



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

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the
Federal Bureau of Investigation
Annual Financial Statements
Fiscal Year 2019**



Commentary and Summary

*Audit of the Federal Bureau of Investigation Annual Financial Statements
Fiscal Year 2019*

Objectives

In support of the Department of Justice's annual financial statements audit, the Office of the Inspector General (OIG) contracted with an independent auditor to perform an audit of the Federal Bureau of Investigation's (FBI) 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

KPMG LLP (KPMG) found that the FBI's financial statements are fairly presented as of and for the year ended September 30, 2019. An unmodified opinion was issued. The Independent Auditors' Report did not report any material weaknesses or instances of non-compliance.

The OIG reviewed KPMG's report 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 FBI's financial statements, conclusions about the effectiveness of internal control, conclusions on whether the FBI's financial management systems substantially complied with FFMIA, or conclusions on compliance and other matters. KPMG is responsible for the attached auditors' report dated November 5, 2019, and the conclusions expressed in the report. 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 FBI's audit in accordance with auditing standards generally accepted in the United States of America. The fiscal year (FY) 2019 audit resulted in an unmodified opinion on the financial statements. An unmodified opinion means that the financial statements present fairly, in all material respects, the financial position and the results of the entity's operations in accordance with U.S. generally accepted accounting principles. For FY 2018, the FBI also received an unmodified opinion on its financial statements (OIG Audit Division Report No. 19-07).

KPMG neither identified any material weaknesses, nor reported any significant deficiencies in the FY 2019 Independent Auditors' Report.

No instances of non-compliance or other matters were identified during the audit that are required to be reported under Government Auditing Standards. Additionally, KPMG's tests disclosed no instances in which the FBI's financial management systems did not substantially comply with FFMIA.

**AUDIT OF THE
FEDERAL BUREAU OF INVESTIGATION
ANNUAL FINANCIAL STATEMENTS
FISCAL YEAR 2019**

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U.S. DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)





Management's Discussion and Analysis

U.S. DEPARTMENT OF JUSTICE FEDERAL BUREAU OF INVESTIGATION MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MISSION

The Federal Bureau of Investigation (FBI) is a component of the United States (U.S.) Department of Justice (DOJ or the Department) and a member of the U.S. Intelligence Community (USIC). The mission of the FBI is to protect the American people and uphold the Constitution of the U.S.

The FBI's priorities guide how the organization addresses its wide range of responsibilities. In executing the following priorities, the FBI produces and uses intelligence to protect the nation from threats and to bring to justice those who violate the law. The FBI's mission priorities are to:

- Protect the U.S. from terrorist attacks;
- Protect the U.S. against foreign intelligence operations and espionage;
- Protect the U.S. against cyber-based attacks and high-technology crimes;
- Combat public corruption at all levels;
- Protect civil rights;
- Combat domestic and transnational/national criminal organizations and enterprises;
- Combat major white-collar crime; and
- Combat significant violent crime.

STRATEGIC GOALS & OBJECTIVES

The FBI contributes to the achievement of the following DOJ Strategic Goals¹ (SGs):

- SG 1: Enhance National Security and Counter the Threat of Terrorism
- SG 3: Reduce Violent Crime and Promote Public Safety
- SG 4: Promote Rule of Law, Integrity, and Good Government

The FBI's enterprise strategy includes several integrated components. The mission of the FBI is to protect the American people and uphold the Constitution. The vision outlines the FBI's desired strategic position, which it aims to accomplish by continuously evolving to mitigate existing threats and anticipate future threats. To focus efforts across the enterprise, the FBI developed strategic objectives, operational mission priorities, and the Integrated Program Management (IPM) process.

The FBI's Headquarters (HQ) divisions must align to the enterprise strategy by cascading strategic objectives with associated measures or initiatives within the division's strategy. This vertical alignment within the organization ensures all divisions are strategically focused on the same objectives and working collectively towards the FBI mission and vision. Strategy reviews are held with each HQ division to discuss progress towards the strategic objectives throughout the fiscal year, and the FBI's senior executive management routinely evaluates the organization's progress.

¹ The DOJ Strategic Plan includes four SGs; however the FBI will only be reporting on SGs 1, 3, and 4. The FBI does not have gross costs and earned revenue that align with the strategic objectives of SG 2: *Secure the Borders and Enhance Immigration Enforcement and Adjudication*.



Management's Discussion and Analysis

The FBI monitors the execution of its mission and operational strategy across HQ operational programs, field offices, and legal attaché (legat) offices through the IPM process. This process enables threats to be identified across the organization with accompanying strategies. Every two years, HQ operational divisions prioritize national threats, determine FBI National Threat Priorities (NTPs), and develop national-level strategies to mitigate the threats. The field offices and legat offices use this information to formulate a field and legat office prioritization and complete their own specific strategic plans. These strategies undergo mid-year and end-of-year evaluations, and the field and legat offices are held accountable to their performance targets.

The FBI's budget strategy and future resource requirements and requests are designed to enable the FBI to address the current range of threats while also focusing on the future needs of the FBI. An increasing number of the FBI's programs and initiatives are multi-year in nature, and require phased development, deployment, and operations and maintenance funding. Moreover, a multi-year planning approach allows FBI management to better understand the implications of proposed initiatives to promote capabilities and strategies that are sufficiently agile to meet ongoing, emerging, and unknown national security, cyber, and criminal threats.

ORGANIZATION STRUCTURE

The FBI operates field offices in 56 major U.S. cities and 349 resident agencies (RAs) throughout the country. RAs are satellite offices, typically staffed at fewer than 20 personnel who support the larger field offices and enable the FBI to maintain a presence in and serve a greater number of communities. FBI employees assigned to field offices and RAs perform the majority of the investigative and intelligence work for the FBI. Special Agents in Charge (SACs) and Assistant Directors in Charge (ADICs) of FBI field offices report directly to the Director and Deputy Director.

The FBI also operates 63 legat offices and 27 sub-offices in over 70 countries around the world. These offices are typically staffed with fewer than 10 personnel who enable the FBI's presence in these countries and liaise with foreign counterparts and partners. These numbers fluctuate based upon the global threat environment.

FBI HQ, located in Washington, D.C., provides centralized operational, policy, and administrative support to FBI investigations and programs. Under the direction of the FBI Director and Deputy Director, this support is provided by:

- The National Security Branch (NSB), which includes the Counterterrorism Division (CTD), Counterintelligence Division (CD), and the Weapons of Mass Destruction Directorate (WMDD).
- The Intelligence Branch (IB), which includes the Directorate of Intelligence (DI) and the Office of Partner Engagement (OPE).
- The Criminal, Cyber, Response and Services Branch (CCRSB), which includes the Criminal Investigative Division (CID), the Cyber Division (CyD), the Critical Incident Response Group (CIRG), and the International Operations Division (IOD).
- The Science and Technology Branch (STB), which includes the Criminal Justice Information Services (CJIS) Division, the Laboratory Division (LD), and the Operational Technology Division (OTD).

A number of other HQ offices also provide FBI-wide mission support:

- The Information and Technology Branch (ITB) oversees the Information Technology (IT) Enterprise Services Division (ITESD), the IT Applications and Data Division (ITADD), and the IT Infrastructure Division (ITID).
- The Human Resources Branch (HRB) includes the Human Resources Division (HRD), the Training Division (TD), and the Security Division (SecD).



Management's Discussion and Analysis

- Administrative and financial management support is provided by the Finance and Facilities Division (FFD), the Information Management Division (IMD), the Resource Planning Office (RPO), and the Inspection Division (INSD).
- Specialized support is provided directly to the Director and Deputy Director through a number of staff offices, including the Office of Public Affairs (OPA), the Office of Congressional Affairs (OCA), the Office of the General Counsel (OGC), the Office of Equal Employment Opportunity Affairs (OEEOA), the Office of Professional Responsibility (OPR), the Office of the Ombudsman, and the Office of Integrity and Compliance (OIC).

In FY 2019, the FBI's appropriated staffing level of 35,416 consisted of 13,168 Special Agents, 3,107 Intelligence Analysts, and 19,141 professional staff along with an additional 3,190 reimbursable positions.

FINANCIAL STRUCTURE

The FBI's Salaries and Expenses (S&E) funding is appropriated among four decision units that are reflective of the FBI's key mission areas:

1. Intelligence
2. Counterterrorism (CT)/Counterintelligence (CI)
3. Criminal Enterprises and Federal Crimes (CEFC)
4. Criminal Justice Services (CJS)

Resources are allocated to these four decision units in one of three ways:

- Based on core mission function: Certain FBI divisions support one mission area exclusively and thus, are allocated entirely to the corresponding decision unit. For example, all of the resources of the DI are allocated to the Intelligence decision unit while all of the resources of the CJIS are allocated to the CJS decision unit.
- Based on workload: Critical investigative enablers, such as the LD, IOD, and OTD, are allocated to the decision units based on workload. For example, 21 percent of the LD's workload is in support of CT/CI investigations, and accordingly, 21 percent of LD's resources are allocated to the CT/CI decision unit. These percentage assignments may be revised upon review of workload.
- Pro-rated across all decision units: Administrative enablers, such as all three IT Divisions and HRD, are pro-rated across all four decision units since these divisions support the entire organization. This pro-rata spread is based on the allocation of operational divisions and critical investigative enablers.

The FBI's Construction funding is a separate no-year appropriation and all resources contained therein are allocated to the CJS decision unit.



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FY 2019 RESOURCE INFORMATION

Table 1 presents the sources of financing for FBI resources distinguished by Earned Revenue, Budgetary Financing Sources, and Other Financing Sources. Table 2 describes how the FBI spent its resources, divided across DOJ SGs 1, 3, and 4.

**Table 1. Source of FBI Resources
(Dollars in Thousands)**

Source	FY 2019	FY 2018	Change%
Earned Revenue	\$ 992,281	\$ 924,916	7%
Budgetary Financing Sources			
Appropriations Received	9,577,137	9,421,402	2%
Appropriation Transferred-In/Out	(6,415)	(27,229)	76%
Other Adjustments	(124,737)	(128,353)	3%
Transfers-In/Out Without Reimbursement	132,875	137,454	(3%)
Other Financing Sources			
Transfers-In/Out Without Reimbursement	25,616	12,722	101%
Imputed Financing from Costs Absorbed by Others	345,916	281,096	23%
Other Financing Sources	(10,465)	(9,077)	(15%)
Total FBI Resources	\$ 10,932,208	\$ 10,612,931	3%

**Table 2. How FBI Resources are Spent
(Dollars in Thousands)**

Strategic Goal (SG)	FY 2019	FY 2018	Change%
SG 1: Enhance National Security and Counter the Threat of Terrorism			
Gross Cost	\$ 5,197,740	\$ 5,051,842	
Less: Earned Revenue	261,208	265,567	
<i>Net Cost</i>	\$ 4,936,532	\$ 4,786,275	3%
SG 3: Reduce Violent Crime and Promote Public Safety			
Gross Cost	\$ 2,728,756	\$ 2,533,000	
Less: Earned Revenue	641,626	590,045	
<i>Net Cost</i>	\$ 2,087,130	\$ 1,942,955	7%
SG 4: Promote Rule of Law, Integrity, and Good Government			
Gross Cost	\$ 2,848,172	\$ 2,759,069	
Less: Earned Revenue	89,447	69,304	
<i>Net Cost</i>	\$ 2,758,725	\$ 2,689,765	3%
Total Gross Cost	\$ 10,774,668	\$ 10,343,911	
Less: Total Earned Revenue	992,281	924,916	
Total Net Cost of Operations	\$ 9,782,387	\$ 9,418,995	4%



Management's Discussion and Analysis

ANALYSIS OF FINANCIAL STATEMENTS

The FBI's financial statements received unmodified audit opinions for FYs 2019 and 2018. These financial statements were prepared from the accounting records of the FBI in conformity with U.S. generally accepted accounting principles (GAAP) 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*.

