,131	18,564
Excess, Obsolete, and Unserviceable	18,136	18,835
Inventory Allowance	<u>(10,245)</u>	<u>(15,071)</u>
Operating Materials and Supplies		
Held for Current Use	<u>20,630</u>	<u>17,579</u>
Total Inventory and Related Property, Net	<u>\$ 145,786</u>	<u>\$ 142,280</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 includes property status and asset group 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.

Method of Disposition of Forfeited Property:

For the year ended September 30, 2017 and 2016, \$93,127 and \$132,206 of forfeited property were sold, \$1,610 and \$1,633 were destroyed or donated, \$7,328 and \$7,968 were returned to owners, and \$276,279 and \$62,630 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, 2017

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	333	418	566	(1,037)	280	-	280
	Value	\$ 3,078	\$ 3,910	\$ 270,066	\$ (272,158)	\$ 4,896	\$ (64)	\$ 4,832
Real Property	Number	387	1	257	(343)	302	-	302
	Value	\$ 71,878	\$ 4,701	\$ 73,492	\$ (75,277)	\$ 74,794	\$ (1,419)	\$ 73,375
Personal Property	Number	2,725	138	3,107	(3,247)	2,723	-	2,723
	Value	\$ 38,038	\$ (3,165)	\$ 30,046	\$ (30,909)	\$ 34,010	\$ (39)	\$ 33,971
Non-Valued Firearms	Number	27,999	(513)	15,807	(14,736)	28,557	-	28,557
Total	Number	31,444	44	19,737	(19,363)	31,862	-	31,862
	Value	\$ 112,994	\$ 5,446	\$ 373,604	\$ (378,344)	\$ 113,700	\$ (1,522)	\$ 112,178

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

(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 and asset group 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 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:

For the fiscal year ended September 30, 2017 and 2016, \$1,116,411 and \$1,757,651 of seized property were forfeited, \$59,420 and \$99,386 were returned to parties with a bonafide interest, and \$8,114 and \$11,191 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, 2017

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	10,225 \$ 1,217,222	576 \$ 15,867	7,599 \$ 1,351,072	(7,933) \$ (1,083,138)	10,467 \$ 1,501,023	- \$ (258,350)	10,467 \$ 1,242,673
Financial Instruments	Number Value	416 \$ 178,963	143 \$ (63)	356 \$ 33,684	(244) \$ (9,918)	671 \$ 202,666	- \$ (20,141)	671 \$ 182,525
Real Property	Number Value	83 \$ 16,085	(17) \$ (38)	102 \$ 45,917	(83) \$ (27,553)	85 \$ 34,411	- \$ (14,791)	85 \$ 19,620
Personal Property	Number Value	5,261 \$ 113,135	533 \$ (8,212)	3,785 \$ 87,973	(4,177) \$ (55,076)	5,402 \$ 137,820	- \$ (39,365)	5,402 \$ 98,455
Non-Valued Firearms	Number	22,775	3,228	19,729	(18,751)	26,981	-	26,981
Total	Number Value	38,760 \$ 1,525,405	4,463 \$ 7,554	31,571 \$ 1,518,646	(31,188) \$ (1,175,685)	43,606 \$ 1,875,920	- \$ (332,647)	43,606 \$ 1,543,273

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

(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, 2017

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	\$ 41,444	\$ (6,122)	\$ 14,971	\$ (6,950)	\$ 43,343
Personal Property	Number	358	(21)	84	(93)	328
	Value	\$ 4,812	\$ (183)	\$ 1,979	\$ (1,310)	\$ 5,298
Non-Valued Firearms	Number	54,023	(686)	12,393	(9,851)	55,879
Drug Evidence						
Cocaine	KG	61,519	1,697	90,361	(79,129)	74,448
Heroin	KG	5,438	28	1,659	(1,274)	5,851
Marijuana	KG	10,313	(42)	866	(1,980)	9,157
Bulk Drug Evidence	KG	95,624	955	378,283	(366,324)	108,538
Methamphetamine	KG	16,742	127	6,647	(4,427)	19,089
Other	KG	15,579	45	1,820	(2,775)	14,669
Total Drug Evidence	KG	205,215	2,810	479,636	(455,909)	231,752

For the Fiscal Year Ended September 30, 2016

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

(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, 2017

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 184,715	\$ -	\$ 184,715	N/A
Construction in Progress	375,909	-	375,909	N/A
Buildings, Improvements and Renovations	11,615,934	(6,121,322)	5,494,612	2-50 yrs
Other Structures and Facilities	999,951	(669,880)	330,071	10-50 yrs
Aircraft	630,679	(241,536)	389,143	5-30 yrs
Boats	14,457	(6,435)	8,022	5-25 yrs
Vehicles	381,054	(265,540)	115,514	2-25 yrs
Equipment	1,415,739	(940,919)	474,820	2-25 yrs
Assets Under Capital Lease	90,268	(66,322)	23,946	2-30 yrs
Leasehold Improvements	1,879,158	(1,270,582)	608,576	2-20 yrs
Internal Use Software	2,134,576	(1,563,143)	571,433	2-10 yrs
Internal Use Software in Development	186,544	-	186,544	N/A
Other General Property, Plant and Equipment	3,013	(790)	2,223	10-20 yrs
Total	\$ 19,911,997	\$ (11,146,469)	\$ 8,765,528	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2017	\$ 232,294	\$ 573,341	\$ 805,635

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, 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	<u>\$ 19,210,274</u>	<u>\$ (10,286,512)</u>	<u>\$ 8,923,762</u>	

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

Note 10. Other Assets

As of September 30, 2017 and 2016

	2017	2016
Intragovernmental		
Advances and Prepayments	\$ 167,433	\$ 64,490
Other Intragovernmental Assets	205	20
Total Intragovernmental	<u>167,638</u>	<u>64,510</u>
Other Assets With the Public	3,512	598
Total Other Assets	<u>\$ 171,150</u>	<u>\$ 65,108</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

As of September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Intragovernmental		
Accrued FECA Liabilities	\$ 275,598	\$ 279,408
Other Unfunded Employment Related Liabilities	904	1,103
Other	<u>2,106</u>	<u>2,761</u>
Total Intragovernmental	<u>278,608</u>	<u>283,272</u>
With the Public		
Actuarial FECA Liabilities	1,785,919	1,725,538
Accrued Annual and Compensatory Leave Liabilities	867,711	866,831
Environmental and Disposal Liabilities (Note 12)	75,361	70,387
Deferred Revenue	585,572	563,888
Contingent Liabilities (Note 16)	50,338	40,431
Capital Lease Liabilities (Note 13)	76	97
Radiation Exposure Compensation Act Liabilities (Note 25)	252,401	329,494
September 11th Victim Compensation Fund Liabilities (Note 25)	-	5,418,196
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)	215,909	1,025,000
Other	<u>271,997</u>	<u>224,746</u>
Total With the Public	<u>4,105,284</u>	<u>10,264,608</u>
Total Liabilities not Covered by Budgetary Resources	<u>4,383,892</u>	<u>10,547,880</u>
Total Liabilities Covered by Budgetary Resources	<u>16,991,941</u>	<u>10,614,997</u>
Total Liabilities	<u>\$ 21,375,833</u>	<u>\$ 21,162,877</u>

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.

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

As of September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Firing Ranges		
Beginning Balance, Brought Forward	\$ 30,561	\$ 29,921
Future Funded Expenses	799	178
Inflation Adjustment	<u>667</u>	<u>462</u>
Total Firing Range Liability	32,027	30,561
Asbestos		
Beginning Balance, Brought Forward	\$ 39,826	\$ 49,881
New Asbestos	2,718	11
Abatements	(177)	(357)
Inflation Adjustment	900	626
Future Funded Expenses	<u>67</u>	<u>(10,335)</u>
Total Asbestos Liability	\$ 43,334	\$ 39,826
Total Environmental and Disposal Liabilities	<u>\$ 75,361</u>	<u>\$ 70,387</u>

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

Firing Ranges

The BOP operates firing ranges on 67 of the sites where its institutions are located. Use of these firing ranges generates waste consisting primarily of lead shot and spent rounds from rifles, shotguns, pistols, and automatic weapons. At operational firing ranges, lead-containing bullets are fired and eventually fall to the ground at or near the range. As of September 30, 2017 and 2016, the BOP reported the estimated firing range clean-up liability of \$29,724 and \$29,057, 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 2017, the FBI estimated total firing range liability of \$2,303 based on the estimated costs for contamination remediation. As of September 30, 2017 and 2016, the FBI reported the estimated firing range clean-up liability of \$2,303 and \$1,504, respectively.

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)

Asbestos

BOP conducted a review of 46 institutions that were built prior to 1980; the review provided an estimate of the extent of friable and non-friable Asbestos Containing Materials (ACM) remaining in each of the institutions as of October 30, 2009. As of September 30, 2017 and 2016, the BOP recorded an estimated asbestos clean-up liability of \$40,072 and \$39,350 respectively, a \$722 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 \$3,327, 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, 2017 and 2016, the FBI recognized the estimated cleanup liability of \$3,262 and \$476 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, 2017.

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.