Assets: Total Assets was \$8.53 billion as of September 30, 2019, an increase of \$225.0 million, or three percent, from the previous fiscal year's Total Assets of \$8.30 billion. The increase is primarily related to increases in Fund Balance with Treasury and General Property, Plant and Equipment. Fund Balance with Treasury increased in FY 2019 by \$79.6 million, or two percent, which is primarily due to an increase in Appropriations Received and not yet disbursed. General Property, Plant and Equipment increased by \$120.5 million, or four percent, which is primarily due to an increase in Construction in Progress projects. Intragovernmental Accounts Receivable increased in FY 2019 by \$12.3 million, or three percent, which is primarily due to increased reimbursable activity with the USIC and other DOJ Components. The remaining assets reflect a net increase of \$12.6 million.

Liabilities: Total Liabilities was \$1.58 billion as of September 30, 2019, an increase of \$67.5 million, or four percent, from the previous fiscal year's Total Liabilities of \$1.52 billion. Accrued Payroll and Benefits increased by \$19.4 million, or 12 percent, due to a one-day increase in the number of compensable days included in the payroll accrual, as compared to FY 2018. Accrued Annual and Compensatory Leave Liabilities increased \$33.7 million, or 11 percent, which is primarily attributed to an increased unfunded leave liability as compared to FY 2018. Accounts Payable with the Public had an increase of \$17.4 million, or four percent, due mainly to increased contractual activity with the public. The remaining liabilities reflect a net decrease of \$3.0 million.

Net Position: Total Net Position was \$6.95 billion as of September 30, 2019, an increase of \$157.5 million, or two percent, from the previous fiscal year's Total Net Position of \$6.79 billion. The net increase is primarily due to an increase in Appropriations Received and Imputed Financing. Appropriations Received increased by \$155.7 million, or two percent. Imputed Financing increased by \$64.8 million, or 23 percent, due to an increase in the Office of Personnel Management (OPM) cost factor for employer's pension expenses. For FY 2019, the OPM cost factor increased significantly based on economic assumptions that used a 10-year historical averages. The remaining changes in Net Position reflect a net decrease of \$63.0 million.

Net Cost of Operations: Total Net Cost of Operations was \$9.78 billion for FY 2019, an increase of \$363.4 million, or four percent, from Total Net Cost of Operations of \$9.42 billion for FY 2018. The increase is primarily attributed to a net increase of \$430.8 million, or four percent, in Gross Costs and a \$67.4 million increase, or seven percent, in Earned Revenue. The increase in Earned Revenue is primarily attributed to an increase in reimbursable activity with USIC partners and an increase in activity within the CJIS User Fee program.

Budgetary Resources: Total Budgetary Resources was \$13.10 billion for FY 2019, an increase of \$395.9 million, or three percent, from Total Budgetary Resources of \$12.71 billion in FY 2018. The change is related to increases in Unobligated Balance from Prior Year Budget Authority, Net of \$140.6 million, Appropriations of \$188.0 million, and Spending Authority from Offsetting Collections of \$67.3 million.



SUMMARY OF PERFORMANCE INFORMATION

DOJ SG 1: Enhance National Security and Counter the Threat of Terrorism *51 percent of the FBI's Net Cost supports this SG.*

PROGRAM: Counterterrorism

Background/Program Objectives: The FBI is committed to disrupting and preventing terrorism, from thwarting those intending to conduct a terrorist act to investigating financiers of terrorist operations. The CTD at FBI HQ provides oversight and management for all CT investigations. FBI CTD provides a centralized, comprehensive, and intelligence-driven approach to addressing both international and domestic terrorism-related matters.

Performance Measure: Number of terrorism disruptions affected through investigations (1.1)

FY 2019 Target: 250

FY 2019 Actual Performance: 518

Discussion of FY 2019 Results:

Under the Department's Strategic Objectives, FBI CTD is accountable for Objective 1.1 "Disrupt and defeat terrorist operations". The FBI is the lead agency in the investigation and disruption of terrorist actors and plotters who aimed to cause harm in the homeland. In FY 2019, FBI CTD exceeded the target of 250 terrorism disruptions with an actual count of 518 terrorism disruptions. Noteworthy disruptions include the arrest of a subject who attempted to attack the White House in January 2019 and the arrest of a subject who had been stockpiling weapons and aspired to conduct a mass terrorist attack.

The FBI's ability to exceed the disruption target is due to the continued efforts of FBI analysts and agents to proactively and rigorously investigate terrorism threats and actors. FBI CTD ensures continuous training of the CT workforce, effective use of advanced technology, and efficient stewardship of all available resources to successfully meet the performance measure and disrupt terrorist operations.

The FBI assesses the greatest threat in the Homeland is from self-radicalized lone actors who look to attack soft targets with easily accessible weapons. Countering the threat from lone actors is becoming increasingly difficult for law enforcement and requires extensive resources throughout the country. Although the total number of terrorism disruptions is unpredictable due to the nature of the threat, the FBI expects continued and sustained performance on this metric.

PROGRAM: Cyber

Background/Program Objectives: The FBI CyD addresses the growing criminal and national security threat of unauthorized computer intrusions by targeting investigative and mitigation resources on top-priority cyber threat actors. The FBI CyD seeks to eliminate threat actor intrusion capabilities through detection, deterrence, disruption, and dismantlement outcomes.

A holistic view of the intrusion environment recognizes that threat actors have widely divergent means, motives, and opportunities to inflict damage on their intended victims. The FBI CyD uses four primary computer intrusion program actions to measure its mitigation success against the general threat of unauthorized computer intrusions. Deterrence is the FBI prevention of a threat actor from engaging in criminal or national security related activity through defensive countermeasures which are implemented by the FBI or implemented by strategic partners due to FBI engagement. Detection is the FBI identification of a threat actor and/or criminal or national security related activity. Disruptions are interrupting or inhibiting a threat actor from engaging in criminal or national security related activity. Disruptions are the result of direct actions and may include, but are not limited to, arrest, seizure of assets, or impairing the operational capabilities of key threat actors. Dismantlement occurs when the targeted organization's leadership, financial



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base, and supply network has been destroyed, such that the organization is incapable of operating and/or reconstituting itself. By definition, an organization can only be dismantled once. However, in the case of large organizations, a number of individual identifiable cells or subgroups may be present. Each of these cells or subgroups maintains and provides a distinct function supporting the entire organization. Actors respond differently to each of these FBI actions, and each action may be effective at different times in the lifespan of an investigation. Each fiscal year, the FBI CyD communicates cyber threat-level guidance to all FBI field offices, in order to direct FBI progress towards achieving these mitigation outcomes against the most important cyber threats.

Performance Measure: Number of computer intrusion program, deterrences, detections, disruptions and dismantlements (1.2)

FY 2019 Target: 8,000

FY 2019 Actual Performance: 15,897

Discussion of FY 2019 Results:

The FBI CyD engages in comprehensive investigative, analytical, and engagement related activities involving numerous stakeholders to include other FBI operational divisions, field offices, legats, foreign partners, private sector, state and local law enforcement, and theUSIC, in an effort to mitigate and eliminate the capabilities of Cyber-criminal and national security state actors. In FY 2019, FBI CyD successfully achieved a total of 15,897 operational and preventative outcomes related to deterrences, detections, disruptions and dismantlements.

Throughout FY 2019, FBI CyD, in coordination with other law enforcement agencies and members of theUSIC, gathered evidence of computer intrusion techniques, patterns of criminal activity, and copies of malicious software. When possible, the FBI notified victims of computer intrusions, which enabled them to protect themselves against such tactics. In many circumstances victims were unaware their networks had been compromised. The FBI's information sharing and analysis capabilities have ensured that computer intrusion information and other information about cyber threats are also shared with other agencies in support of their independent cyber-related missions, both in the U.S. and abroad.

Each fiscal year, the total number of deterrences, detections, disruptions and dismantlements accomplished against criminal and national security related cyber threats is unpredictable because of the nature of ongoing cyber campaigns, however, the FBI expects continued and sustained performance on this metric. From May of 2019 until September of 2019, the FBI's CyD working alongside the FBI's CID completed a global effort, dubbed Operation ReWired, which focused on law enforcement action against Business Email Compromise actors. The law enforcement action resulted in 282 arrests globally and over \$3.6 million in seized assets.

PROGRAM: Counterintelligence

Background/Program Objectives: The mission of the FBI's CI program is to protect the U.S. by identifying, understanding, and combating foreign government activities that pose a threat to national security. To do this, the FBI must identify and protect the nation's vital assets, and it must identify and disrupt the actors who seek to obtain these assets for the benefit of foreign governments.

The U.S. faces a broad, rising threat from the hostile intelligence activities of foreign governments and their proxies. These activities are not conducted exclusively by foreign intelligence services, nor do they primarily target U.S. Government secrets. Instead, foreign nations combine traditional and non-traditional collectors in a whole-of-government approach, seeking to acquire a wide range of vital U.S. assets to give those adversaries an economic or national security advantage.

Once a foreign nation has acquired U.S. information, items, or other assets, this damage cannot be undone by punishing those who were responsible; therefore, the FBI's CI strategy emphasizes the prevention of loss and



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the proactive disruption of threat actors. To prevent losses, the FBI engages the governmental or private-sector entities that possess priority assets, and the FBI makes them aware of threats, trends, and indicators; because FBI resources are limited, this engagement is prioritized toward high-value and high-risk sectors, technologies, and agencies.

To identify and disrupt threat actors, the FBI uses the full range of lawful tools, from traditional techniques such as interviews and search warrants, to advanced techniques relying on technology or tradecraft. The FBI also partners with other government agencies to use the broadest possible set of legitimate tools, such as expulsions of personae non gratae, national security reviews of proposed foreign corporate acquisitions, and regulatory and export-control enforcement.

Performance Measure: Number of counterintelligence program disruptions and dismantlements (1.3)

FY 2019 Target: 400

FY 2019 Actual Performance: 529

Discussion of FY 2019 Results:

In FY 2019, the FBI CD focused on identifying, understanding, and combating foreign activities in order to deter, defeat, and aggressively respond to CI threats against U.S. national and economic security. FBI CD regularly engaged entities possessing the most critical assets, employed all available and lawful tools and authorities, and collaborated with the widest possible set of allies at all levels of government, in the private sector, and in friendly foreign governments.

In FY 2019, the FBI CD's emphasis on collaboration enabled it to achieve many notable successes, including the disruption of nefarious actors, in partnership with the U.S. Departments of Defense, State, and Energy, as well as with allied foreign governments. FBI collaboration led the U.S. Department of Treasury's (Treasury) Office of Foreign Asset Control and the U.S. Department of Commerce to add additional entities to sanctions lists for conducting business with or on behalf of sanctioned entities. The FBI's collaborative relationships also facilitated the disruption of adversarial actors and the dismantlement of nefarious networks via nonjudicial methods.

Key FBI accomplishments in FY 2019 included disrupting unsanctioned technology transfer to Iran, Russia, and China; investigations leading to the arrest and conviction of foreign agents, including the guilty pleas of Ron Rockwell Hansen and Jerry Chun Shing Lee for passing classified information to Chinese intelligence officers; the investigation and prosecution of unauthorized public disclosures; and the investigative and collaborative work that led to the U.S. government seizure of M/V Wise Honest, marking the first-ever seizure of a North Korean cargo ship for violating international sanctions.

DOJ SG 3: Reduce Violent Crime and Promote Public Safety 21 percent of the FBI's Net Cost supports this SG.

PROGRAM: Criminal Enterprises

Background/Program Objectives: The FBI's criminal enterprise investigations, managed by the CID at FBI HQ, focus on violent gangs, drug trafficking organizations (DTOs), transnational organized crime, and other organized violent criminal actors.



Management's Discussion and Analysis

Transnational Organized Crime (TOC)

The mission of the FBI's TOC Program is to identify, prioritize, target, disrupt, and dismantle the most significant transnational criminal organizations (TCOs) and DTOs. These TOC networks engage in a myriad of activities which impact the U.S., including drug trafficking, money laundering, human trafficking, alien smuggling, public corruption, weapons trafficking, extortion, kidnapping, exploitation and trafficking of natural resources, theft of cultural property such as art and antiquities, and insurance and health care frauds.

FBI CID continues to cultivate and leverage relationships with federal, state, local, and foreign partners to address the threat posed by TOC networks and CE. As of September 2019, FBI CID partners with federal, state, local, and tribal law enforcement in 83 formal organized crime and/or major theft task forces that are comprised of 406 FBI members and 449 task force officers across the U.S. FBI CID also maintains FBI investigative and intelligence personnel in 19 locations throughout the world and seven task forces or vetted teams of host country law enforcement to support criminal investigative work abroad targeting TOC networks and CE.

These task forces serve as a force multiplier to address organized criminal threats through strategic resourcing, intelligence sharing, and increased collaboration. By leveraging these task forces and using sophisticated investigative techniques, such as undercover operations and Title III wire taps, FBI CID and its partners successfully disrupt and dismantle the most harmful TOC networks and CE.

Violent Gang Criminal Enterprises (VGCEs)

The mission of the FBI's Violent Gang Program is to address the VGCE threat in the U.S. by aggressively identifying, prioritizing, and targeting the most violent street and prison gangs whose activities constitute CE. In January 1992, the FBI established the Safe Streets Violent Crime Initiative to attack gang and drug-related violence through the establishment of long-term, proactive, and coordinated teams of federal, state, and local law enforcement officers and prosecutors. The teams are manifested in Violent Gang Safe Streets Task Forces (VGSSTFs). As of September 30, 2019, the 170 VGSSTFs managed by the FBI were comprised of approximately 775 FBI Special Agents and 1,390 state, local, and other federal law enforcement officials.

Through VGSSTFs, the FBI pursues violent gangs by maintaining sustained, proactive, and coordinated investigations and prosecutes gang members for a number of violations that include, but are not limited to, racketeering, drug conspiracy, and firearms violations. The Safe Streets Task Forces (SSTFs) concept expands cooperation and communication among federal, state, and local law enforcement agencies, increasing productivity and avoiding duplication of investigative efforts. SSTFs combine short-term, street-level enforcement activity with sophisticated investigative techniques such as undercover operations and Title III wire taps to root out, prosecute, and disrupt and dismantle the entire gang, from the street-level enforcers and dealers to crew leaders and the gang's command structure.

State and local officers bring an unparalleled level of expertise and knowledge regarding local gangs, gang members, and violent offenders operating in their department's area of responsibility. This knowledge, combined with FBI resources, ensures VGSSTFs are successful in disrupting and dismantling the most violent gangs.



Management's Discussion and Analysis

Performance Measure: Percent of gang/criminal enterprise dismantlements non-Consolidated Priority Organizations Targets (non-CPOTs) (3.1)

FY 2019 Target: 15 percent (173)

FY 2019 Actual Performance: 16 percent (198)

Performance Measure: Number of disruptions and dismantlements of DTOs linked to CPOTs (3.2)

FY 2019 Target: 70

FY 2019 Actual Performance: 72

Discussion of FY 2019 Results:

Gangs, criminal enterprises, criminal organizations engaging in white collar crime and money laundering, and drug trafficking organizations are some of the highest priority threats, identified by DOJ and FBI. As disruptions and dismantlements of these criminal groups hinders or eliminates their ability to commit crimes, these performance measures demonstrate the most impactful work performed by the FBI against these threats.

DOJ maintains a national list of the most prolific major international drug trafficking and money laundering organizations threatening the U.S. known as the CPOT list, which reflects the most significant international narcotic manufacturers, poly-drug traffickers, suppliers, transporters, and money laundering organizations.

The FBI exceeded its FY 2019 goal of 173 non-CPOT dismantlements. Instrumental to the FBI's continued success in combating gangs/criminal enterprises has been its working partnerships with federal, state, and local law enforcement counterparts. The FBI manages and oversees task forces targeting violent crime, gangs, and transnational criminal enterprises. These task forces have been and continue to be at the forefront of the federal government's campaign against violent gangs, violent crimes, and transnational organized crime throughout the nation.

The FBI met its FY 2019 target for the number of CPOT-linked organizations disrupted or dismantled. As a note, this is a shared performance measure with other DOJ components, the Executive Office for Organized Crime Drug Enforcement Task Forces (OCDETF) and the Drug Enforcement Administration (DEA). The amounts listed reflect only the FBI's portion of this performance measure.

DOJ SG 4: Promote Rule of Law, Integrity, and Good Government *28 percent of the FBI's Net Cost supports this SG.*

The FBI was not assigned performance measures that significantly led to managing, budgeting, or oversight of SG 4.



ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

Federal Managers' Financial Integrity Act of 1982

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

Internal Controls Program

FBI's management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the FMFIA. In accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, revised June 6, 2018, the FBI conducted its annual assessment of the effectiveness of internal controls to support effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations (FMFIA Section 2). The FBI also assessed whether its financial management systems conform to financial systems requirements (FMFIA Section 4). Based on the results of the assessments, the FBI provided reasonable assurance that its internal controls and financial management systems met the objectives of the FMFIA, with the exception of the reportable conditions summarized below. Corrective Action Plans were established to institute programs and/or controls to eliminate this condition.

FMFIA Section 2 – Reportable Conditions

Information Systems: For the FY 2019 assessment, testing showed improvements in the strength of general control areas DOJ selected. Additional improvements are in progress to remediate deficiencies identified in the areas of: Access Control, Audit and Accountability, Contingency Planning, and Risk Assessment. FBI is working with stakeholders to ensure that the new processes are fully implemented and executed in accordance with the FBI and DOJ policies. FBI considers the aggregated deficiencies to be one significant deficiency for information systems general controls.

Hiring Disclosures: In FY 2015, the DOJ provided the FBI an exemption from implementing the hiring disclosure process mandated by the Deputy Attorney General in November 2014. The exemption was provided due to the FBI's ongoing significant resource investment in developing and implementing a new hiring system, HR Source. The FBI's evaluation in FY 2018 found that the hiring disclosure process has not been fully implemented across all HQ divisions and field offices. The FBI Human Resources Division (HRD) has been striving to automate the disclosure process within HR Source. Until this effort is completed, the HRD will continue to communicate to all HQ divisions and field offices that the Selecting Official Acknowledgement and Disclosure Form & Applicant / Employee Disclosure Form must be used. Also, the HRD will reiterate the requirement during monthly teleconferences with field offices, monthly FBI Administrative Officer teleconferences, leadership briefings at the Special Agent in Charge Conference, advisory committee meetings, and the annual FBI HRD conference.



Management's Discussion and Analysis

OMB Circular A-123, Appendix A – Internal Control Over Financial Reporting

In FY 2019, the FBI documented and assessed its significant business processes according to the requirements of DOJ's Implementation Plan for compliance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, revised June 6, 2018. The revised Circular A-123 re-examined internal control requirements for federal agencies in light of the requirements for publicly-traded companies implemented by the Sarbanes-Oxley Act of 2002. The full Circular A-123, *Appendix A: Internal Control Over Financial Reporting* assessment covered all business processes deemed to be significant to the FBI and the DOJ. These processes included: Budget and Funds Management; Revenue and Receivables Management; Procurement; Property Management; Treasury and Fund Balance with Treasury; Human Resources; Financial Reporting; and Information Systems. The results of the assessment disclosed no material weaknesses in the FBI's internal control over financial reporting as of June 30, 2019.

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA or the Act) 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 FFMIA requires independent auditors to report on agency compliance with the three requirements in the financial statement audit report.

FFMIA Compliance Determination

During FY 2019, the FBI assessed its financial management systems for compliance with the FFMIA and determined that, when taken as a whole, they substantially complied with the FFMIA. This determination is based on the results of the Federal Information Security Management Act (FISMA) reviews and testing performed for OMB Circular A-123, Appendix A. Consideration was also given to any issues identified during the FY 2019 FBI financial statement audit.

Analysis of Legal Compliance

In the FBI's update to the FY 2018 Assurance Statement and Sub-certification, FBI management reported deficiencies for the Digital Accountability and Transparency Act (DATA Act) compliance because the preliminary results of the OIG's statistical sample of the FBI's 2018 Quarter 2 spending data on USASpending.gov identified deficiencies. FBI management reviewed the OIG's findings and took action to improve data quality and compliance. The FBI's analyses in FY 2019 identified some deficiencies, none of which was significant enough, individually or in the aggregate to be considered a significant deficiency or material weakness. In FY 2019, the FBI will continue to work with the Department's DATA Act Team to strengthen the controls for which additional focus is needed.



FORWARD LOOKING INFORMATION

The Changing Threat

The U.S. continues to face a range of criminal, terrorist, and nation-state actor threats, such as organized crime syndicates seeking to defraud banks and corporations, or spies seeking to steal defense and intelligence secrets. While these threats are not new, the means by which actors implement them are changing. Today, these actors engage via the Internet and other computer networks. These networks provide ample cover from attribution, making the identification of the intrusion difficult as the motive of the attacker – be it criminal, and terrorist or nation-state espionage – can remain unknown.

The FBI's cyber mission is to counter the threat by investigating intrusions to determine criminal, terrorist, and nation-state actor identities, and engaging in activities to reduce or neutralize these threats. At the same time, the FBI collects and disseminates information significant to those responsible for defending networks, including information regarding threat actor targets and techniques. The FBI's jurisdiction is not defined by network boundaries; rather, it includes all territory governed by U.S. law, whether domestic or overseas, and spans individual citizens, private industry, critical infrastructure, U.S. Government, and other interests alike. Collectively, the FBI and its federal partners take a whole-of-government approach to help deter future threats and bring closure to current threats that would otherwise continue to infiltrate and harm our network defenses.

The foreign intelligence threat to the U.S. continues to increase as foreign powers seek to establish economic, military, and political preeminence and to position themselves to compete with the U.S. in economic and diplomatic arenas. The most desirable U.S. targets are political and military plans, technology, and economic institutions, both governmental and non-governmental. Foreign intelligence services continue to target and recruit U.S. travelers abroad to acquire intelligence and information. Foreign adversaries are increasingly employing non-traditional collectors – e.g., students and visiting scientists, scholars, and businesspersons – as well as cyber-based tools to target, penetrate, and influence U.S. institutions.