Capital Leases	<u>2017</u>	<u>2016</u>
Summary of Assets Under Capital Lease		
Land and Buildings	\$ 89,652	\$ 89,625
Machinery and Equipment	616	690
Accumulated Amortization	<u>(66,322)</u>	<u>(63,380)</u>
Total Assets Under Capital Lease (Note 9)	<u>\$ 23,946</u>	<u>\$ 26,935</u>

Future Capital Lease Payments Due

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2018	\$ 38	\$ 36	\$ 74
2019	38	35	73
2020	<u>-</u>	<u>17</u>	<u>17</u>
Total Future Capital Lease Payments	<u>\$ 76</u>	<u>\$ 88</u>	<u>\$ 164</u>
Less: Imputed Interest	-	(5)	(5)
Less: Executory Costs	-	(44)	(44)
FY 2017 Net Capital Lease Liabilities	<u>\$ 76</u>	<u>\$ 39</u>	<u>\$ 115</u>
FY 2016 Net Capital Lease Liabilities	<u>\$ 97</u>	<u>\$ 55</u>	<u>\$ 152</u>

	<u>2017</u>	<u>2016</u>
Net Capital Lease Liabilities Covered by Budgetary Resources	\$ 39	\$ 55
Net Capital Lease Liabilities not Covered by Budgetary Resources	\$ 76	\$ 97

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>
2018	\$ 364,100	\$ 7,771	\$ 371,871
2019	373,604	143	373,747
2020	377,970	133	378,103
2021	354,299	20	354,319
2022	333,986	-	333,986
After 2022	2,954,354	-	2,954,354
Total Future Noncancelable Operating Lease Payments	<u>\$ 4,758,313</u>	<u>\$ 8,067</u>	<u>\$ 4,766,380</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Investments, Net	\$ 1,123,000	\$ 1,067,000
Seized Cash Deposited	365,644	134,580
Seized Monetary Instruments	55,722	62,735
Seized Cash in Transit to Forfeiture	-	(5,649)
Total Seized Cash and Monetary Instruments	<u>\$ 1,544,366</u>	<u>\$ 1,258,666</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	\$ 164,266	\$ 161,738
Other Post-Employment Benefits Due and Payable	1,820	2,095
Other Unfunded Employment Related Liabilities	903	1,103
Advances from Others	188,047	219,226
Liability for Clearing Accounts	8,002	(4,878)
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	1,948	6,975
Other Liabilities	<u>11,433</u>	<u>33,897</u>
Total Intragovernmental	<u>\$ 376,419</u>	<u>\$ 420,156</u>
With the Public		
Other Accrued Liabilities	\$ 13,180	\$ 7,172
Advances from Others	8,505	12,388
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	79,391	76,031
Liability for Clearing Accounts	55	256
Custodial Liabilities	93,949	125,849
Capital Leases Liabilities	115	152
Other Liabilities	<u>287,338</u>	<u>320,155</u>
Total With the Public	<u>\$ 482,533</u>	<u>\$ 542,003</u>
Total Other Liabilities	<u>\$ 858,952</u>	<u>\$ 962,159</u>

The Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity consists 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

	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
As of September 30, 2017			
Probable	\$ 50,338	\$ 50,338	\$ 80,737
Reasonably Possible		91,754	226,894
As of September 30, 2016			
Probable	\$ 40,431	\$ 40,431	\$ 61,780
Reasonably Possible		611,504	1,200,375

These notes are an integral part of the financial statements.

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

Note 17. Funds from Dedicated Collections

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

As of September 30, 2017

	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	\$ 1,389,918	\$ 68,044	\$ 20,312	\$ 18,523,475	\$ 483	\$ 303,927	\$ 62,469	\$ 20,368,628
Investments, Net	5,249,550	-	-	-	-	-	-	5,249,550
Other Assets	120,841	38,680	1,511	19,595	-	9,430	25,259	215,316
Total Assets	\$ 6,760,309	\$ 106,724	\$ 21,823	\$ 18,543,070	\$ 483	\$ 313,357	\$ 87,728	\$ 25,833,494
Liabilities								
Accounts Payable	\$ 4,709,115	\$ 8,681	\$ 7,583	\$ 62,235	\$ -	\$ 11,494	\$ 9,185	\$ 4,808,293
Other Liabilities	115,364	17,753	12,711	151,509	-	603,999	11,423	912,759
Total Liabilities	\$ 4,824,479	\$ 26,434	\$ 20,294	\$ 213,744	\$ -	\$ 615,493	\$ 20,608	\$ 5,721,052
Net Position								
Unexpended Appropriations	\$ -	\$ 65,283	\$ 9,031	\$ -	\$ -	\$ -	\$ -	\$ 74,314
Cumulative Results of Operations	1,935,830	15,007	(7,502)	18,329,326	483	(302,136)	67,120	20,038,128
Total Net Position	\$ 1,935,830	\$ 80,290	\$ 1,529	\$ 18,329,326	\$ 483	\$ (302,136)	\$ 67,120	\$ 20,112,442
Total Liabilities and Net Position	\$ 6,760,309	\$ 106,724	\$ 21,823	\$ 18,543,070	\$ 483	\$ 313,357	\$ 87,728	\$ 25,833,494

For the Fiscal Year Ended September 30, 2017

	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	\$ 979,509	\$ 227,579	\$ 180,700	\$ 1,404,505	\$ -	\$ 392,459	\$ 355,925	\$ 3,540,677
Less: Earned Revenues	14,723	152,701	125,682	-	-	380,531	343,774	1,017,411
Net Cost of Operations	\$ 964,786	\$ 74,878	\$ 55,018	\$ 1,404,505	\$ -	\$ 11,928	\$ 12,151	\$ 2,523,266
Statement of Changes in Net Position								
Net Position Beginning of Period	\$ 1,460,226	\$ 83,512	\$ 12,810	\$ 13,475,326	\$ 131	\$ (298,918)	\$ 75,189	\$ 14,808,276
Budgetary Financing Sources	1,072,102	65,583	39,537	6,258,505	352	-	-	7,436,079
Other Financing Sources	368,288	6,073	4,200	-	-	8,710	4,082	391,353
Total Financing Sources	1,440,390	71,656	43,737	6,258,505	352	8,710	4,082	7,827,432
Net Cost of Operations	(964,786)	(74,878)	(55,018)	(1,404,505)	-	(11,928)	(12,151)	(2,523,266)
Net Change	475,604	(3,222)	(11,281)	4,854,000	352	(3,218)	(8,069)	5,304,166
Net Position End of Period	\$ 1,935,830	\$ 80,290	\$ 1,529	\$ 18,329,326	\$ 483	\$ (302,136)	\$ 67,120	\$ 20,112,442

These notes are an integral part of the financial statements.

FY 2017 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, 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.

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.

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 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.

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, 2017

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	\$ -	\$ 444,626	\$ -	\$ 71,749	\$ 5,696,716	\$ -	\$ 896,328	\$ -	\$ 89,193	\$ (29,220)	\$ 7,169,392
Less: Earned Revenues	-	-	-	6,731	305,503	-	7,680	-	-	(29,220)	290,694
Net Cost of Operations	-	444,626	-	65,018	5,391,213	-	888,648	-	89,193	-	6,878,698
Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law											
Gross Cost	979,509	944,830	10,366	2,968,048	3,676,740	-	5,559,894	1,917,853	40,577	(1,214,993)	14,882,824
Less: Earned Revenues	14,723	91,448	-	794,906	217,759	-	1,394,259	9,113	-	(1,214,993)	1,307,215
Net Cost of Operations	964,786	853,382	10,366	2,173,142	3,458,981	-	4,165,635	1,908,740	40,577	-	13,575,609
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	-	-	7,941,552	-	811,696	592,296	923,415	931,405	3,046,016	(252,843)	13,993,537
Less: Earned Revenues	-	-	370,622	-	440,826	586,650	1,860	15,366	55,986	(234,336)	1,236,974
Net Cost of Operations	-	-	7,570,930	-	370,870	5,646	921,555	916,039	2,990,030	(18,507)	12,756,563
Net Cost of Operations	\$ 964,786	\$ 1,298,008	\$ 7,581,296	\$ 2,238,160	\$ 9,221,064	\$ 5,646	\$ 5,975,838	\$ 2,824,779	\$ 3,119,800	\$ (18,507)	\$ 33,210,870

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	\$ -	\$ 439,440	\$ -	\$ 82,360	\$ 5,616,030	\$ -	\$ 1,299,474	\$ -	\$ 86,114	\$ (30,527)	\$ 7,492,891
Less: Earned 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: Earned 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: Earned 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

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

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

SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, requires that employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires OPM to provide cost factors necessary to calculate the cost. OPM actuaries calculate the value of pension benefits expected to be paid in the future, and then determine the total funds to be contributed by and for covered employees, such that the amount calculated would be sufficient to fund the projected pension benefits. The cost factors are as follows:

	Category	Cost Factor (%)
Civil Service Retirement System (CSRS)	Regular Employees	32.8%
	Regular Employees Offset	24.2%
	Law Enforcement Officers	56.4%
	Law Enforcement Officers Offset	48.5%
Federal Employees Retirement System (FERS)	Regular Employees	14.7%
	Regular Employees – Revised Annuity Employees (RAE)	15.3%
	Regular Employees – Further Revised Annuity Employees (FRAE)	15.4%
	Law Enforcement Officers	32.5%
	Law Enforcement Officers – RAE	33.2%
	Law Enforcement Officers – FRAE	33.3%

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 (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, 2017 and 2016

	2017	2016
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	\$ 21,373	\$ 23,986
Health Insurance	543,105	606,936
Life Insurance	2,175	2,153
Pension	159,049	168,585
Total Imputed Inter-Departmental	\$ 725,702	\$ 801,660

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 2017 and 2016, the FPI imputed costs were \$18,507 and \$18,109, 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:

	Direct New Obligations and Upward Adjustments	Reimbursable New Obligations and Upward Adjustments	Total New Obligations and Upward Adjustments
For the Fiscal Year Ended September 30, 2017			
Apportioned Under			
Category A	\$ 33,637,879	\$ 4,167,011	\$ 37,804,890
Category B	3,164,431	283,322	3,447,753
Exempt from Apportionment	-	632,819	632,819
Total	<u>\$ 36,802,310</u>	<u>\$ 5,083,152</u>	<u>\$ 41,885,462</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>

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.

These notes are an integral part of the financial statements.

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

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

Status of Undelivered Orders:

Undelivered Orders (UDO) 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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
UDO Obligations Unpaid	\$ 14,110,025	\$ 13,234,382
UDO Obligations Prepaid/Advanced	535,512	423,347
Total UDO	<u>\$ 14,645,537</u>	<u>\$ 13,657,729</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.
- Congress established a permanent indefinite appropriation in the Department's 1988 appropriations act that provides for payment of "all necessary expenses of investigations and prosecutions by independent counsel" appointed under either the now-expired independent counsel provisions of the Ethics in Government Act of 1978, "or other law." See 28 USC § 591 note. The Deputy Attorney General appointed Special Counsel Robert Mueller under "other" legal authority (28 U.S.C. §§ 509, 510 and 515), which allows the Department to use this appropriation for all costs incurred by the Special Counsel's activities under his appointment.

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)

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.

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

The reconciliation as of September 30, 2016 is presented below. The reconciliation as of September 30, 2017 is not presented, because the submission of the Budget of the United States (Budget) for FY 2019, which presents the execution of the FY 2017 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 2018.

For the Fiscal Year Ended September 30, 2016
(Dollars in Millions)

	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	\$ 48,351	\$ 41,988	\$ 614	\$ 32,270
Funds not Reported in the Budget				
Expired Funds: OBDs, USMS, DEA, OJP, FBI, ATF & BOP	(871)	(175)	-	(3)
AFF/SADF Forfeiture Activity	2	2	-	-
USMS Court Security Funds	(484)	(463)	-	(447)
Distributed Offsetting Receipts	-	-	(7)	18
Special and Trust Fund Receipts	-	-	-	598
Other	(2)	(1)	1	(5)
Budget of the United States Government	<u>\$ 46,996</u>	<u>\$ 41,351</u>	<u>\$ 608</u>	<u>\$ 32,431</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 processed collections of criminal funds related to the Department's Swiss Bank Program. The proceeds from the Swiss Bank Program were deposited to the Treasury General Fund. On December 29, 2016, the Justice Department announced that it had reached the final resolutions under the Swiss Bank Program, the program is no longer operational as of September 30, 2017.