The FBI continues to identify individuals who seek to join the ranks of foreign fighters traveling in support of the Islamic State of ash-Sham, commonly known as ISIS, as well as homegrown violent extremists (HVE) who may aspire to attack the U.S. from within. HVEs aspire to carry out attacks in the U.S. or travel overseas to participate in terrorist activity. Countering the HVE threat is especially challenging for law enforcement because it is difficult to distinguish violent rhetoric from terrorist intent. The FBI's ongoing HVE cases span all 50 states and all 56 field offices. These threats remain among the highest priorities for the FBI and theUSIC as a whole.

Budget Environment

The foundation of the FBI's budget strategy is supported by the FBI's mission, vision, and strategic objectives as discussed in previous sections. At the heart of the FBI's strategy is the vision statement: Ahead of the threat through leadership, agility, and integration. By understanding the threat-based landscape and identifying critical enterprise-wide capabilities needed to perform its mission, the FBI crafts a strategy that maximizes the effectiveness of current resources as well as forecasts programmatic areas that require enhanced resources in order to meet threats of the future, some known and some not. This strategic planning of resources is increasingly important given the number of FBI programs and initiatives that are multi-year in nature, and require phased development, deployment, and operations and maintenance funding.

First and foremost, the FBI prioritizes core operational needs, to include resources to sustain Special Agents, Intelligence Analysts, and critical enabling personnel. The FBI ensures that funding is sufficient and available to establish and sustain sources that are critical to gathering intelligence and building cases. In addition to operational funding, the FBI requires a robust physical and IT infrastructure that meets the needs of the workforce of the future, as well as a threat environment that is increasingly impacted by the digital



Management's Discussion and Analysis

revolution. One significant investment in FY 2020 that will positively impact FBI operational capacity for years to come is the 21st Century Facilities Plan implementation.

FBI's 21st Century Facilities Plan

The FBI continues to work towards consolidating and improving its operations through the construction of modern facilities. Construction of the Central Records Complex (CRC) in Frederick County, Winchester, Virginia began in April 2018. Facility completion is estimated in 2020. The CRC will centralize FBI records from around the world, including FBI HQ, field offices, and legat offices. The CRC will ensure FBI records are stored in a facility which is compliant with the National Archives and Records Administration's federal records storage standards.

The largest investment in the FBI's 21st Century Facilities plan is ongoing at Redstone Arsenal in Huntsville, Alabama. The U.S. Army made available approximately 1,600 acres of land at Redstone Arsenal to the FBI, which enables the FBI to enhance operations, operational support, technology, training, and research and development capabilities and capacities. The FBI's plans for constructing new facilities at Redstone Arsenal center around three key opportunities:

- 1) Creating a center for collocating FBI explosives and counter-improvised explosive device programs and activities;
- 2) Creating advanced and specialized training capacities and capabilities to address requirements that cannot be satisfied at the FBI Academy campus in Quantico, VA; and
- 3) Creating space to proactively meet future operational requirements, particularly technology and analytics requirements impacted by the digital revolution.

CJIS User Fee Study

Beginning in FY 2018, the FBI conducted an extensive business review of the automation portion of the FBI CJIS User Fee rate due to the considerable transformation in the business and operational environments to include changes in technology and workload. As a result, the FBI approved an adjustment to the fee schedule and published a Notice of the Change in the Federal Register on September 24, 2018. Effective January 1, 2019, fingerprint-based criminal history record identification (CHRI) checks were increased by \$1.25 to \$11.25, fingerprint-based for volunteer CHRI was increased by \$0.50 to \$9.25, and the name-based CHRI checks remained unchanged at \$2.00.

Over the Horizon

The FBI must continue to invest in the future. Threat actors continue to evolve and become more sophisticated, and so must the FBI. Data center and facilities investments represent only a portion of those areas that will require resources and energy. As data usage continues to expand, the FBI is in the process of re-envisioning its network strategy given current and projected network infrastructure gaps. Developing more sophisticated ways to ingest and transport this data is only part of the equation. The opportunities to leverage this data for maximum operational gain require greater investments in analytical tools and data structure design. The security of this data from external and internal threat actors requires enhanced network monitoring. These IT improvements and transformations are critical to effectively support threat watchlisting, whether they be TOC actors, terrorists, or cyber attackers. Technology improvements are also essential in the identification of DarkNet marketplaces used to facilitate the opioid crisis and the investigation of CI threat actors seeking to influence U.S. domestic life, among other threat areas.

The FBI will continue to meet these operational and resource realities head-on, focusing on its vision to be ahead of the threat through leadership, agility, and integration as it achieves organizational excellence.



Management's Discussion and Analysis

LIMITATIONS OF THE FINANCIAL STATEMENTS

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

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

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

U.S. DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

INDEPENDENT AUDITORS' REPORT





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

Independent Auditors' Report

Inspector General
U.S. Department of Justice

Director
Federal Bureau of Investigation
U.S. Department of Justice

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the U.S. Department of Justice Federal Bureau of Investigation (FBI), which comprise the consolidated balance sheets as of September 30, 2019 and 2018, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, 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. 19-03, Audit Requirements for Federal Financial Statements. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice Federal Bureau of Investigation as of September 30, 2019, and 2018, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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, 2019, we considered the FBI'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 FBI's internal control. Accordingly, we do not express an opinion on the effectiveness of the FBI's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the FBI's consolidated financial statements as of and for the year ended September 30, 2019, are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 under Government Auditing Standards or OMB Bulletin No. 19-03.

We also performed tests of the FBI'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 tests disclosed no instances in which the FBI's financial management systems did not substantially comply with the (1) federal financial management systems requirements, (2) applicable federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the FBI's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 5, 2019

U.S. DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

PRINCIPAL FINANCIAL STATEMENTS AND RELATED NOTES





**U.S. Department of Justice
Federal Bureau of Investigation
Consolidated Balance Sheets
As of September 30, 2019 and 2018**

Dollars in Thousands	2019	2018
ASSETS (Note 2)		
Intragovernmental		
Fund Balance with Treasury (Note 3)	\$ 5,001,862	\$ 4,922,248
Accounts Receivable (Note 5)	425,127	412,866
Other Assets (Note 8)	31,297	24,870
Total Intragovernmental	5,458,286	5,359,984
Cash and Other Monetary Assets (Note 4)	101,374	91,687
Accounts Receivable, Net (Note 5)	38,463	33,246
General Property, Plant and Equipment, Net (Note 7)	2,863,828	2,743,307
Advances and Prepayments	68,469	77,217
Other Assets (Note 8)	29	-
Total Assets	\$ 8,530,449	\$ 8,305,441
LIABILITIES (Note 9)		
Intragovernmental		
Accounts Payable	\$ 171,214	\$ 204,477
Accrued Federal Employees' Compensation Act Liabilities	35,328	34,090
Custodial Liabilities (Note 18)	1,809	1,592
Other Liabilities (Note 13)	123,997	116,259
Total Intragovernmental	332,348	356,418
Accounts Payable	404,718	387,293
Accrued Payroll and Benefits	178,065	158,674
Accrued Annual and Compensatory Leave Liabilities	348,240	314,545
Federal Employee and Veteran Benefits	223,158	217,008
Environmental and Disposal Liabilities (Note 10)	4,729	5,633
Seized Cash and Monetary Instruments (Note 12)	49,008	46,385
Contingent Liabilities (Note 14)	15,840	5,169
Other Liabilities (Note 13)	26,764	24,277
Total Liabilities	\$ 1,582,870	\$ 1,515,402
NET POSITION		
Unexpended Appropriations	\$ 3,730,758	\$ 3,518,062
Cumulative Results of Operations	3,216,821	3,271,977
Total Net Position	\$ 6,947,579	\$ 6,790,039
Total Liabilities and Net Position	\$ 8,530,449	\$ 8,305,441

Federal Bureau of Investigation

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



**U.S. Department of Justice
Federal Bureau of Investigation
Consolidated Statements of Net Cost
For the Fiscal Years Ended September 30, 2019 and 2018**

Dollars in Thousands

	FY	Gross Costs			Less: Earned Revenues			Net Cost of Operations (Note 15)
		Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	
Goal 1	2019	\$ 1,532,557	\$ 3,665,183	\$ 5,197,740	\$ 248,504	\$ 12,704	\$ 261,208	\$ 4,936,532
	2018	\$ 1,473,521	\$ 3,578,321	\$ 5,051,842	\$ 255,272	\$ 10,295	\$ 265,567	\$ 4,786,275
Goal 3	2019	643,562	2,085,194	2,728,756	458,539	183,087	641,626	2,087,130
	2018	596,183	1,936,817	2,533,000	435,535	154,510	590,045	1,942,955
Goal 4	2019	827,926	2,020,246	2,848,172	85,287	4,160	89,447	2,758,725
	2018	853,289	1,905,780	2,759,069	65,792	3,512	69,304	2,689,765
Total	2019	<u>\$ 3,004,045</u>	<u>\$ 7,770,623</u>	<u>\$ 10,774,668</u>	<u>\$ 792,330</u>	<u>\$ 199,951</u>	<u>\$ 992,281</u>	<u>\$ 9,782,387</u>
	2018	<u>\$ 2,922,993</u>	<u>\$ 7,420,918</u>	<u>\$ 10,343,911</u>	<u>\$ 756,599</u>	<u>\$ 168,317</u>	<u>\$ 924,916</u>	<u>\$ 9,418,995</u>

Goal 1 Enhance National Security and Counter the Threat of Terrorism
 Goal 3 Reduce Violent Crime and Promote Public Safety
 Goal 4 Promote Rule of Law, Integrity, and Good Government

Federal Bureau of Investigation

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



U.S. Department of Justice
Federal Bureau of Investigation
Consolidated Statements of Changes in Net Position
For the Fiscal Years Ended September 30, 2019 and 2018

Dollars in Thousands	2019	2018
Unexpended Appropriations		
Beginning Balances	\$ 3,518,062	\$ 3,123,968
Budgetary Financing Sources		
Appropriations Received	9,577,137	9,421,402
Appropriations Transferred-In/Out	(6,415)	(27,229)
Other Adjustments	(51,737)	(54,353)
Appropriations Used	(9,306,289)	(8,945,726)
Total Budgetary Financing Sources	212,696	394,094
Net Change	212,696	394,094
Total Unexpended Appropriations	\$ 3,730,758	\$ 3,518,062
Cumulative Results of Operations		
Beginning Balances	\$ 3,271,977	\$ 3,397,051
Budgetary Financing Sources		
Other Adjustments	(73,000)	(74,000)
Appropriations Used	9,306,289	8,945,726
Transfers-In/Out Without Reimbursement	132,875	137,454
Other Financing Sources		
Transfers-In/Out Without Reimbursement	25,616	12,722
Imputed Financing (Note 16)	345,916	281,096
Other Financing Sources	(10,465)	(9,077)
Total Financing Sources	9,727,231	9,293,921
Net Cost of Operations	(9,782,387)	(9,418,995)
Net Change	(55,156)	(125,074)
Cumulative Results of Operations	\$ 3,216,821	\$ 3,271,977
Net Position	\$ 6,947,579	\$ 6,790,039

Federal Bureau of Investigation

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



**U.S. Department of Justice
Federal Bureau of Investigation
Combined Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2019 and 2018**

Dollars in Thousands	2019	2018
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	\$ 2,498,401	\$ 2,357,815
Appropriations (discretionary and mandatory)	9,455,067	9,267,056
Spending Authority from Offsetting Collections (discretionary and mandatory)	1,151,339	1,084,008
Total Budgetary Resources	<u>\$ 13,104,807</u>	<u>\$ 12,708,879</u>
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total)	\$ 11,028,402	\$ 10,408,254
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	1,768,373	1,813,520
Unapportioned, Unexpired Accounts	25,410	11,305
Unexpired Unobligated Balance, End of Year	1,793,783	1,824,825
Expired Unobligated Balance, End of Year	282,622	475,800
Unobligated Balance - End of Year (Total)	<u>2,076,405</u>	<u>2,300,625</u>
Total Status of Budgetary Resources	<u>\$ 13,104,807</u>	<u>\$ 12,708,879</u>
Outlays, Net:		
Outlays, Net (Total) (discretionary and mandatory)	\$ 9,353,329	\$ 8,795,237
Less: Distributed Offsetting Receipts (-)	5	(9,734)
Agency Outlays, Net (discretionary and mandatory)	<u>\$ 9,353,324</u>	<u>\$ 8,804,971</u>



Notes to the Principal Financial Statements

U.S. DEPARTMENT OF JUSTICE FEDERAL BUREAU OF INVESTIGATION NOTES TO THE FINANCIAL STATEMENTS (Dollars in Thousands, Except as Noted)

1. Summary of Significant Accounting Policies

A. Reporting Entity

The FBI, established in 1908, is an integral component of the DOJ. The mission of the FBI is to protect and defend the U.S. against terrorist and foreign intelligence threats, to uphold and enforce the criminal laws of the U.S., and to provide leadership and criminal justice services to federal, state, local, and international agencies and partners. The FBI also provides assistance to other federal, state, and local law enforcement agencies and the public at large. Assistance includes forensic services, training law enforcement officials, background investigations, name checks, fingerprint analyses, and cooperative criminal investigations.