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.

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 (continued)

As of September 30, 2017 and 2016, the Department reported total custodial revenue on the SCA in the amounts of \$14,508,865 and \$13,268,226, respectively. The custodial revenue represented \$14,507,556 and \$13,269,801 in custodial collections and \$1,309 and \$(1,575) 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, 2017 and 2016, the assets and liabilities related to custodial activity were \$2,655,592 and \$1,025,556, respectively. As of September 30, 2017 and 2016, the total funds returned to the Treasury General Fund were \$(6,796,992) and \$(8,020,654).

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

U.S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2017 and 2016

Dollars in Thousands	2017	2016
ASSETS		
Intragovernmental		
Fund Balance with U.S. Treasury	\$ 42,967,217	\$ 30,593,210
Investments, Net	6,707,819	7,488,767
Accounts Receivable, Net	633,814	580,468
Other Assets	167,638	64,510
Total Intragovernmental	<u>50,476,488</u>	<u>38,726,955</u>
Cash and Other Monetary Assets	498,093	267,679
Accounts Receivable, Net	297,074	95,042
Inventory and Related Property, Net	257,964	252,418
General Property, Plant and Equipment, Net	8,765,528	8,923,762
Other Assets	358,655	341,635
Total Assets	<u>\$ 60,653,802</u>	<u>\$ 48,607,491</u>
LIABILITIES		
Intragovernmental		
Accounts Payable	\$ 360,858	\$ 316,106
Other Liabilities	3,216,469	1,602,246
Total Intragovernmental	<u>3,577,327</u>	<u>1,918,352</u>
Accounts Payable	5,996,230	6,161,623
Federal Employee and Veteran Benefits	1,785,919	1,725,538
Environmental and Disposal Liabilities	75,361	70,387
Other Liabilities	9,940,996	11,286,977
Total Liabilities	<u>\$ 21,375,833</u>	<u>\$ 21,162,877</u>
NET POSITION		
Unexpended Appropriations - Funds from Dedicated Collections	\$ 74,314	\$ 19,512
Unexpended Appropriations - All Other Funds	15,483,266	9,851,034
Cumulative Results of Operations - Funds from Dedicated Collections	20,038,128	14,788,764
Cumulative Results of Operations - All Other Funds	3,682,261	2,785,304
Total Net Position	<u>\$ 39,277,969</u>	<u>\$ 27,444,614</u>
Total Liabilities and Net Position	<u>\$ 60,653,802</u>	<u>\$ 48,607,491</u>

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Resources Used to Finance Activities		
Budgetary Resources Obligated		
New Obligations and Upward Adjustments	\$ 41,885,462	\$ 41,987,122
Less: Spending Authority from Offsetting Collections and Recoveries	<u>7,012,222</u>	<u>6,799,823</u>
Obligations Net of Offsetting Collections and Recoveries	34,873,240	35,187,299
Less: Offsetting Receipts	<u>677,131</u>	<u>636,301</u>
Net Obligations	34,196,109	34,550,998
Other Resources		
Donations and Forfeitures of Property	370,007	200,868
Transfers-In/Out Without Reimbursement	21,168	(1,619)
Imputed Financing (Note 19)	725,702	801,660
Other	<u>(649,680)</u>	<u>(7,849)</u>
Net Other Resources Used to Finance Activities	<u>467,197</u>	<u>993,060</u>
Total Resources Used to Finance Activities	<u>34,663,306</u>	<u>35,544,058</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	(1,006,078)	(2,134,799)
Resources That Fund Expenses Recognized in Prior Periods (Note 24)	(2,105,098)	(125,781)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	(312,406)	(20,637)
Resources That Finance the Acquisition of Assets	(824,898)	(779,260)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	<u>751,803</u>	<u>(3,428)</u>
Total Resources Used to Finance Items not Part of the Net Cost of Operations	<u>(3,496,677)</u>	<u>(3,063,905)</u>
Total Resources Used to Finance the Net Cost of Operations	\$ 31,166,629	\$ 32,480,153
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 Future Periods (Note 24)	\$ 891,272	\$ 4,057,135
Depreciation and Amortization	979,012	991,947
Revaluation of Assets or Liabilities	17,399	28,864
Other	<u>156,558</u>	<u>205,473</u>
Total Components of Net Cost of Operations That Did Not Require or Generate Resources in the Current Period	<u>\$ 2,044,241</u>	<u>\$ 5,283,419</u>
Net Cost of Operations	<u>\$ 33,210,870</u>	<u>\$ 37,763,572</u>

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 \$4,383,892 and \$10,547,880 as of September 30, 2017 and 2016, 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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Resources that Fund Expenses Recognized in Prior Periods		
Decrease in Liabilities Not Covered by Budgetary Resources:		
Decrease in Accrued FECA Liabilities	\$ (3,810)	\$ -
Decrease in Environmental and Disposal Liabilities	-	(9,415)
Decrease in Contingent Liabilities	-	(11,982)
Decrease in Unfunded Capital Lease Liabilities	(21)	(32)
Decrease in Radiation Exposure Compensation Act Liabilities	(77,093)	(104,266)
Decrease in September 11th Victim Compensation Act Liabilities	(998,975)	-
Decrease in United States Victims of State Sponsored Terrorism Act Liabilities	(1,025,000)	-
Decrease in Other Unfunded Employment Related Liabilities	(199)	(86)
Total Decrease in Liabilities Not Covered by Budgetary Resources	<u>(2,105,098)</u>	<u>(125,781)</u>
Total Resources that Fund Expenses Recognized in Prior Periods	<u>\$ (2,105,098)</u>	<u>\$ (125,781)</u>
Components That Will Require or Generate Resources in Future Periods		
(Increase)/Decrease in Exchange Revenue Receivable from the Public	\$ 335	\$ (1,666)
(Increase)/Decrease in Surcharge Revenue Receivable from Other Federal Agencies	8,333	(3,948)
Increase in Liabilities Not Covered by Budgetary Resources:		
Increase in Accrued FECA Liabilities	-	2,809
Increase in Actuarial FECA Liabilities	60,381	71,220
Increase in Accrued Annual and Compensatory Leave Liabilities	880	27,346
Increase in Environmental and Disposal Liabilities	4,974	-
Increase in Deferred Revenue	21,684	16,950
Increase in Contingent Liabilities	9,907	-
Increase in September 11th Victim Compensation Act Liabilities	-	2,839,021
Increase in United States Victims of State Sponsored Terrorism Act Liabilities	215,909	1,025,000
Increase in Other Liabilities	46,596	80,403
Total Increase in Liabilities Not Covered by Budgetary Resources	<u>360,331</u>	<u>4,062,749</u>
Increase in Liabilities Covered by Budgetary Resources:		
Increase in United States Victims of State Sponsored Terrorism Act Liabilities	522,273	-
Total Increase in Liabilities Covered by Budgetary Resources	<u>522,273</u>	<u>-</u>
Total Components that Will Require or Generate Resources in Future Periods	<u>\$ 891,272</u>	<u>\$ 4,057,135</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 \$252,401 and \$329,494 for estimated future benefits payable by the Department as of September 30, 2017 and 2016, respectively, to eligible individuals under the Act through FY 2023. The estimated liability is based on activity between FYs 2007 – 2011 and 2015 – 2017. 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 2017, 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 harmed as a result of an international act of terrorism by a state sponsor of terrorism. The USVSST Fund awards compensation 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.

For FY 2017, the USVSST Fund total available budgetary resources was \$1.548 billion, including a reduction of management and administration sequestered budget authority of \$0.2 million. The majority of fund total is comprised of approximately \$1.025 billion of congressional appropriated funds and approximately \$516.0 million of forfeiture, fines and penalties.

As of September 30, 2017, the USVSST Fund expended \$1.042 billion for settlement of claims. As of September 30, 2017 and 2016, the USVSST Fund recognized liabilities for future claims amounted to \$738.2 million and \$1.025 billion, respectively.

September 11th Victim Compensation Fund

In FY 2016, the Reauthorized James Zadroga Act of 2010 (Zadroga Act) Public Law 114-113 extended the September 11th Victim Compensation Fund (VCF) for 5 years. Additionally, the claim filing deadline was extended to December 18, 2020, and increased the total funding by an additional \$4.600 billion. The additional funding became available in October 2016. The Reauthorized Zadroga Act also made changes to the method in which the fund calculates loss amounts for claimants receiving loss determination letters after December 17, 2015. This included limiting the amount of non-economic loss that could 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 2017, the VCF received funding of \$5.410 billion, including a reduction of management and administration costs sequestered budget authority of \$1.656 million. The funding amount made available in FY 2017 included a transfer of \$813.0 million from the original \$2.775 billion appropriation relating to the Zadroga Act of 2010.

As of September 30, 2017, the VCF paid claimants \$992.1 million. As of September 30, 2017 and 2016, the funded liabilities were \$4.419 billion and \$4.600 billion, respectively.

These notes are an integral part of the financial statements.