The accompanying financial statements of the FBI include the following funds under the administrative and/or operational control of the FBI: appropriated single year, multi-year, and no-year S&E funds; and appropriated no-year Construction (CNST) funds. These funds include new appropriations, transfers of appropriations from other federal agencies, and the carry-over of prior years' unobligated balances for multi-year and no-year appropriated funds. The FBI also receives reimbursable funding from other agencies and the public for services rendered.

B. Basis of Presentation

These financial statements have been prepared from the books and records of the FBI in accordance with U.S. GAAP issued by the FASAB and presentation guidelines in the OMB Circular A-136, *Financial Reporting Requirements*. These financial statements are different from the financial reports prepared pursuant to OMB directives used to monitor and control the use of the FBI's budgetary resources. To ensure that the FBI financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Other Assets, Federal Employee and Veteran Benefits, and Other Liabilities, as defined by OMB Circular A-136, have been disaggregated on the balance sheets. These include Advances and Prepayments; Accrued Federal Employees' Compensation Act (FECA) Liabilities, Custodial Liabilities; Accrued Payroll and Benefits; Accrued Annual and Compensatory Leave Liabilities; Seized Cash and Monetary Instruments, and Contingent Liabilities.

C. Basis of Consolidation

The consolidated/combined financial statements include the accounts of the FBI. All significant proprietary intra-entity transactions and balances have been eliminated in consolidation. The Statements of Budgetary Resources are combined statements for FYs 2019 and 2018, and as such, intra-entity transactions have not been eliminated. The consolidated financial statements do not include centrally administered assets and liabilities of the Federal Government as a whole, such as General Services Administration (GSA) owned property and equipment, and borrowings from the public by the Treasury, which may in part be attributed to the FBI.



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

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.

E. Non-Entity Assets

Non-entity assets represent assets temporarily controlled and administered by the FBI, but not available to the FBI as a financing source for operations. The FBI withholds state and local income taxes from taxable travel and transfer related expenses from FBI employees for subsequent disbursement to the applicable taxing authorities. Undisbursed withholdings at fiscal year-end are recorded as non-entity assets on the balance sheet with an offsetting liability. Cash temporarily held by the FBI as evidence for legal proceedings is also included on the balance sheet as a non-entity asset with an offsetting liability.

F. Fund Balance with Treasury and Cash

Fund Balance with Treasury primarily represents appropriated funds available to pay current liabilities and finance future authorized purchases of goods and services. Receipts are processed by commercial banks for deposit to individual accounts maintained at the Treasury. Treasury and other Treasury-designated disbursing officers process cash receipts and disbursements as directed by authorized FBI certifying officers. The FBI field offices and legats maintain imprest funds to accommodate law enforcement cash requirements occurring outside normal banking system operating hours.

G. Accounts Receivable

Accounts receivable are established for reimbursable expenses incurred by the FBI in providing goods and services ordered by other entities. Intragovernmental accounts receivable represent amounts due from federal entities and agencies, which are considered fully collectible. Receivables with the public represent amounts due from state and local governments, individuals, and other non-federal entities.

The Allowance for Uncollectible Accounts calculation methodology is a percentage based on outstanding receivables by number of days outstanding weighted against the collection rate of receivables with the public. An analytical review is conducted annually and the percentages applied are updated as needed. An invoice with the public is deemed delinquent if it is unpaid after 30 days or 180 days dependent upon the associated business line.



1. Summary of Significant Accounting Policies (continued)

H. Inventory and Related Property

Operating materials and supplies (OM&S) consist of fuel, ammunition, spare aircraft parts, and office supplies. OM&S are valued at acquisition cost. Supplies and materials are for entity use only and are not for sale.

The FBI uses the purchase method, under Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property* to record OM&S. Per SFFAS No. 3, an exception to the consumption method is provided when (1) the OM&S are not significant amounts (2) they are in the hands of the end users for use in normal operations, or (3) it is not cost-beneficial to apply the consumption method. The purchase method may be used if any of these circumstances exist.

I. General Property, Plant, and Equipment (PP&E)

With the exception of land, all general PP&E is capitalized when the cost of acquiring or improving the property meets the capitalization thresholds noted in the table below and has a useful life of two or more years. All general PP&E is depreciated or amortized, based on historical cost, using the straight-line method over the estimated useful life of the asset. The FBI calculates a salvage value of 10 percent or less for capitalized property. Land is capitalized regardless of its acquisition cost and is never depreciated.

Expenditures for property and equipment with an acquisition cost or individual asset recognition value less than the applicable threshold are charged to operating expenses as incurred. The FBI uses work-in-process (WIP) accounts to capitalize expenditures associated with on-going leasehold improvement projects, the on-going construction of facilities, and the development of Internal Use Software that meet FBI's capitalization thresholds. Upon completion of the project(s), the applicable costs are transferred from WIP to a depreciable asset if the project exceeds the capitalization threshold.

Below are the capitalization thresholds (dollars in thousands):

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

While the FBI owns some land, buildings, and other structures, it leases its HQ building, field office buildings, and warehouse space from the GSA. The FBI also leases office space from non-governmental entities, both in the U.S. and abroad. The FBI, independently, enters into lease agreements for the purchase of property, equipment, buildings, or facilities expressly for use in undercover investigative operations. These leases are classified as operating leases in the financial statements.



1. Summary of Significant Accounting Policies (continued)

J. Advances and Prepayments

Advances and prepayments classified as assets include funds disbursed to finance operations that exceed the total expenditures incurred. This amount also includes advances of funds to federal employees for official travel, and the balance of travel advances in excess of travel expenses claimed on reimbursement vouchers. When authorized by procurement regulations, payments made in advance of the FBI's receipt of goods and services are recorded as prepaid charges and recognized as expenditures/expenses when the related goods and services are received. Advances and prepayments involving other federal agencies are classified as *Other Assets* on the balance sheet.

K. Seized Property

All property seized for forfeiture, including property with evidentiary value, is reported by the DOJ Assets Forfeiture Fund and Seized Asset Deposit Fund. The FBI has an established reporting threshold of \$1 or more for Personal Property seized for evidentiary purposes. The FBI reports each seized personal property evidence record as a single unit of measure.

Cash in the custody of the FBI for evidentiary purposes is recognized as an asset on the balance sheet with an offsetting liability. Non-monetary valuable property held as evidence is disclosed in Note 6 Seized Property, Net and valued at the appraised or fair market value upon seizure, or, when market value could not be readily determined, as soon as reasonably possible. These items are not adjusted to any subsequent increases and decreases in estimated fair market value. Non-monetary valuable property is not recognized as an asset on the balance sheet.

Quantities of illegal drugs and firearms held as evidence are disclosed in Note 6 in accordance with SFFAS No. 3, *Accounting for Inventory and Related Property*, and Federal Financial Accounting and Auditing Technical Release No. 4, *Reporting on Non-Valued Seized and Forfeited Property*. Reported quantities of drugs include only substances over one kilogram (KG) that are laboratory-analyzed and confirmed.

L. Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by the FBI as the result of a transaction or an event that has already occurred. However, absent proper budget authority, the FBI cannot pay a liability. Liabilities for which an appropriation has not been enacted are considered unfunded liabilities. As a result, there is no certainty that corresponding future appropriations will be enacted to liquidate these unfunded liabilities.

M. Contingencies and Commitments

The FBI is party to various administrative proceedings, legal actions, and claims. The balance sheet includes an estimated liability for those legal actions where management and the Chief Counsel considers 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 14, Contingencies and Commitments. 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" by the Chief Counsel.



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

N. Annual, Sick, and Other Leave

Annual leave and compensatory leave are expensed as earned with an offsetting liability. Liabilities are reduced as leave is taken. At the end of each fiscal quarter, the balance in the accrued annual leave liability account is adjusted to reflect valuation at current pay rates. To the extent current-year or prior-year appropriations are not available to fund annual and compensatory leave that is earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken.

O. Interest on Late Payments

Pursuant to the Prompt Payment Act of 1999 (31 U.S.C. 3901-3907), the FBI pays interest to commercial concerns for payments made after the payment due date. The payment due date is generally 30 days after the receipt of a valid invoice by the designated activity, or 30 days after the receipt and acceptance of the goods or services, whichever is later. Interest is computed on the principal amount due at the rate of interest established by the Secretary of the Treasury, and published in the Federal Register, for interest payments under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611). Interest is paid for the period beginning one day after the principal payment due date and ending on the date on which the principal payment is made.

P. Retirement Plans

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 FBI contributes 7.0 percent of the gross pay for regular employees and 7.5 percent 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 FBI contributes 13.7 percent of the gross pay for regular employees and 30.1 percent for law enforcement officers.
 - b) Employees hired January 1, 2013 through December 31, 2013, are covered by the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE) System. The FBI contributes 11.9 percent of the gross pay for regular employees and 28.4 percent for law enforcement officers.
 - c) Employees hired January 1, 2014 or later are covered by the Federal Employees Retirement System-Further Revised Annuity Employees (FERS-FRAE). The FBI contributes 11.9 percent of the gross pay for regular employees and 28.4 percent for law enforcement officers.

The accompanying financial statements report expenses incurred by the FBI for required contributions made to retirement accounts administered by the OPM. All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For employees covered by the FERS, FERS-RAE and FERS-FRAE, a TSP account is automatically established to which the FBI is



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

required to contribute an additional 1.0 percent of gross pay and match employee contributions up to 4.0 percent. The FBI is not authorized to make automatic or matching contributions to the TSP for employees covered by the CSRS. The FBI's financial statements do 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 OPM. 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 16, Imputed Financing, for additional details.

The FBI recognizes an additional expense and an offsetting imputed financing source for FBI Pension and Other Retirement Benefits Expense not covered by employee and FBI contributions; this expense is ultimately paid by OPM. Refer to Note 16, Imputed Financing, for additional details.

Q. 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 any employee whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for FBI employees under FECA are administered by the Department of Labor (DOL) and are ultimately paid by the FBI.

The total FECA liability has two components: (1) unpaid billings and (2) an amount of estimated unbilled claims. Unpaid billings represent claims already paid by the DOL, which have not yet been reimbursed by the FBI. There is generally a two-year delay in the processing of the DOL payments through DOJ to the FBI. The FBI reports the unpaid billings as Accrued FECA Liabilities.

Unbilled claims are estimated by the DOL by applying actuarial projections to incurred (both reported and unreported) claims. The DOL calculates the actuarial liability of the Federal Government for future compensation benefits, which includes the expected liability for death, disability, medical, and miscellaneous approved compensation costs. The liability is determined using the paid-losses extrapolation method calculated over the next 37-year period. This method uses historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments were discounted to present value. The resulting Federal Government liability is then distributed by the DOL to the respective departments.

DOJ calculates and distributes each reporting components respective portion of the total DOJ actuarial liability that is recorded for reporting purposes only. The Actuarial FECA Liability constitutes an extended estimate of future costs that will be obligated against budgetary resources the fiscal year in which the cost is actually paid to DOL by DOJ and, subsequently, by the FBI.

R. Intragovernmental Activity

Intragovernmental costs and exchange revenues represent transactions made between two reporting entities within the Federal Government. Costs and exchange revenues with the public represent transactions made between the reporting entity and a non-federal entity. With the



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

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.

S. Revenues and Other Financing Sources

The FBI receives funding to support its programs and executes its assigned mission from three primary sources: (1) annual, no-year, and multi-year appropriations by the U.S. Congress; (2) appropriated funds transferred to the FBI; and (3) reimbursable program funding. Appropriated funds (appropriated to the FBI or appropriated to other federal entities and transferred to the FBI for execution) represent the majority of the FBI’s operating budget. A source of revenue to the FBI are fees authorized by law for providing fingerprint-based and name-based CHRI checks and other identification services submitted by authorized users for noncriminal justice purposes, including employment and licensing. The fee is based on full-cost recovery, determined by using an activity-based cost model. Per Public Law 101-515, the FBI may set such fees at a level to include an additional amount to establish a fund to defray expenses for the automation of fingerprint identification and criminal justice information services and associated costs. Fee schedules are announced in the Federal Register following a public comment period. The FBI is not authorized to charge fees for fingerprint identification and criminal justice information services for law enforcement purposes. Other financing sources to the FBI include assets transferred to the FBI without reimbursement and imputed financing for: (1) FBI pension and other benefits expenses not covered by employee and FBI contributions and which are ultimately paid by OPM; and (2) expenses for legal claims paid out of the Treasury Judgment Fund on behalf of the FBI. Appropriations are recognized as financing sources when the goods and services authorized to be paid from the appropriations have been received and accepted, or when program or administrative expenses have been incurred. Revenue from reimbursable activities is recognized when it is earned, i.e. when the goods or services ordered have been delivered or rendered to the ordering entity. The FBI also generates proceeds from the sale of certain assets, primarily vehicles.

T. Funds from Dedicated Collections

SFFAS No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds* 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;



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

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/or other financing sources that distinguishes the fund from the Federal Government's general revenues.

The FBI does not have funds that meet the definition of funds from dedicated collections.

U. Tax Exempt Status

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

V. Use of Estimates

The preparation of financial statements requires management to make 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.

W. Reclassifications

The FY 2018 financial statements were reclassified to conform to the FY 2019 Departmental and OMB financial statement presentation requirements. The reclassifications had no material effect on total assets, liabilities, net position, changes in net position or budgetary resources previously reported.

X. Subsequent Events

Subsequent events and transactions occurring after September 30, 2019 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.

Y. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed to present the disclosure of classified information.



Notes to the Principal Financial Statements

2. Non-Entity Assets

As of September 30, 2019 and 2018		
	2019	2018
With the Public		
Cash and Other Monetary Assets	\$ 71,148	\$ 67,158
Accounts Receivable, Net	3,075	2,737
Total With the Public	<u>74,223</u>	<u>69,895</u>
Total Non-Entity Assets	74,223	69,895
Total Entity Assets	<u>8,456,226</u>	<u>8,235,546</u>
Total Assets	<u>\$ 8,530,449</u>	<u>\$ 8,305,441</u>

Non-entity assets are assets that are held by the FBI but are not available for its use.

3. Fund Balance with Treasury

As of September 30, 2019 and 2018		
	2019	2018
Status of Fund Balances		
Unobligated Balance - Available	\$ 1,576,029	\$ 1,575,189
Unobligated Balance - Available in Subsequent Periods	192,344	238,331
Unobligated Balance - Unavailable	308,032	487,105
Obligated Balance not yet Disbursed	2,955,604	2,646,080
Non-Budgetary Fund Balance with Treasury	<u>(30,147)</u>	<u>(24,457)</u>
Total Status of Fund Balances	<u>\$ 5,001,862</u>	<u>\$ 4,922,248</u>

Unobligated Balance – Available includes current year apportionments that may be used for new obligations.

Unobligated Balance – Available in Subsequent Periods includes amounts apportioned for future 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 and/or downward adjustments for existing obligations. Additionally, this line includes amounts received that are restricted to future use and as a result are not apportioned for current use.

Obligated Balance not yet Disbursed includes obligations of appropriated funds and obligations related to reimbursable activity.

Non-Budgetary Fund Balance with Treasury includes unavailable receipt accounts and clearing accounts that do not have budget authority.



Notes to the Principal Financial Statements

4. Cash and Other Monetary Assets

As of September 30, 2019 and 2018		
	2019	2018
Cash		
Imprest Funds	\$ 30,225	\$ 24,530
Other	22,141	20,772
Total Cash	<u>52,366</u>	<u>45,302</u>
Other Monetary Assets		
Seized Monetary Instruments	49,008	46,385
Total Cash and Other Monetary Assets	<u>\$ 101,374</u>	<u>\$ 91,687</u>

Imprest Funds reflects monies dedicated for operational support, such as petty cash and emergency funds.

Other Cash consists of project-generated proceeds.

Seized Monetary Instruments represents cash and cash equivalent evidence obtained during FBI investigations held pending release to the rightful owners.

5. Accounts Receivable, Net

As of September 30, 2019 and 2018		
	2019	2018
Intragovernmental		
Accounts Receivable	\$ 425,127	\$ 412,866
With the Public		
Accounts Receivable	38,502	33,254
Allowance for Uncollectible Accounts	<u>(39)</u>	<u>(8)</u>
Total With the Public	<u>38,463</u>	<u>33,246</u>
Total Accounts Receivable, Net	<u>\$ 463,590</u>	<u>\$ 446,112</u>

Intragovernmental receivables are based on services provided to other federal agencies for activities such as name checks, requests for international travel, and training. The significant types of receivables reported in With the Public include the Non-Federal User Fee Program and the National Name Check Program. These customers are typically state and local government agencies conducting background checks on individuals.



Notes to the Principal Financial Statements

6. Seized Property, Net

Analysis of Change in Seized Property:

Seized Monetary Instruments (see also Notes 4 and 12) includes cash held by the FBI as evidence for legal proceedings, and is reported on the balance sheet as an asset, with an offsetting liability. Non-monetary evidence includes art, jewelry, and other valuables (see Note 1.K). According to DOJ guidelines, evidence items subject to forfeiture are not disclosed by the seizing agency.

The item counts and financial value of non-monetary valuable property in the custody of the FBI as of September 30, 2019 and 2018, excluding forfeited property for evidentiary purposes, and activity during each fiscal year are summarized in the following charts in accordance with SFFAS No. 3, *Accounting for Inventory and Related Property*.

Drug evidence is presented in accordance with Federal Financial Accounting and Auditing Technical Release No. 4, *Reporting on Non-Valued Seized and Forfeited Property*. Analyzed drug evidence represents actual laboratory-tested classification and weight in KG. Since enforcement of the controlled substances laws and regulations of the U.S. is incidental to the mission of the FBI, only individual seizures exceeding one KG in weight are reported.

“Other” primarily consists of substances, both controlled and non-controlled as defined per the Controlled Substances Act, other than cocaine, heroin, marijuana, or methamphetamine. The actual drug weight may vary from seizure weight due to changes in moisture content over time.

Unanalyzed drug evidence is not reported by the FBI because it is neither weighed nor confirmed by laboratory chemists. Seized drug evidence must be analyzed and confirmed through laboratory testing to be placed in one of the five categories of drugs above.

For the Fiscal Year Ended September 30, 2019						
Seized Property Category		Beginning Balance	Adjustments*	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	\$ 46,385	\$ (3,658)	\$ 15,554	\$ (9,273)	\$ 49,008
Personal Property	Number	297	7	60	(42)	322
	Value	\$ 5,670	\$ 8,676	\$ 1,234	\$ (9,468)	\$ 6,112
Non-Valued Firearms	Number	30,777	(1,643)	4,515	(2,648)	31,001
Drug Evidence						
Cocaine	KG	6,934	167	324	(170)	7,255
Heroin	KG	281	39	59	(3)	376
Marijuana	KG	1,174	53	52	(220)	1,059
Methamphetamine	KG	1,609	3,582	474	(108)	5,557
Other	KG	183	37	33	(13)	240
Total Drug Evidence	KG	10,181	3,878	942	(514)	14,487



Notes to the Principal Financial Statements

6. Seized Property, Net (continued)

For the Fiscal Year Ended September 30, 2018							
Seized Property Category		Beginning Balance	Adjustments*	Seizures	Disposals	Ending Balance	
Seized for Evidence							
Seized Monetary Instruments							
Value	\$	40,074	\$ (7,253)	\$ 20,173	\$ (6,609)	\$	46,385
Personal Property							
Number		284	(12)	67	(42)		297
Value	\$	4,867	\$ (643)	\$ 2,573	\$ (1,127)	\$	5,670
Non-Valued							
Firearms							
Number		29,390	(861)	5,266	(3,018)		30,777
Drug Evidence							
Cocaine	KG	6,616	462	407	(551)		6,934
Heroin	KG	246	22	43	(30)		281
Marijuana	KG	1,147	104	50	(127)		1,174
Methamphetamine	KG	1,099	229	363	(82)		1,609
Other	KG	193	(44)	36	(2)		183
Total Drug Evidence	KG	9,301	773	899	(792)		10,181

*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 when an item is appraised and are not subsequently adjusted.

Method of Disposition of Seized Property:

During FYs 2019 and 2018, \$11,730 and \$2,324, respectively, were returned to parties with a bona fide interest, and \$7,011 and \$5,412, respectively, were either released to a designated party or transferred to the appropriate federal entity under abandonment proceedings. Non-valued property was primarily disposed of through destruction.