U.S. DEPARTMENT OF JUSTICE

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)



U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2017

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Resources										
Unobligated Balance, Brought Forward, October 1	\$ 639,702	\$ 241,849	\$ 746,272	\$ 528,431	\$ 2,146,191	\$ 161,633	\$ 1,546,091	\$ 167,128	\$ 186,969	\$ 6,364,266
Recoveries of Prior Year Unpaid Obligations	419,800	18,446	18,240	109,553	297,317	-	244,838	88,392	54,461	1,251,047
Other Changes in Unobligated Balance	574	(44,475)	(61,193)	47,641	(10,453)	-	116,401	3,142	(15,176)	36,461
Unobligated Balance from Prior Year Budget Authority, Net	1,060,076	215,820	703,319	685,625	2,433,055	161,633	1,907,330	258,662	226,254	7,651,774
Appropriations (discretionary and mandatory)	1,572,338	1,258,924	7,135,400	2,514,496	8,997,756	-	12,122,353	4,014,493	3,172,992	40,788,752
Spending Authority from Offsetting Collections (discretionary and mandatory)	18,354	124,963	381,703	430,406	1,047,522	647,053	2,528,056	256,964	92,496	5,527,517
Total Budgetary Resources	\$ 2,650,768	\$ 1,599,707	\$ 8,220,422	\$ 3,630,527	\$ 12,478,333	\$ 808,686	\$ 16,557,739	\$ 4,530,119	\$ 3,491,742	\$ 53,968,043
Status of Budgetary Resources:										
New Obligations and Upward Adjustments (Total) (Note 20)	\$ 1,347,936	\$ 1,410,774	\$ 7,429,241	\$ 3,111,221	\$ 10,312,562	\$ 632,819	\$ 10,227,909	\$ 4,124,171	\$ 3,288,829	\$ 41,885,462
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	1,302,832	179,415	661,446	492,769	1,702,175	-	5,897,216	354,337	174,734	10,764,924
Exempt from Apportionment, Unexpired Accounts	-	-	41,057	-	-	175,867	-	-	-	216,924
Unapportioned, Unexpired Accounts	-	4	(8,127)	3,440	16,262	-	242,834	51,605	418	306,436
Unexpired Unobligated Balance, End of Year	1,302,832	179,419	694,376	496,209	1,718,437	175,867	6,140,050	405,942	175,152	11,288,284
Expired Unobligated Balance, End of Year	-	9,514	96,805	23,097	447,334	-	189,780	6	27,761	794,297
Unobligated Balance - End of Year (Total)	1,302,832	188,933	791,181	519,306	2,165,771	175,867	6,329,830	405,948	202,913	12,082,581
Total Status of Budgetary Resources:	\$ 2,650,768	\$ 1,599,707	\$ 8,220,422	\$ 3,630,527	\$ 12,478,333	\$ 808,686	\$ 16,557,739	\$ 4,530,119	\$ 3,491,742	\$ 53,968,043
Change in Obligated Balance:										
Unpaid Obligations:										
Unpaid Obligations, Brought Forward, October 1	\$ 5,024,680	\$ 234,085	\$ 702,911	\$ 599,121	\$ 2,857,435	\$ 160,136	\$ 3,871,499	\$ 7,775,930	\$ 602,710	\$ 21,828,507
New Obligations and Upward Adjustments	1,347,936	1,410,774	7,429,241	3,111,221	10,312,562	632,819	10,227,909	4,124,171	3,288,829	41,885,462
Outlays, Gross (-)	(1,083,053)	(1,338,782)	(7,416,253)	(2,962,841)	(9,944,050)	(584,818)	(10,270,628)	(3,341,101)	(3,212,416)	(40,153,942)
Recoveries of Prior Year Unpaid Obligations (-)	(419,800)	(18,446)	(18,240)	(109,553)	(297,317)	-	(244,838)	(88,392)	(54,461)	(1,251,047)
Unpaid Obligations, End of Year	4,869,763	287,631	697,659	637,948	2,928,630	208,137	3,583,942	8,470,608	624,662	22,308,980
Uncollected Payments:										
Uncollected Payments from Federal Sources, Brought Forward, October 1 (-)	(6,432)	(40,749)	(4,820)	(121,463)	(561,024)	(39,460)	(1,009,434)	(172,199)	(10,456)	(1,966,037)
Change in Uncollected Payments from Federal Sources	(6,679)	(46,419)	(13,188)	(6,492)	(48,970)	9,224	36,694	(40,785)	(3,902)	(120,517)
Uncollected Payments from Federal Sources, End of Year (-)	\$ (13,111)	\$ (87,168)	\$ (18,008)	\$ (127,955)	\$ (609,994)	\$ (30,236)	\$ (972,740)	\$ (212,984)	\$ (14,358)	\$ (2,086,554)
Memorandum (non-add) Entries:										
Obligated balance, Start of Year	\$ 5,018,248	\$ 193,336	\$ 698,091	\$ 477,658	\$ 2,296,411	\$ 120,676	\$ 2,862,065	\$ 7,603,731	\$ 592,254	\$ 19,862,470
Obligated balance, End of Year	\$ 4,856,652	\$ 200,463	\$ 679,651	\$ 509,993	\$ 2,318,636	\$ 177,901	\$ 2,611,202	\$ 8,257,624	\$ 610,304	\$ 20,222,426

U. S. Department of Justice
Combining Statement of Budgetary Resources - Continued
For the Fiscal Year Ended September 30, 2017

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Authority and Outlays, Net:										
Budgetary Authority, Gross (discretionary and mandatory)	\$ 1,590,692	\$ 1,383,887	\$ 7,517,103	\$ 2,944,902	\$ 10,045,278	\$ 647,053	\$ 14,650,409	\$ 4,271,457	\$ 3,265,488	\$ 46,316,269
Less: Actual Offsetting Collections (discretionary and mandatory)	12,250	79,802	368,586	433,647	1,011,528	656,277	2,763,831	219,364	95,371	5,640,656
Change in Uncollected Payments from Federal Sources (discretionary and mandatory)	(6,679)	(46,419)	(13,188)	(6,492)	(48,970)	9,224	36,694	(40,785)	(3,902)	(120,517)
Recoveries of Prior Year Paid Obligations (discretionary and mandatory)	574	1,254	-	9,733	12,976	-	18,081	3,185	6,777	52,580
Budget Authority, Net (discretionary and mandatory)	\$ 1,572,337	\$ 1,258,920	\$ 7,135,329	\$ 2,514,496	\$ 8,997,756	\$ -	\$ 11,941,353	\$ 4,014,493	\$ 3,172,992	\$ 40,607,676
Outlays, Gross (discretionary and mandatory)	\$ 1,083,053	\$ 1,338,782	\$ 7,416,253	\$ 2,962,841	\$ 9,944,050	\$ 584,818	\$ 10,270,628	\$ 3,341,101	\$ 3,212,416	\$ 40,153,942
Less: Actual Offsetting Collections (discretionary and mandatory)	12,250	79,802	368,586	433,647	1,011,528	656,277	2,763,831	219,364	95,371	5,640,656
Outlays, Net (Total) (discretionary and mandatory)	1,070,803	1,258,980	7,047,667	2,529,194	8,932,522	(71,459)	7,506,797	3,121,737	3,117,045	34,513,286
Less: Distributed Offsetting Receipts	48,045	649	(6,271)	403,026	12,279	-	210,580	-	-	668,308
Agency Outlays, Net (discretionary and mandatory)	\$ 1,022,758	\$ 1,258,331	\$ 7,053,938	\$ 2,126,168	\$ 8,920,243	\$ (71,459)	\$ 7,296,217	\$ 3,121,737	\$ 3,117,045	\$ 33,844,978

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	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Resources										
Unobligated Balance, Brought Forward, October 1	\$ 1,016,485	\$ 261,763	\$ 336,597	\$ 554,786	\$ 1,997,091	\$ 119,828	\$ 1,352,976	\$ 119,621	\$ 318,200	\$ 6,077,347
Recoveries of Prior Year Unpaid Obligations	104,138	26,284	1,510	88,710	247,237	-	347,813	94,114	54,709	964,515
Other Changes in Unobligated Balance	1,528	1,104	(6,348)	6,640	(25,052)	-	87,898	1,008	(6,974)	59,804
Unobligated Balance from Prior Year Budget Authority, Net	1,122,151	289,151	331,759	650,136	2,219,276	119,828	1,788,687	214,743	365,935	7,101,666
Appropriations (discretionary and mandatory)	835,348	1,240,330	7,478,500	2,488,893	8,720,005	-	7,214,839	4,538,417	2,969,104	35,485,436
Spending Authority from Offsetting Collections (discretionary and mandatory)	15,788	75,018	378,448	434,568	1,211,877	613,541	2,622,762	271,835	140,449	5,764,286
Total Budgetary Resources	\$ 1,973,287	\$ 1,604,499	\$ 8,188,707	\$ 3,573,597	\$ 12,151,158	\$ 733,369	\$ 11,626,288	\$ 5,024,995	\$ 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	\$ 3,045,166	\$ 10,004,967	\$ 571,736	\$ 10,080,197	\$ 4,857,867	\$ 3,288,519	\$ 41,987,122
Unobligated Balance, End of Year:										
Apportioned, Unexpired Accounts	624,216	230,003	568,221	477,744	1,848,284	-	1,093,115	153,127	146,456	5,141,166
Exempt from Apportionment, Unexpired Accounts	-	-	47,464	-	-	161,633	-	-	-	209,097
Unapportioned, Unexpired Accounts	15,486	-	-	-	1,953	-	257,344	14,001	12,068	300,852
Unexpired Unobligated Balance, End of Year	639,702	230,003	615,685	477,744	1,850,237	161,633	1,350,459	167,128	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	528,431	2,146,191	161,633	1,546,091	167,128	186,969	6,364,266
Total Status of Budgetary Resources:	\$ 1,973,287	\$ 1,604,499	\$ 8,188,707	\$ 3,573,597	\$ 12,151,158	\$ 733,369	\$ 11,626,288	\$ 5,024,995	\$ 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	\$ 593,465	\$ 2,835,687	\$ 133,111	\$ 3,617,061	\$ 5,735,268	\$ 519,755	\$ 19,373,423
New Obligations and Upward Adjustments	1,333,585	1,362,650	7,442,435	3,045,166	10,004,967	571,736	10,080,197	4,857,867	3,288,519	41,987,122
Outlays, Gross (-)	(1,242,354)	(1,342,694)	(7,399,090)	(2,950,800)	(9,735,982)	(544,711)	(9,477,946)	(2,723,091)	(3,150,855)	(38,567,523)
Recoveries of Prior Year Unpaid Obligations (-)	(104,138)	(26,284)	(1,510)	(88,710)	(247,237)	-	(347,813)	(94,114)	(54,709)	(964,515)
Unpaid Obligations, End of Year	5,024,680	234,085	702,911	599,121	2,857,435	160,136	3,871,499	7,775,930	602,710	21,828,507
Uncollected Payments:										
Uncollected Payments from Federal Sources, Brought Forward, October 1 (-)	(5,576)	(51,743)	(6,430)	(157,285)	(537,226)	(37,757)	(890,763)	(118,767)	(8,105)	(1,813,652)
Change in Uncollected Payments from Federal Sources	(856)	10,994	1,610	35,822	(23,798)	(1,703)	(118,671)	(53,432)	(2,351)	(152,385)
Uncollected Payments from Federal Sources, End of Year (-)	\$ (6,432)	\$ (40,749)	\$ (4,820)	\$ (121,463)	\$ (561,024)	\$ (39,460)	\$ (1,009,434)	\$ (172,199)	\$ (10,456)	\$ (1,966,037)
Memorandum (non-add) Entries:										
Obligated balance, Start of Year	\$ 5,032,011	\$ 188,670	\$ 654,646	\$ 436,180	\$ 2,298,461	\$ 95,354	\$ 2,726,298	\$ 5,616,501	\$ 511,650	\$ 17,559,771
Obligated balance, End of Year	\$ 5,018,248	\$ 193,336	\$ 698,091	\$ 477,658	\$ 2,296,411	\$ 120,676	\$ 2,862,065	\$ 7,603,731	\$ 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/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Authority and Outlays, Net:										
Budgetary Authority, Gross (discretionary and mandatory)	\$ 851,136	\$ 1,315,348	\$ 7,856,948	\$ 2,923,461	\$ 9,931,882	\$ 613,541	\$ 9,837,601	\$ 4,810,252	\$ 3,109,553	\$ 41,249,722
Less: Actual Offsetting Collections (discretionary and mandatory)	16,459	88,109	379,703	477,123	1,215,877	611,838	2,515,839	223,594	154,379	5,682,921
Change in Uncollected Payments from Federal Sources (discretionary and mandatory)	(856)	10,994	1,610	35,822	(23,798)	(1,703)	(118,671)	(53,432)	(2,351)	(152,385)
Recoveries of Prior Year Paid Obligations (discretionary and mandatory)	1,528	2,098	-	6,733	27,798	-	15,011	5,191	16,281	74,640
Budget Authority, Net (discretionary and mandatory)	\$ 835,349	\$ 1,240,331	\$ 7,478,855	\$ 2,488,893	\$ 8,720,005	\$ -	\$ 7,218,102	\$ 4,538,417	\$ 2,969,104	\$ 35,489,056
Outlays, Gross (discretionary and mandatory)	\$ 1,242,354	\$ 1,342,694	\$ 7,399,090	\$ 2,950,800	\$ 9,735,982	\$ 544,711	\$ 9,477,946	\$ 2,723,091	\$ 3,150,855	\$ 38,567,523
Less: Actual Offsetting Collections (discretionary and mandatory)	16,459	88,109	379,703	477,123	1,215,877	611,838	2,515,839	223,594	154,379	5,682,921
Outlays, Net (Total) (discretionary and mandatory)	1,225,895	1,254,585	7,019,387	2,473,677	8,520,105	(67,127)	6,962,107	2,499,497	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)	\$ 1,213,675	\$ 1,253,600	\$ 7,014,051	\$ 2,089,721	\$ 8,521,421	\$ (67,127)	\$ 6,749,103	\$ 2,499,497	\$ 2,996,476	\$ 32,270,417

U.S. DEPARTMENT OF JUSTICE

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION (UNAUDITED)



U.S. Department of Justice
Required Supplementary Stewardship Information
Consolidated Stewardship Investments
For Fiscal Years Ended September 30, 2017, 2016, 2015, 2014, and 2013

The Bureau of Justice Assistance administers the Tribal Justice Systems Infrastructure Program (TJSIP)¹ 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 TJSIP funds are available to tribes within the 50 states. The Tribal Law and Order Act of 2010 (Public Law 111-211) expanded the TJSIP 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 TJSIP 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.

TJSIP and VOI/TIS funds from fiscal years 2013 through September 30, 2017, are as follows:

Dollars in Thousands	2017	2016	2015	2014	2013
Recipients of Non-Federal Physical Property:					
Grants to Indian Tribes	\$ 4,721	\$ 8,572	\$ 16,118	\$ 39,431	\$ 52,980
Grants to States	-	-	(84)	(12)	-
Total Non-Federal Physical Property	<u>\$ 4,721</u>	<u>\$ 8,572</u>	<u>\$ 16,034</u>	<u>\$ 39,419</u>	<u>\$ 52,980</u>

¹ The TJSIP was previously known as Correctional Systems and Correctional Alternatives for Tribal Lands (CSCATL).

U.S. DEPARTMENT OF JUSTICE

OTHER INFORMATION (UNAUDITED)



**U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2017**

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with U.S. Treasury	\$ 1,389,918	\$ 382,809	\$ 1,543,720	\$ 1,045,372	\$ 4,471,449	\$ 20,733	\$ 11,595,217	\$ 21,695,906	\$ 822,093	\$ -	\$ 42,967,217
Investments, Net	6,372,550	-	-	-	-	335,269	-	-	-	-	6,707,819
Accounts Receivable, Net	6,188	35,966	4,783	45,914	472,806	30,114	429,520	9,112	11,587	(412,176)	633,814
Other Assets	111	566	12,148	18,542	29,059	-	22,133	110,962	1,025	(26,908)	167,638
Total Intragovernmental	7,768,767	419,341	1,560,651	1,109,828	4,973,314	386,116	12,046,870	21,815,980	834,705	(439,084)	50,476,488
Cash and Other Monetary Assets	378,023	9,639	405	25,306	84,674	-	46	-	-	-	498,093
Accounts Receivable, Net	-	121	4,343	2,980	30,368	4,987	252,897	1,304	74	-	297,074
Inventories and Related Property, Net	-	-	19,131	17,252	-	106,025	-	-	3,378	-	145,786
Forfeited Property, Net	112,178	-	-	-	-	-	-	-	-	-	112,178
General Property, Plant and Equipment, Net	2,363	155,587	5,113,385	256,899	2,742,297	52,941	118,081	10,309	313,666	-	8,765,528
Advances and Prepayments	-	1,599	3,162	893	94,324	8,199	94	246,872	-	-	355,143
Other Assets	1	1	-	-	-	3,326	-	-	184	-	3,512
Total Assets	\$ 8,261,332	\$ 586,288	\$ 6,701,077	\$ 1,413,158	\$ 7,924,977	\$ 561,594	\$ 12,417,988	\$ 22,074,465	\$ 1,152,007	\$ (439,084)	\$ 60,653,802
LIABILITIES											
Intragovernmental											
Accounts Payable	\$ 145,246	\$ 17,511	\$ 32,249	\$ 40,041	\$ 175,487	\$ 2,820	\$ 274,288	\$ 49,285	\$ 34,312	\$ (410,381)	\$ 360,858
Accrued FECA Liabilities	-	20,564	171,961	25,645	33,049	1,690	9,139	15	16,344	-	278,407
Custodial Liabilities	-	1	-	2,649	999	-	2,557,994	-	-	-	2,561,643
Other Liabilities	297	8,630	53,526	15,028	114,131	139,690	39,960	24,864	8,996	(28,703)	376,419
Total Intragovernmental	145,543	46,706	257,736	83,363	323,666	144,200	2,881,381	74,164	59,652	(439,084)	3,577,327
Accounts Payable	4,563,869	38,591	292,718	94,452	341,195	55,961	300,289	71,690	237,465	-	5,996,230
Accrued Grant Liabilities	-	-	-	-	-	-	83,286	331,000	-	-	414,286
Actuarial FECA Liabilities	-	130,134	1,107,469	161,129	203,492	23,653	57,773	83	102,186	-	1,785,919
Accrued Payroll and Benefits	1,101	23,703	115,376	43,033	158,380	3,564	95,633	4,173	24,027	-	468,990
Accrued Annual and Compensatory Leave Liabilities	1,788	50,711	177,332	102,619	308,006	4,374	174,012	7,914	45,329	-	872,085
Environmental and Disposal Liabilities	-	-	69,796	-	5,565	-	-	-	-	-	75,361
Deferred Revenue	112,178	-	844	585,572	-	-	-	-	-	-	698,594
Seized Cash and Monetary Instruments	1,501,023	2,762	-	507	40,074	-	-	-	-	-	1,544,366
Contingent Liabilities	-	-	15,224	32,705	1,659	-	750	-	-	-	50,338
Radiation Exposure Compensation Act Liabilities	-	-	-	-	-	-	252,401	-	-	-	252,401
9/11 Victim Compensation Fund Liabilities	-	-	-	-	-	-	4,419,221	-	-	-	4,419,221
United States Victims of State Sponsored Terrorism Act Liabilities	-	-	-	-	-	-	738,182	-	-	-	738,182
Other Liabilities	-	1,848	348,969	17,403	21,921	39	83,528	-	8,825	-	482,533
Total Liabilities	\$ 6,325,502	\$ 294,455	\$ 2,385,464	\$ 1,120,783	\$ 1,403,958	\$ 231,791	\$ 9,086,456	\$ 489,024	\$ 477,484	\$ (439,084)	\$ 21,375,833
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,314	\$ -	\$ -	\$ -	\$ 74,314
Unexpended Appropriations - All Other Funds	-	156,725	949,020	370,869	3,123,968	-	7,176,033	3,248,099	458,552	-	15,483,266
Cumulative Results of Operations - Funds from Dedicated Collections	1,935,830	-	67,120	(302,136)	-	-	7,505	18,329,809	-	-	20,038,128
Cumulative Results of Operations - All Other Funds	-	135,108	3,299,473	223,642	3,397,051	329,803	(3,926,320)	7,533	215,971	-	3,682,261
Total Net Position	\$ 1,935,830	\$ 291,833	\$ 4,315,613	\$ 292,375	\$ 6,521,019	\$ 329,803	\$ 3,331,532	\$ 21,585,441	\$ 674,523	\$ -	\$ 39,277,969
Total Liabilities and Net Position	\$ 8,261,332	\$ 586,288	\$ 6,701,077	\$ 1,413,158	\$ 7,924,977	\$ 561,594	\$ 12,417,988	\$ 22,074,465	\$ 1,152,007	\$ (439,084)	\$ 60,653,802

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

	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	22,977	2,093	49,978	398,354	39,079	378,370	8,372	9,108	(331,004)	580,468
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	452,060	1,528,682	1,088,592	4,832,527	324,295	5,860,745	16,846,165	800,157	(358,570)	38,726,955
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	1	-	-	-	375	-	184	-	-	598
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 Liabilities	-	-	-	-	-	-	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 Statement of Net Cost
For the Fiscal Year Ended September 30, 2017