Notes to the Principal Financial Statements

7. General Property, Plant and Equipment, Net

As of September 30, 2019				
	<u>Acquisition Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Useful Life</u>
Land and Land Rights	\$ 7,011	\$ -	\$ 7,011	N/A
Construction in Progress	461,960	-	461,960	N/A
Buildings, Improvements, and Renovations	1,274,727	(466,710)	808,017	10-50 years
Other Structures and Facilities	249,502	(77,461)	172,041	10-50 years
Aircraft	421,900	(141,390)	280,510	5-30 years
Boats	9,571	(4,504)	5,067	5-25 years
Vehicles	168,369	(90,038)	78,331	2-25 years
Equipment	986,584	(611,403)	375,181	2-25 years
Leasehold Improvements	841,493	(551,996)	289,497	3-10 years
Internal Use Software	1,901,101	(1,520,293)	380,808	3-7 years
Internal Use Software in Development	5,405	-	5,405	N/A
Total	<u>\$ 6,327,623</u>	<u>\$ (3,463,795)</u>	<u>\$ 2,863,828</u>	

As of September 30, 2018				
	<u>Acquisition Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Useful Life</u>
Land and Land Rights	\$ 6,667	\$ -	\$ 6,667	N/A
Construction in Progress	320,696	-	320,696	N/A
Buildings, Improvements, and Renovations	1,195,089	(425,297)	769,792	10-50 years
Other Structures and Facilities	225,511	(67,426)	158,085	10-50 years
Aircraft	399,466	(126,901)	272,565	5-30 years
Boats	9,217	(4,051)	5,166	5-25 years
Vehicles	165,412	(94,526)	70,886	2-25 years
Equipment	946,356	(582,873)	363,483	2-25 years
Leasehold Improvements	782,255	(485,586)	296,669	3-10 years
Internal Use Software	1,785,996	(1,380,473)	405,523	3-7 years
Internal Use Software in Development	73,775	-	73,775	N/A
Total	<u>\$ 5,910,440</u>	<u>\$ (3,167,133)</u>	<u>\$ 2,743,307</u>	



Notes to the Principal Financial Statements

8. Other Assets

As of September 30, 2019 and 2018		
	2019	2018
Intragovernmental		
Advances and Prepayments	\$ 31,297	\$ 24,870
With the Public		
Other Assets With the Public	29	-
Total Other Assets	\$ 31,326	\$ 24,870

Other Assets With the Public consist of cancelled or unconfirmed Treasury disbursements awaiting reissuance, cancellation, or confirmation by the FBI.

9. Liabilities not Covered by Budgetary Resources

As of September 30, 2019 and 2018		
	2019	2018
Intragovernmental		
Accrued FECA Liabilities	\$ 35,328	\$ 34,090
Other Unfunded Employment Related Liabilities	133	136
Total Intragovernmental	35,461	34,226
With the Public		
Federal Employee and Veteran Benefits	223,158	217,008
Accrued Annual and Compensatory Leave Liabilities	348,240	314,545
Environmental and Disposal Liabilities (Note 10)	4,729	5,633
Contingent Liabilities (Note 14)	15,840	5,169
Total With the Public	591,967	542,355
Total Liabilities not Covered by Budgetary Resources	627,428	576,581
Total Liabilities Covered by Budgetary Resources	952,237	935,967
Total Liabilities not requiring Budgetary Resources	3,205	2,854
Total Liabilities	\$ 1,582,870	\$ 1,515,402

Liabilities not Covered by Budgetary Resources reports the receipt of goods and services, or eligible events in the current or prior periods, for which funds to pay the liabilities have not been made available through appropriations to the FBI.

Liabilities not requiring Budgetary Resources reports liabilities that have not in the past required and will not in the future require the use of budgetary resources.



Notes to the Principal Financial Statements

10. Environmental and Disposal Liabilities

In accordance with the SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, Federal Financial Accounting and Auditing Technical Release No. 2, *Environmental Liabilities Guidance*, and Federal Financial Accounting and Auditing Technical Release No. 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment*, federal agencies are required to recognize liabilities for environmental cleanup costs when the future outflow or sacrifice of resources is probable and reasonably estimable.

As environmental-related cleanup costs are paid, the liabilities are reduced. Additionally, estimates will be revised periodically to account for material changes due to inflation, technology, plans, and applicable laws and regulations. Any material changes in the estimated total cleanup costs will be expensed when estimates are revised and the liability balance adjusted.

As of September 30, 2019 and 2018		
	2019	2018
Firing Ranges		
Beginning Balance, Brought Forward	\$ 2,303	\$ 2,303
Total Firing Range Liability	2,303	2,303
Asbestos		
Beginning Balance, Brought Forward	\$ 3,330	\$ 3,262
Inflation Adjustment	1	1
Future Funded Expenses	(905)	67
Total Asbestos Liability	\$ 2,426	\$ 3,330
Total Environmental and Disposal Liabilities	\$ 4,729	\$ 5,633

Section 112 of the Clean Air Act requires the U.S. Environmental Protection Agency (EPA) to develop and enforce regulations to protect the general public from exposure to airborne contaminants known to be hazardous to human health. On March 31, 1971, the EPA identified asbestos as a hazardous pollutant, and on April 6, 1973, the EPA first promulgated the Asbestos National Emissions Standards for Hazardous Air Pollutants.

The FBI exercises due care in determining the presence of contamination in adherence to the law, rules and regulations, and policies of the Clean Air Act. The FBI has identified owned facilities in Quantico that contain hazardous friable and non-friable asbestos. The facilities have a useful life of 70 years. The estimated total asbestos liability over the 70 year useful life is \$2,426 and is based on an environmental survey 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. The estimated asbestos cleanup liability is adjusted each quarter by recording future funded expenses for the asbestos cleanup costs.



Notes to the Principal Financial Statements

10. Environmental and Disposal Liabilities (continued)

EPA's Statement on National Guidance EPA-902-B-01-001 discusses the potential environmental impacts of firing ranges. The FBI has identified owned range facilities in Quantico, VA and El Toro, CA that contain possible contamination issues based on the Federal Financial Accounting and Auditing Technical Release No. 2, *Environmental Liabilities Guidance* and EPA-902-B-01-001. Due care requires the agency to exert a reasonable effort to identify the presence or likely presence of contamination. The FBI completed a remedial investigation/feasibility study (RI/FS) for the Quantico ranges in March 2015 which is used to estimate the cost of cleanup for the Quantico ranges. The FBI has not conducted a RI/FS for the El Toro ranges. Technical Release No. 2, *Environmental Liabilities Guidance* then requires the agency to recognize the anticipated cost of conducting a future study, plus any other identifiable costs, as a future environmental and disposal liability. The FBI has estimated the cost of the RI/FS for El Toro based on the cost of the Quantico study, adjusted for range size.

The estimated total firing range liability of \$2,303 is based on the estimated costs for contamination remediation. As of September 30, 2019 and 2018, the FBI reported the estimated firing range cleanup liability of \$2,303 and \$2,303, respectively.

There are no other potentially responsible parties to the environmental liability and there are no unrecognized amounts to disclose as of September 30, 2019.

11. Leases

The majority of space occupied by the FBI is leased from the GSA. The rental cost is based on the area occupied at the commercial rate per square foot, negotiated by the GSA along with appropriate GSA fees. The majority of the leases are cancelable; however, if tenant improvement (TI) costs are amortized in the lease and the FBI terminates prior to the end of the amortized period, the FBI will be responsible for the unpaid TI costs.

Typically, the minimum lease term for a RA is five years and the maximum is 15 years. The minimum lease term for a field office is 15 years and the maximum is 20 years. Some leases for field offices and RAs are noncancelable.

The FBI has submitted requirements packages to the GSA for the Little Rock and Cleveland field offices, which are scheduled to expire within the next five years. The FBI is currently revising the packages for the Anchorage and Oklahoma City field offices. The FBI is relocating two field offices through FY 2022 with the potential for three additional relocations before FY 2024, and is currently reviewing the expiration for the Louisville, Albuquerque, Omaha, Jacksonville and Jackson field offices which expire within the next five years.

When field offices relocate, often from space leased for 20 years or longer, the rental rates may increase. The field offices that relocate will accommodate the FBI's growth in workforce, space needs, and increased security requirements.



Notes to the Principal Financial Statements

11. Leases (continued)

As of September 30, 2019

Future Noncancelable Operating Lease Payments Due

Intragovernmental

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2020	\$ 256,636	\$ -	\$ 256,636
2021	259,510	-	259,510
2022	255,847	-	255,847
2023	258,801	-	258,801
2024	249,857	-	249,857
After 2024	<u>2,427,263</u>	<u>-</u>	<u>2,427,263</u>
Total Future Noncancelable Operating Lease Payments	<u>\$ 3,707,914</u>	<u>\$ -</u>	<u>\$ 3,707,914</u>

With the Public

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2020	\$ 5,945	\$ 7,377	\$ 13,322
2021	5,589	-	5,589
2022	4,838	-	4,838
2023	4,337	-	4,337
2024	3,774	-	3,774
After 2024	<u>5,669</u>	<u>-</u>	<u>5,669</u>
Total Future Noncancelable Operating Lease Payments	<u>\$ 30,152</u>	<u>\$ 7,377</u>	<u>\$ 37,529</u>



Notes to the Principal Financial Statements

12. Seized Cash and Monetary Instruments

Seized Cash and Monetary Instruments represents liabilities for seized assets held by the FBI pending disposition. The Seized Cash and Monetary Instruments as of September 30, 2019 and 2018 are \$49,008 and \$46,385, respectively.

13. Other Liabilities

All Other Liabilities are current and presented in the following table:

As of September 30, 2019 and 2018		
	2019	2018
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	\$ 61,523	\$ 55,697
Other Post-Employment Benefits Due and Payable	345	203
Other Unfunded Employment Related Liabilities	133	136
Advances from Others	60,684	59,039
Liability for Clearing Accounts	(5)	(5)
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	1,317	1,189
Total Intragovernmental	123,997	116,259
With the Public		
Advances from Others	4,540	3,426
Liability for Clearing Accounts	83	78
Other Liabilities	22,141	20,773
Total With the Public	26,764	24,277
Total Other Liabilities	\$ 150,761	\$ 140,536

14. Contingencies and Commitments

As of September 30, 2019	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
Legal Contingencies:			
Probable	15,840	15,840	30,260
Reasonably Possible	-	13,770	26,560



Notes to the Principal Financial Statements

14. Contingencies and Commitments (continued)

As of September 30, 2018	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
Legal Contingencies:			
Probable	5,169	5,169	13,705
Reasonably Possible	-	3,500	11,650

15. Suborganization Program Costs/Program Costs by Segment

The tables below and on the next page break out costs and revenue across the three reported DOJ SGs. These funds include new appropriations, transfers of appropriations from other federal agencies, and the carry-over of prior years' unobligated balances for multi-year and no-year appropriated funds.