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	\$ -	\$ 144,481	\$ -	\$ 24,344	\$ 1,593,611	\$ -	\$ 63,736	\$ -	\$ 20,090	\$ (29,220)	\$ 1,817,042
Gross Cost - With the Public	-	300,145	-	47,405	4,103,105	-	832,592	-	69,103	-	5,352,350
Subtotal Gross Costs	-	444,626	-	71,749	5,696,716	-	896,328	-	89,193	(29,220)	7,169,392
Earned Revenues - Intragovernmental	-	-	-	6,741	296,847	-	7,352	-	-	(29,220)	281,720
Earned Revenues - With the Public	-	-	-	(10)	8,656	-	328	-	-	-	8,974
Subtotal Earned Revenues	-	-	-	6,731	305,503	-	7,680	-	-	(29,220)	290,694
Subtotal Net Cost of Operations	\$ -	\$ 444,626	\$ -	\$ 65,018	\$ 5,391,213	\$ -	\$ 888,648	\$ -	\$ 89,193	\$ -	\$ 6,878,698
Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law											
Gross Cost - Intragovernmental	\$ 512,756	\$ 307,023	\$ -	\$ 1,022,452	\$ 980,623	\$ -	\$ 1,787,153	\$ 144,401	\$ 9,603	\$ (1,214,993)	\$ 3,549,018
Gross Cost - With the Public	466,753	637,807	10,366	1,945,596	2,696,117	-	3,772,741	1,773,452	30,974	-	11,333,806
Subtotal Gross Costs	979,509	944,830	10,366	2,968,048	3,676,740	-	5,559,894	1,917,853	40,577	(1,214,993)	14,882,824
Earned Revenues - Intragovernmental	14,723	90,773	-	405,298	212,845	-	764,509	9,113	-	(1,214,993)	282,268
Earned Revenues - With the Public	-	675	-	389,608	4,914	-	629,750	-	-	-	1,024,947
Subtotal Earned Revenues	14,723	91,448	-	794,906	217,759	-	1,394,259	9,113	-	(1,214,993)	1,307,215
Subtotal Net Cost of Operations	\$ 964,786	\$ 853,382	\$ 10,366	\$ 2,173,142	\$ 3,458,981	\$ -	\$ 4,165,635	\$ 1,908,740	\$ 40,577	\$ -	\$ 13,575,609
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	\$ -	\$ -	\$ 1,863,646	\$ -	\$ 305,350	\$ 117,323	\$ 219,836	\$ 37,856	\$ 606,284	\$ (252,843)	\$ 2,897,452
Gross Cost - With the Public	-	-	6,077,906	-	506,346	474,973	703,579	893,549	2,439,732	-	11,096,085
Subtotal Gross Costs	-	-	7,941,552	-	811,696	592,296	923,415	931,405	3,046,016	(252,843)	13,993,537
Earned Revenues - Intragovernmental	-	-	5,938	-	296,972	535,263	1,860	15,366	51,486	(234,336)	672,549
Earned Revenues - With the Public	-	-	364,684	-	143,854	51,387	-	-	4,500	-	564,425
Subtotal Earned Revenues	-	-	370,622	-	440,826	586,650	1,860	15,366	55,986	(234,336)	1,236,974
Subtotal Net Cost of Operations	\$ -	\$ -	\$ 7,570,930	\$ -	\$ 370,870	\$ 5,646	\$ 921,555	\$ 916,039	\$ 2,990,030	\$ (18,507)	\$ 12,756,563
Total Net Cost of Operations	\$ 964,786	\$ 1,298,008	\$ 7,581,296	\$ 2,238,160	\$ 9,221,064	\$ 5,646	\$ 5,975,838	\$ 2,824,779	\$ 3,119,800	\$ (18,507)	\$ 33,210,870

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 Changes in Net Position
For the Fiscal Year Ended September 30, 2017

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	\$ 1,460,226	\$ -	\$ 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
Budgetary Financing Sources											
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	50,018	-	-	-	50,018
All Other Funds	-	1,243,963	7,012,534	2,129,114	8,794,967	-	7,071,216	1,415,140	3,133,391	-	30,800,325
Nonexchange Revenues											
Funds from Dedicated Collections	56,868	-	-	-	-	-	300	6,584,857	-	-	6,642,025
All Other Funds	-	-	-	-	-	-	514,969	294	-	-	515,263
Donations and Forfeitures of Cash and Cash Equivalents											
Funds from Dedicated Collections	1,216,430	-	-	-	-	-	-	-	-	-	1,216,430
All Other Funds	-	-	-	-	-	-	162,002	-	-	-	162,002
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(201,196)	-	-	-	-	-	-	(326,000)	-	-	(527,196)
All Other Funds	-	(41,716)	-	38,000	129,146	-	289,117	-	-	(383,748)	30,799
Other Financing Sources											
Donations and Forfeitures of Property											
Funds from Dedicated Collections	369,992	-	-	-	-	-	-	-	-	-	369,992
All Other Funds	-	-	15	-	-	-	-	-	-	-	15
Transfers-In/Out Without Reimbursement											
Funds from Dedicated Collections	(3,017)	-	-	-	-	-	-	-	-	-	(3,017)
All Other Funds	-	1,250	-	3,008	37,833	-	(18,563)	-	657	-	24,185
Imputed Financing											
Funds from Dedicated Collections	1,313	-	4,082	8,712	-	-	10,273	-	-	-	24,380
All Other Funds	-	35,399	218,728	55,161	230,657	22,467	118,384	4,193	34,840	(18,507)	701,322
Other Financing Sources											
Funds from Dedicated Collections	-	-	-	(2)	-	-	-	-	-	-	(2)
All Other Funds	-	-	-	2	(148,156)	-	(501,196)	-	-	-	(649,350)
Total Financing Sources											
Funds from Dedicated Collections	1,440,390	-	4,082	8,710	-	-	60,591	6,258,857	-	-	7,772,630
All Other Funds	-	1,238,896	7,231,277	2,225,285	9,044,447	22,467	7,635,929	1,419,627	3,168,888	(402,255)	31,584,561
Net Cost of Operations											
Funds from Dedicated Collections	(964,786)	-	(12,151)	(11,928)	-	-	(129,896)	(1,404,505)	-	-	(2,523,266)
All Other Funds	-	(1,298,008)	(7,569,145)	(2,226,232)	(9,221,064)	(5,646)	(5,845,942)	(1,420,274)	(3,119,800)	18,507	(30,687,604)
Net Change											
Funds from Dedicated Collections	475,604	-	(8,069)	(3,218)	-	-	(69,305)	4,854,352	-	-	5,249,364
All Other Funds	-	(59,112)	(337,868)	(947)	(176,617)	16,821	1,789,987	(647)	49,088	(383,748)	896,957
Ending Balances											
Funds from Dedicated Collections	1,935,830	-	67,120	(302,136)	-	-	7,505	18,329,809	-	-	20,038,128
All Other Funds	-	135,108	3,299,473	223,642	3,397,051	329,803	(3,926,320)	7,533	215,971	-	3,682,261
Total All Funds	\$ 1,935,830	\$ 135,108	\$ 3,366,593	\$ (78,494)	\$ 3,397,051	\$ 329,803	\$ (3,918,815)	\$ 18,337,342	\$ 215,971	\$ -	\$ 23,720,389

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2017

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning 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
Budgetary Financing Sources											
Appropriations Received											
Funds from Dedicated Collections	-	-	-	-	-	-	104,820	-	-	-	104,820
All Other Funds	-	1,258,600	7,138,800	2,102,976	9,006,379	-	11,393,826	1,745,113	2,713,454	-	35,359,148
Appropriations Transferred-In/Out											
All Other Funds	-	(3,689)	(61,026)	23,922	165,741	-	229,394	50,754	461,688	383,748	1,250,532
Other Adjustments											
All Other Funds	-	-	(3,567)	(12,197)	(51,705)	-	(34,624)	(50,925)	(24,105)	-	(177,123)
Appropriations Used											
Funds from Dedicated Collections	-	-	-	-	-	-	(50,018)	-	-	-	(50,018)
All Other Funds	-	(1,243,963)	(7,012,534)	(2,129,114)	(8,794,967)	-	(7,071,216)	(1,415,140)	(3,133,391)	-	(30,800,325)
Total Financing Sources											
Funds from Dedicated Collections	-	-	-	-	-	-	54,802	-	-	-	54,802
All Other Funds	-	10,948	61,673	(14,413)	325,448	-	4,517,380	329,802	17,646	383,748	5,632,232
Net Change											
Funds from Dedicated Collections	-	-	-	-	-	-	54,802	-	-	-	54,802
All Other Funds	-	10,948	61,673	(14,413)	325,448	-	4,517,380	329,802	17,646	383,748	5,632,232
Ending Balances											
Funds from Dedicated Collections	-	-	-	-	-	-	74,314	-	-	-	74,314
All Other Funds	-	156,725	949,020	370,869	3,123,968	-	7,176,033	3,248,099	458,552	-	15,483,266
Total All Funds	\$ -	\$ 156,725	\$ 949,020	\$ 370,869	\$ 3,123,968	\$ -	\$ 7,250,347	\$ 3,248,099	\$ 458,552	\$ -	\$ 15,557,580
Net Position - Funds from Dedicated Collections	1,935,830	-	67,120	(302,136)	-	-	81,819	18,329,809	-	-	20,112,442
Net Position - All Other Funds	-	291,833	4,248,493	594,511	6,521,019	329,803	3,249,713	3,255,632	674,523	-	19,165,527
Net Position - Total	\$ 1,935,830	\$ 291,833	\$ 4,315,613	\$ 292,375	\$ 6,521,019	\$ 329,803	\$ 3,331,532	\$ 21,585,441	\$ 674,523	\$ -	\$ 39,277,969

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
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											
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

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
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
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
Combining Statement of Custodial Activity
For the Year Ended September 30, 2017

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	\$ -	\$ 71	\$ -	\$ 39,781	\$ 3,765	\$ -	\$ 14,413,648	\$ -	\$ -	\$ 14,457,265
Fees and Licenses	-	34,670	-	15,000	-	-	-	-	-	49,670
Miscellaneous	-	578	43	-	-	-	-	-	-	621
Total Cash Collections	\$ -	\$ 35,319	\$ 43	\$ 54,781	\$ 3,765	\$ -	\$ 14,413,648	\$ -	\$ -	\$ 14,507,556
Accrual Adjustments	-	203	-	971	135	-	-	-	-	1,309
Total Custodial Revenue	\$ -	\$ 35,522	\$ 43	\$ 55,752	\$ 3,900	\$ -	\$ 14,413,648	\$ -	\$ -	\$ 14,508,865
Disposition of Collections										
Transferred to Federal Agencies	-	-	-	-	-	-	(89,477)	-	-	(89,477)
U.S. Department of Agriculture	-	-	-	-	-	-	(13,116)	-	-	(13,116)
U.S. Department of Commerce	-	-	-	-	-	-	(581,891)	-	-	(581,891)
U.S. Department of the Interior	-	-	-	-	-	-	(43,576)	-	-	(43,576)
U.S. Department of Justice	-	-	-	-	-	-	(3,524)	-	-	(3,524)
U.S. Department of Labor	-	-	-	-	-	-	(3,039)	-	-	(3,039)
U.S. Postal Service	-	-	-	-	-	-	(954)	-	-	(954)
U.S. Department of State	-	-	-	-	-	-	(999,755)	-	-	(999,755)
U.S. Department of the Treasury	-	-	-	-	-	-	(3,741)	-	-	(3,741)
Office of Personnel Management	-	-	-	-	-	-	(40)	-	-	(40)
National Credit Union Administration	-	-	-	-	-	-	(8,127)	-	-	(8,127)
Federal Communications Commission	-	-	-	-	-	-	(527)	-	-	(527)
Social Security Administration	-	-	-	-	-	-	(82,240)	-	-	(82,240)
U.S. Department of Veterans Affairs	-	-	-	-	-	-	(25,707)	-	-	(25,707)
General Services Administration	-	-	-	-	-	-	(52)	-	-	(52)
Securities and Exchange Commission	-	-	-	-	-	-	(44)	-	-	(44)
Federal Deposit Insurance Corporation	-	-	-	-	-	-	(525)	-	-	(525)
Railroad Retirement Board	-	-	-	-	-	-	(1,637,315)	-	-	(1,637,315)
Environmental Protection Agency	-	-	-	-	-	-	(21,464)	-	-	(21,464)
U.S. Department of Transportation	-	-	-	-	-	-	(186,848)	-	-	(186,848)
U.S. Department of Homeland Security	-	-	-	-	-	-	(1,565)	-	-	(1,565)
Agency for International Development	-	-	-	-	-	-	(7,387)	-	-	(7,387)
Small Business Administration	-	-	-	-	-	-	(1,083,580)	-	-	(1,083,580)
U.S. Department of Health and Human Services	-	-	-	-	-	-	(908)	-	-	(908)
National Aeronautics and Space Administration	-	-	-	-	-	-	(1,307)	-	-	(1,307)
Export-Import Bank of the United States	-	-	-	-	-	-	(204,517)	-	-	(204,517)
U.S. Department of Housing and Urban Development	-	-	-	-	-	-	(65,394)	-	-	(65,394)
U.S. Department of Energy	-	-	-	-	-	-	(24,841)	-	-	(24,841)
U.S. Department of Education	-	-	-	-	-	-	(58,518)	-	-	(58,518)
Independent Agencies	-	-	-	-	-	-	(6,704,452)	-	-	(6,704,452)
Treasury General Fund	-	(33,951)	(43)	(54,781)	(3,765)	-	(132,403)	-	-	(132,403)
U.S. Department of Defense	-	-	-	-	-	-	(416,983)	-	-	(416,983)
Transferred to the Public	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Amounts Yet to be Transferred	-	-	-	(971)	(135)	-	(1,628,930)	-	-	(1,630,036)
Refunds and Other Payments	-	(1,571)	-	-	-	-	(29,033)	-	-	(30,604)
Retained by the Reporting Entity	-	-	-	-	-	-	(351,868)	-	-	(351,868)
Total Disposition Of Collections	-	(35,522)	(43)	(55,752)	(3,900)	-	(14,413,648)	-	-	(14,508,865)
Net Custodial Activity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**U. S. Department of Justice
Combining Statement of Custodial Activity
For the 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	-	-	-	-	-	-	(46,897)	-	-	(46,897)
U.S. Department of Agriculture	-	-	-	-	-	-	(19,732)	-	-	(19,732)
U.S. Department of Commerce	-	-	-	-	-	-	(181,310)	-	-	(181,310)
U.S. Department of the Interior	-	-	-	-	-	-	(18,534)	-	-	(18,534)
U.S. Department of Justice	-	-	-	-	-	-	(4,336)	-	-	(4,336)
U.S. Department of Labor	-	-	-	-	-	-	(16,212)	-	-	(16,212)
U.S. Postal Service	-	-	-	-	-	-	(1,683)	-	-	(1,683)
U.S. Department of State	-	-	-	-	-	-	(1,483,057)	-	-	(1,483,057)
U.S. Department of the Treasury	-	-	-	-	-	-	(9,528)	-	-	(9,528)
Office of Personnel Management	-	-	-	-	-	-	(557,751)	-	-	(557,751)
National Credit Union Administration	-	-	-	-	-	-	(71)	-	-	(71)
Federal Communications Commission	-	-	-	-	-	-	(916)	-	-	(916)
Social Security Administration	-	-	-	-	-	-	(127)	-	-	(127)
Smithsonian Institution	-	-	-	-	-	-	(18,065)	-	-	(18,065)
U.S. Department of Veterans Affairs	-	-	-	-	-	-	(154)	-	-	(154)
Equal Employment Opportunity Commission	-	-	-	-	-	-	(53,647)	-	-	(53,647)
General Services Administration	-	-	-	-	-	-	(3)	-	-	(3)
Securities and Exchange Commission	-	-	-	-	-	-	(49)	-	-	(49)
Federal Deposit Insurance Corporation	-	-	-	-	-	-	(303)	-	-	(303)
Railroad Retirement Board	-	-	-	-	-	-	(2,078)	-	-	(2,078)
Tennessee Valley Authority	-	-	-	-	-	-	(89,678)	-	-	(89,678)
Environmental Protection Agency	-	-	-	-	-	-	(14,320)	-	-	(14,320)
U.S. Department of Transportation	-	-	-	-	-	-	(114,261)	-	-	(114,261)
U.S. Department of Homeland Security	-	-	-	-	-	-	(11,647)	-	-	(11,647)
Agency for International Development	-	-	-	-	-	-	(22,617)	-	-	(22,617)
Small Business Administration	-	-	-	-	-	-	(1,099,933)	-	-	(1,099,933)
U.S. Department of Health and Human Services	-	-	-	-	-	-	(1,353)	-	-	(1,353)
National Aeronautics and Space Administration	-	-	-	-	-	-	(1,258)	-	-	(1,258)
Export-Import Bank of the United States	-	-	-	-	-	-	(743,963)	-	-	(743,963)
U.S. Department of Housing and Urban Development	-	-	-	-	-	-	(9,744)	-	-	(9,744)
U.S. Department of Energy	-	-	-	-	-	-	(37,303)	-	-	(37,303)
U.S. Department of Education	-	-	-	-	-	-	(123,522)	-	-	(123,522)
Independent Agencies	-	-	-	-	-	-	(7,912,180)	-	-	(8,020,654)
Treasury General Fund	-	(74,663)	(49)	(30,386)	(3,376)	-	(139,543)	-	-	(139,543)
U.S. Department of Defense	-	-	-	-	-	-	(691,925)	-	-	(691,925)
Transferred to the Public	-	-	-	-	-	-	638,984	-	-	640,663
(Increase)/Decrease in Amounts Yet to be Transferred	-	-	-	2,543	(864)	-	(1,542)	-	-	(4,706)
Refunds and Other Payments	-	(3,164)	-	-	-	-	(368,009)	-	-	(368,009)
Retained by the Reporting Entity	-	-	-	-	-	-	-	-	-	-
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
Fraud Reduction Report
For the Fiscal Year Ended September 30, 2017

In support of the Fraud Reduction and Data Analytics Act of 2015 (FRDA), the Department of Justice conducted a fraud risk assessment in FY 2017 to identify enterprise-wide risks and vulnerabilities to fraud. The assessment was conducted in accordance with FRDA, the Government Accountability Office's *Framework for Managing Fraud Risk in Federal Programs*, and other leading practice materials.¹ Focus areas for the assessment included acquisitions (large contracts and purchase cards), grants (grants management, disbursements, and beneficiary payments), human resources (payroll, time and attendance, and awards), and travel (travel cards, requests, and receipts).

The assessment was conducted through a series of facilitated sessions with Department leadership and program stakeholders. Discussions centered around identifying and evaluating significant risks and vulnerabilities to fraud, including the likelihood of occurrence, severity of impact, and perceived effectiveness of internal controls. The sessions provided a foundation for reinforcing an organizational culture that combats fraud across components, programs, and levels. The assessment was not intended to provide absolute assurance that all frauds and fraud risks were identified and mitigated. Rather, the assessment's purpose was to provide management with the opportunity to identify significant fraud risks, consider potential actions to improve management controls, and consider financial and administrative control activities that would support mitigation of identified risks.

The Department also piloted the use of data analytics on FY 2016 purchase card data with the objectives of broadening the scope of transaction monitoring, uncovering related control weaknesses and policy gaps, and prioritizing limited Department resources in the areas of highest risk. The Department will expand on its fraud reduction efforts in FY 2018.

¹ Leading practice materials included fraud risk principals in GAO's *Standards for Internal Control in the Federal Government*, OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Chief Financial Officers Council's *Playbook: Enterprise Risk Management for the U.S. Federal Government*, Association of Government Accountants Fraud Prevention Toolkit, and industry materials from the Association of Certified Fraud Examiners.

U.S. Department of Justice
Reduce the Footprint
For the Fiscal Year Ended September 30, 2017

Under the leadership of the Attorney General, the Department continued its efforts during FY 2017 to reduce its real property footprint and monitor space utilization across the Department. Mission related challenges and approved large pipeline projects resulted in an increase overall square footage in FY 2016 from the FY 2015 baseline despite reduction by most agency components. 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 2017, 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:

Reduce the Footprint

Reduce the Footprint Baseline Comparison

For the Fiscal Year Ended September 30, 2017			
	FY 2015 Baseline	FY 2016	Change
Square Footage (SF in millions)	47,362,747	47,883,734	1.1%

Reporting of Operation and Maintenance Costs - Owned and Direct Lease Buildings

For the Fiscal Year Ended September 30, 2017			
	FY 2015 Reported Cost	FY 2016	Change
Operation and Maintenance Costs (\$ in millions)	50,305,398	54,287,355	7.9%

**U.S. Department of Justice
Civil Monetary Penalties Inflation Adjustment
For the Fiscal Year Ended September 30, 2017**