For the Fiscal Year Ended September 30, 2019	Suborganizations		Consolidated
	CNST	S&E	
Goal 1: Enhance National Security and Counter the Threat of Terrorism			
Gross Cost	\$ 13,939	\$ 5,183,801	\$ 5,197,740
Less: Earned Revenue	-	261,208	261,208
Net Cost of Operations	13,939	4,922,593	4,936,532
Goal 3: Reduce Violent Crime and Promote Public Safety			
Gross Cost	7,441	2,721,315	2,728,756
Less: Earned Revenue	-	641,626	641,626
Net Cost of Operations	7,441	2,079,689	2,087,130
Goal 4: Promote Rule of Law, Integrity, and Good Government			
Gross Cost	7,647	2,840,525	2,848,172
Less: Earned Revenue	-	89,447	89,447
Net Cost of Operations	7,647	2,751,078	2,758,725
Net Cost of Operations	\$ 29,027	\$ 9,753,360	\$ 9,782,387



Notes to the Principal Financial Statements

15. Suborganization Program Costs/Program Costs by Segment (continued)

For the Fiscal Year Ended September 30, 2018			
	Suborganizations		Consolidated
	CNST	S&E	
Goal 1: Enhance National Security and Counter the Threat of Terrorism			
Gross Cost	\$ 9,173	\$ 5,042,669	\$ 5,051,842
Less: Earned Revenue	-	265,567	265,567
Net Cost of Operations	9,173	4,777,102	4,786,275
Goal 3: Reduce Violent Crime and Promote Public Safety			
Gross Cost	4,596	2,528,404	2,533,000
Less: Earned Revenue	-	590,045	590,045
Net Cost of Operations	4,596	1,938,359	1,942,955
Goal 4: Promote Rule of Law, Integrity, and Good Government			
Gross Cost	5,010	2,754,059	2,759,069
Less: Earned Revenue	-	69,304	69,304
Net Cost of Operations	5,010	2,684,755	2,689,765
Net Cost of Operations	\$ 18,779	\$ 9,400,216	\$ 9,418,995

16. 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 FBI from a providing federal entity that is not part of the DOJ. In accordance with SFFAS No. 55, *Amending Inter-entity Cost Provisions*, SFFAS No. 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, the material Imputed Inter-Departmental Financing Sources recognized by the FBI are the cost of benefits for the Federal Employees Health Benefits Program (FEHB), the Federal Employees Group Life Insurance Program (FEGLI), the Federal Pension plans that are paid by other federal entities, and any unreimbursed payments made from the Treasury Judgment Fund on behalf of the FBI. The Treasury Judgment Fund was established by Congress and funded at 31.U.S. Code 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 No. 2, *Accounting for Treasury Judgment Fund Transactions*, requires agencies to recognize liabilities and expense 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 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:

Federal Bureau of Investigation

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



Notes to the Principal Financial Statements

16. Imputed Financing (continued)

	Category	Cost Factor (%)
Civil Service	Regular Employees	38.4
Retirement System (CSRS)	Regular Employees Offset	28.8
	Law Enforcement Officers	62.3
	Law Enforcement Officers Offset	53.4

Federal Employees Retirement System (FERS)	Regular Employees	16.9
	Regular Employees - Revised Annuity Employees (RAE)	17.3
	Regular Employees - Further Revised Annuity Employees (FRAE)	17.6
	Law Enforcement Officers	34.9
	Law Enforcement Officers Offset - RAE	35.4
	Law Enforcement Officers Offset - FRAE	35.6

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.

Imputed Intra-Departmental Financing Sources as defined in SFFAS No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*, are the unreimbursed portion of the full costs of goods and services received by the FBI from a providing entity that is part of the DOJ. 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 FBI does not have any imputed intra-departmental financing sources.

For the Fiscal Years Ended September 30, 2019 and 2018		
	2019	2018
Imputed Inter-Departmental Financing		
Treasury Judgment Fund	\$ 3,765	\$ 6,790
Health Insurance	229,859	227,983
Life Insurance	792	776
Pension	111,500	45,547
Total Imputed Financing	<u>\$ 345,916</u>	<u>\$ 281,096</u>



17. Information Related to the Statement of Budgetary Resources

Net Adjustments to Unobligated Balance, Brought Forward, October 1:

Net adjustments to the Unobligated Balance, Brought Forward, October 1 primarily includes activity relating to Downward Adjustments of Prior-Year Undelivered and Delivered Orders, Transfers of Prior-Year Balances, and other changes in obligated balances. There were no material corrections of errors relating to the Net Adjustments to Unobligated Balance, Brought Forward, October 1.

Status of Undelivered Orders:

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

As of September 30, 2019 and 2018		
	2019	2018
Intragovernmental		
UDO Obligations Unpaid	\$ 533,162	\$ 452,444
UDO Obligations Prepaid/Advanced	31,297	24,870
Total Intragovernmental UDO	<u>564,459</u>	<u>477,314</u>
With the Public		
UDO Obligations Unpaid	\$ 2,169,123	\$ 1,931,718
UDO Obligations Prepaid/Advanced	68,469	77,217
Total With the Public UDO	<u>2,237,592</u>	<u>2,008,935</u>
Total UDO	<u>\$ 2,802,051</u>	<u>\$ 2,486,249</u>

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



Notes to the Principal Financial Statements

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

Explanation of Differences between the SBR and the Budget of the U.S. Government:

The Statement of Budgetary Resources (SBR) versus the Budget of the U.S. Government as of September 30, 2018 is presented below.

The reconciliation as of September 30, 2019 is not presented because the submission of the Budget of the U.S. Government for FY 2021, which presents the execution of the FY 2019 Budget, occurs after publication of these financial statements. The DOJ Budget Appendix can be found on the OMB website and will be available in early February 2020.

Expired Funds and Offsetting Receipts are reported in the FBI's SBR, but not reported in the Budget. The principal component of the amounts presented on the Other line are attributed to rounding.

For the Fiscal Year Ended September 30, 2018 (Dollars in Millions)				
	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	\$ 12,709	\$ 10,408	\$ (10)	\$ 8,805
Funds not Reported in the Budget				
Expired Funds	(552)	(76)	-	-
Distributed Offsetting Receipts	-	-	10	(10)
Other	2	-	-	2
Budget of the United States Government	\$ 12,159	\$ 10,332	\$ -	\$ 8,797

18. Custodial Revenues

For the fiscal years ended September 30, 2019 and 2018, the FBI collected \$2,244 and \$2,831, respectively, in restitution payments, seized abandoned cash, and project-generated proceeds. These collections were incidental to the FBI's mission. Since the FBI does not have statutory authority to use these funds, the FBI remits these funds to the Treasury's General Fund. As of September 30, 2019 and 2018, the FBI had custodial liabilities of \$1,809 and \$1,592 respectively.



Notes to the Principal Financial Statements

19. Reconciliation of Net Costs to Net Outlays

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The reconciliation explains the relationship between the net cost of operations and net outlays by presenting (1) components of net cost that are not part of net outlays (e.g. depreciation and amortization expenses of assets previously capitalized, change in asset/liabilities); (2) components of net outlays that are not part of net cost (e.g. acquisition of capital assets); and (3) other temporary timing difference (e.g. prior period adjustments due to correction of errors). The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

Other components of net operating cost not part of the budgetary outlays includes primarily cost capitalization offset, advances and prepayments, contingent liabilities, and other liabilities with/without related budgetary obligations.

	Intra- governmental	With the Public	Total FY 2019
NET COST	\$ 2,211,715	\$ 7,570,672	\$ 9,782,387
Components of Net Cost That Are Not Part of Net Outlays:			
Property, Plant, and equipment depreciation	\$ -	\$ (367,097)	\$ (367,097)
Property, Plant, and equipment disposal and revaluation	-	(10,336)	(10,336)
Increase/(decrease) in assets			
Accounts Receivable	12,261	5,218	17,479
Other Assets	6,427	(7,351)	(924)
(Increase)/decrease in liabilities			
Accounts Payable	31,617	(18,539)	13,078
Salaries and Benefits	(5,967)	(19,391)	(25,358)
Environmental and Disposal Liabilities	-	904	904
Other Liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	(1,580)	(51,889)	(53,469)
Other financing sources			
Federal Employee retirement benefit costs paid by OPM and imputed to the agency	(345,916)	-	(345,916)
Transfers out (in) without reimbursement	(167,130)	-	(167,130)
Total Components of Net Cost That are Not Part of Net Outlays	<u>\$ (470,288)</u>	<u>\$ (468,481)</u>	<u>\$ (938,769)</u>
Component of Net Outlays That Are Not Part of Net Cost:			
Acquisition of capital assets	\$ 82,199	\$ 416,461	\$ 498,660
Acquisition of other assets	-	582	582
Other	4	10,460	10,464
Total Component of Net Outlays That Are Not Part of Net Cost	<u>\$ 82,203</u>	<u>\$ 427,503</u>	<u>\$ 509,706</u>
NET OUTLAYS	<u>\$ 1,823,630</u>	<u>\$ 7,529,694</u>	<u>\$ 9,353,324</u>

Federal Bureau of Investigation

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

U.S. DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)





**U.S. Department of Justice
Federal Bureau of Investigation
Combining Statement of Budgetary Resources
By Major Appropriation
For the Fiscal Year Ended September 30, 2019**

Dollars in Thousands	2019		
	<u>CNST</u>	<u>S&E</u>	<u>TOTAL</u>
Budgetary Resources:			
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	\$ 877,796	\$ 1,620,605	\$ 2,498,401
Appropriations (discretionary and mandatory)	385,000	9,070,067	9,455,067
Spending Authority from Offsetting Collections (discretionary and mandatory)	-	1,151,339	1,151,339
Total Budgetary Resources	<u>\$ 1,262,796</u>	<u>\$ 11,842,011</u>	<u>\$ 13,104,807</u>
Status of Budgetary Resources:			
New Obligations and Upward Adjustments (Total)	\$ 501,126	\$ 10,527,276	\$ 11,028,402
Unobligated Balance, End of Year:			
Apportioned, Unexpired Accounts	759,500	1,008,873	1,768,373
Unapportioned, Unexpired Accounts	2,170	23,240	25,410
Unexpired Unobligated Balance, End of Year	761,670	1,032,113	1,793,783
Expired Unobligated Balance, End of Year	-	282,622	282,622
Unobligated Balance - End of Year (Total)	761,670	1,314,735	2,076,405
Total Status of Budgetary Resources	<u>\$ 1,262,796</u>	<u>\$ 11,842,011</u>	<u>\$ 13,104,807</u>
Outlays, Net:			
Outlays, Net (Total) (discretionary and mandatory)	\$ 168,455	\$ 9,184,874	\$ 9,353,329
Less: Distributed Offsetting Receipts (-)	-	5	5
Agency Outlays, Net (discretionary and mandatory)	<u>\$ 168,455</u>	<u>\$ 9,184,869</u>	<u>\$ 9,353,324</u>



**U.S. Department of Justice
Federal Bureau of Investigation
Combining Statement of Budgetary Resources
By Major Appropriation
For the Fiscal Year Ended September 30, 2018**

Dollars in Thousands	2018		
	<u>CNST</u>	<u>S&E</u>	<u>TOTAL</u>
Budgetary Resources:			
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	\$ 619,765	\$ 1,738,050	\$ 2,357,815
Appropriations (discretionary and mandatory)	370,000	8,897,056	9,267,056
Spending Authority from Offsetting Collections (discretionary and mandatory)	-	1,084,008	1,084,008
Total Budgetary Resources	<u>\$ 989,765</u>	<u>\$ 11,719,114</u>	<u>\$ 12,708,879</u>
Status of Budgetary Resources:			
New Obligations and Upward Adjustments (Total)	\$ 125,073	\$ 10,283,181	\$ 10,408,254
Unobligated Balance, End of Year:			
Apportioned, Unexpired Accounts	864,692	948,828	1,813,520
Unapportioned, Unexpired Accounts	-	11,305	11,305
Unexpired Unobligated Balance, End of Year	864,692	960,133	1,824,825
Expired Unobligated Balance, End of Year	-	475,800	475,800
Unobligated Balance - End of Year (Total)	<u>864,692</u>	<u>1,435,933</u>	<u>2,300,625</u>
Total Status of Budgetary Resources	<u>\$ 989,765</u>	<u>\$ 11,719,114</u>	<u>\$ 12,708,879</u>
Outlays, Net:			
Outlays, Net (Total) (discretionary and mandatory)	\$ 113,468	\$ 8,681,769	\$ 8,795,237
Less: Distributed Offsetting Receipts (-)	-	(9,734)	(9,734)
Agency Outlays, Net (discretionary and mandatory)	<u>\$ 113,468</u>	<u>\$ 8,691,503</u>	<u>\$ 8,804,971</u>



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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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