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(t)(5)	Brady Law - Nat'l Instant Criminal Check System; PL 103-159, sec. 102(b); Transfer of firearm without checking NICS	1993	2017	8,296	Bureau of Alcohol, Tobacco, Firearms and Explosives	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
18 U.S.C. 924(p)	Child Safety Lock Act; PL 109-92, sec. 5(c)(2)(B); Secure gun storage or safety device, violation	2005	2017	3,034	Bureau of Alcohol, Tobacco, Firearms and Explosives	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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 (continuing)	1989	2017	1,924,589	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing); FIRREA Violation (continuing)	1989	2017	1,924,589	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing); FIRREA Violation (continuing)	1989	2017	9,622,947	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
22 U.S.C. 2399b(a)(3)(A)	Foreign Assistance Act; Fraudulent Claim for Assistance	1968	2017	5,590	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
31 U.S.C. 3729(a)	False Claims Act; Violations	1986	2017	Min. 10,957 - Max. 21,916	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
31 U.S.C. 3802(a)(1)	Program Fraud Civil Remedies Act; Violations	1986	2017	10,957	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
31 U.S.C. 3802(a)(2)	Program Fraud Civil Remedies Act; Violation Involving False Statement	1986	2017	10,957	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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	1949	2017	5,590	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
41 U.S.C. 8706(a)(1)(B)	Anti-Kickback Act; Violation Involving Kickbacks	1986	2017	21,916	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
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 violation	1994	2017	8,084	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
18 U.S.C. 216(b)	Ethics Reform Act of 1989; Penalties for Conflict of Interest Crimes Penalties for Conflict of Interest Crimes Penalties for Conflict of Interest Crimes	1989	2017	96,230	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
41 U.S.C. 2105(b)	Office of Federal Procurement Policy Act; Violation by an individual	1988	2017	100,554	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
41 U.S.C. 2105(b)	Office of Federal Procurement Policy Act; Violation by an organization	1988	2017	1,005,531	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
42 U.S.C. 5157(d)	Disaster Relief Act; Violation	1974	2017	12,705	Civil Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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; Nonviolent physical obstruction, first order	1994	2017	16,169	Civil Rights Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
18 U.S.C. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994; Nonviolent physical obstruction, subsequent order	1994	2017	24,253	Civil Rights Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
18 U.S.C. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994; Other violation, first order	1994	2017	24,253	Civil Rights Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
18 U.S.C. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994; Other violation, subsequent order	1994	2017	40,423	Civil Rights Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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, as amended in 1988. PL 100-430; First violation	1988	2017	100,554	Civil Rights Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
42 U.S.C. 3614(d)(1)(C)(ii)	Fair Housing Act of 1968, as amended in 1988; PL 100-430; Subsequent violation	1988	2017	201,106	Civil Rights Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
42 U.S.C. 12188(b)(2)(C)(i)	Americans With Disabilities Act; PL 101-336; Public accommodations for individuals with disabilities, first order	1990	2017	90,535	Civil Rights Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
42 U.S.C. 12188(b)(2)(C)(ii)	Americans With Disabilities Act; PL 101-336; Public accommodations for individuals with disabilities, subsequent order	1990	2017	181,071	Civil Rights Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
50 U.S.C. App. 597(b)(3)	Servicemembers Civil Relief Act; First violation	2010	2017	60,788	Civil Rights Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
50 U.S.C. App. 597(b)(3)	Servicemembers Civil Relief Act; Subsequent violation	2010	2017	121,577	Civil Rights Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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; PL 106-105; Penalty for Frivolous Assertion of Claim	2000	2017	Min. 348 - Max. 6,946	Criminal Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
18 U.S.C. 1956(b)	Money Laundering Control Act of 1986; PL 99-570, Title I, Subtitle H; Violation	1986	2017	21,916	Criminal Division	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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	1988	2017	20,111	Drug Enforcement Administration	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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	2017	69,875	Drug Enforcement Administration	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
21 U.S.C. 842(c)(1)(A)	Controlled Substances Act, PL 90-513; Violations of 842(a)(5) and (10) - Prohibited acts re: controlled substances	1970	2017	63,523	Drug Enforcement Administration	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
21 U.S.C. 842(c)(1)(B)	Controlled Substances Act, PL 90-513; Violations of 842(a) - other than (5) and (10) - Prohibited acts re: controlled substances; PL 105-277	1998	2017	14,739	Drug Enforcement Administration	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
21 U.S.C. 842(c)(1)(C)	Controlled Substances Act, PL 90-513; Violation of 825(e) by importer, exporter, manufacturer, or distributor - False labeling of anabolic steroids; PL 113-260	2014	2017	509,049	Drug Enforcement Administration	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
21 U.S.C. 842(c)(1)(D)	Controlled Substances Act, PL 90-513; Violation of 825(e) at the retail level - False labeling of anabolic steroids; PL 113-260	2014	2017	1,018	Drug Enforcement Administration	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
21 U.S.C. 842(c)(2)(C)	Controlled Substances Act, PL 90-513; Violation of 842(a)(11) by a business - Distribution of laboratory supply with reckless disregard; PL 104-237	1996	2017	381,758	Drug Enforcement Administration	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
21 U.S.C. 856(d)	Illicit Drug Anti-Proliferation Act of 2003; Maintaining drug-involved premises; PL 108-21	2003	2017	326,661	Drug Enforcement Administration	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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; Unlawful employment of aliens, first order	1986	2017	Min. 548 - Max. 4,384	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324a(e)(4)(A)(ii)	Immigration Reform and Control Act of 1986; Unlawful employment of aliens, second order	1986	2017	Min. 4,384 - Max. 10,957	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324a(e)(4)(A)(iii)	Immigration Reform and Control Act of 1986; Unlawful employment of aliens, subsequent order	1986	2017	Min. 6,575 - Max. 21,916	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324a(e)(5)	Immigration Reform and Control Act of 1986; Paperwork violation	1986	2017	Min. 220 - Max. 2,191	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 403(a)(4)(C)(ii); Violation relating to participating employer's failure to notify DHS of final nonconfirmation of employee's employment	1996	2017	Min. 763 - Max. 1,527	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324a(g)(2)	Immigration Reform and Control Act of 1986; PL 99-603; Violation/prohibition of indemnity bonds	1986	2017	2,191	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324b(g)(2)(B)(iv)(I)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a); Unfair immigration-related employment practices, first order	1990	2017	Min. 452 - Max. 3,621	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324b(g)(2)(B)(iv)(II)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a); Unfair immigration-related employment practices, second order	1990	2017	Min. 3,621 - Max. 9,054	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324b(g)(2)(B)(iv)(III)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a); Unfair immigration-related employment practices, subsequent order	1990	2017	Min. 5,432 - Max. 18,107	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324b(g)(2)(B)(iv)(IV)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a); Unfair immigration-related employment practices, document abuse	1990	2017	Min. 181 - Max. 1,811	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324c(d)(3)(A)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a); Document fraud, first order -- for violations described in USC 1324c(a)(1)-(4)	1990	2017	Min. 452 - Max. 3,621	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324c(d)(3)(B)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a); Document fraud, subsequent order -- for violations described in USC 1324c(a)(1)-(4)	1990	2017	Min. 3,621 - Max. 9,054	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324c(d)(3)(A)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 212(a)(5); Document fraud, first order -- for violations described in USC 1324c(a)(5)-(6)	1996	2017	Min. 382 - Max. 3,054	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017
8 U.S.C. 1324c(d)(3)(B)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 212(a)(5); Document fraud, subsequent order -- for violations described in USC 1324c(a)(5)-(6)	1996	2017	Min. 3,054 - Max. 7,635	Executive Office of Immigration Reform	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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; PL 103-272(1)(e);	1994	2017	1,617	Federal Bureau of Investigation	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

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)	Omnibus Crime State and Local CHRI Systems - Right to Privacy Violation and Safe Streets Act; State and Local CHRI Systems - Right to Privacy Violation	1979	2017	27,950	Office of Justice Programs	Federal Register 82 (03 February 2017): 9131-9136. https://www.federalregister.gov/documents/2017/02/03/2017-01306/civil-monetary-penalties-inflation-adjustment-for-2017

**U.S. Department of Justice
Grants Oversight & New Efficiency (GONE)
For the Fiscal Year Ended September 30, 2017**

Below is the summary table of the 346 total number of Department of Justice (DOJ) awards, and balances totaling \$10,549,734 for which a closeout has not yet occurred, but for which the period of performance has elapsed more than two years. This represents less than 1% of open and active awards from DOJ’s three grant-making components, the Office of Community Oriented Policing Services (COPS), the Office of Justice Programs (OJP), and the Office on Violence Against Women (OVW).

CATEGORY	2-3 Years	>3-5 Years	>5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	66	49	53
Number of Grants/Cooperative Agreements with Undisbursed Balances	115	41	22
Total Amount of Undisbursed Balances	\$5,400,432	\$2,824,484	\$2,324,818

Challenges Leading to Delays in Award Closeouts

The primary challenge contributing to delayed closeout of DOJ grants relates to grants that are in an “under audit” status. For the purpose of this report, the “under audit” status includes open OIG and GAO audits or investigations, as well as internal programmatic and financial monitoring and reviews. These audits, investigations, and reviews can delay award closeout because the recipients must address and remedy findings or questioned costs before the award can be closed. While the recipient is remediating the issues, the award is placed in an “under audit” status. If the award recipient has not implemented corrective actions by the end of the period of performance, the award will remain in “under audit” status and will not be closed out.

An award may be in an “under audit” status for many months and often years, resulting in delay of the closeout. This skews DOJ’s closeout data to appear as though an award has been pending closeout without any activity, when in fact, no activity was permitted to occur until all audits, investigations, or review issues were resolved.

DOJ grant making components also experience challenges when a grantee is unresponsive during the closeout process, for example, not providing required information or reports when due or not responding in a timely manner to the agency. There are times that this unresponsiveness may be due to the fact that the grantee organization is no longer in existence.

Another challenge for DOJ OVW is a disconnect between information reported in DOJ’s grants management systems and payment management systems or “manual reconciliation report process”. Prior to the use of DOJ’s current financial management system, closeouts were performed in paper, and were manually updated in an older financial management system. This manual process resulted in discrepancies between the systems.

Corrective Actions to Address these Challenges

With regard to awards in “under audit” status resulting from internal financial and programmatic monitoring activities, DOJ grant-making components are assessing whether there are issues that have been resolved, but not indicated as such in the grants management system, therefore, preventing the award from being closed. If so, components will enter updated status information for these awards into the grants management system so that closeouts can be initiated and prioritized, as appropriate.

To prevent this from occurring in the future, DOJ is developing enhanced reports to help track the release of awards from “under audit” status so that closeouts can be initiated timely and prioritized, as appropriate.

With regard to grantee unresponsiveness, DOJ will increase efforts to obtain required reports and information from grantees and prioritize administrative closeouts for non-responsive grantees.

For the organizations that are no longer in existence, DOJ OVW has started the process of closing out one of the awards with a zero balance in DOJ’s systems and referring the second award to Treasury for collection of the delinquent debt owed to DOJ.

For the cases where there is a discrepancy between systems, DOJ OVW continues to reconcile the data in the DOJ systems and validate those awards that appear closed in the manual paper process, but were not migrated to the financial system and subsequently closed. Once these awards have been validated as closed, with no remaining balances, the grants management system and financial management system will be updated to reflect these awards as closed.



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U.S. DEPARTMENT OF JUSTICE OFFICE OF THE INSPECTOR GENERAL

950 Pennsylvania Avenue, Northwest
Suite 4760
Washington, DC 20530 0001

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