



Audit of the Federal Bureau of Investigation
Annual Financial Statements
Fiscal Year 2021



22-021

DECEMBER 2021



COMMENTARY AND SUMMARY

Audit of the Federal Bureau of Investigation Annual Financial Statements Fiscal Year 2021

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, 2021. 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 Department's financial management systems substantially complied with FFMIA, or conclusions on compliance and other matters. KPMG is responsible for the attached Independent Auditors' Report dated November 8, 2021, and the conclusions expressed in the report. 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 this 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) 2021 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 2020, the FBI also received an unmodified opinion on its financial statements (OIG Audit Division Report No. 21-018).

KPMG neither identified any material weaknesses, nor reported any significant deficiencies in the FY 2021 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 Department's financial management systems did not substantially comply with FFMIA.

**AUDIT OF THE
FEDERAL BUREAU OF INVESTIGATION
ANNUAL FINANCIAL STATEMENTS
FISCAL YEAR 2021**

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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 attack;
- Protect the U.S. against foreign intelligence, espionage, and cyber operations;
- Combat significant cyber criminal activity;
- Combat public corruption at all levels;
- Protect civil rights;
- Combat transnational criminal enterprises;
- Combat significant white-collar crime; and
- Combat significant violent crime.

STRATEGIC PROGRAMS & OBJECTIVES

During FY 2021, the Department initiated development of its five-year Strategic Plan covering FY 2022 – FY 2026 and expects to complete this effort in early FY 2022. For FY 2021, it is expected that the Annual Performance Report of the FBI will be produced in conjunction with the FY 2023 President's Budget Request and align with the results of the aforementioned FY 2022 – FY 2026 Strategic Plan.

While the strategic plan development process occurs, the Department, and by extension the FBI, transitioned to reporting by five DOJ Strategic Programs (SP) for FY 2021. These SPs are designed to reflect core mission objectives of the DOJ agencies. The FBI contributes to the achievement of the following DOJ SP¹, *Law Enforcement*.

The FBI's vision, mission, and strategic objectives are supported by its overall enterprise strategy. The mission of the FBI is to protect the American people and uphold the Constitution of the U.S. The FBI's vision—ahead of the threat—outlines the FBI's desired strategic position. The FBI's strategy aligns to four guiding principles—People, Partnerships, Process, and Innovation. The FBI strategy will promote capabilities and an agile workforce for ongoing, emerging, and unknown national security, cyber, and criminal threats.

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's mission and vision. Strategy reviews are held with each HQ division to discuss progress

¹ The FBI does not have gross costs and earned revenue that align with SP 2: *Litigation and Compensation*, SP 3: *Prisons and Detention*, SP 4: *Grants*, and SP 5: *Executive Oversight and Enterprise Technology*.



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towards the strategic objectives throughout the fiscal year, and the FBI's senior executive management routinely evaluates the organization's progress.

The FBI tracks the execution of its mission and operational strategy across HQ operational programs, field offices, and legal attaché (legat) offices through the Integrated Program Management (IPM) process. This process enables threats to be identified across the organization with accompanying strategies to address these threats. Every two years, HQ operational divisions prioritize national threats, determine FBI National Threat Priorities (NTPs), and develop national-level strategies to mitigate these 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. FBI executives and program managers hold regular meetings to review and evaluate strategy effectiveness throughout the fiscal year.

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 29 sub-offices in more than 70 countries around the world. These offices are typically staffed with fewer than 10 people who enable the FBI's presence in these countries and liaise with foreign counterparts and partners. These numbers fluctuate based on 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), the Terrorist Screening Center (TSC), and the Weapons of Mass Destruction Directorate (WMDD).
- The Intelligence Branch (IB), which includes the Directorate of Intelligence (DI), the Office of Partner Engagement (OPE), and the Office of Private Sector (OPS).
- 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), the International Operations Division (IOD), and the Victim Services Division (VSD).
- 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).



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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).
- 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 Insider Threat Office (InTO), the Office of the Chief Information Officer (OCIO), 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 Fiscal Year 2021, the FBI's appropriated staffing level of 35,742 consisted of 13,275 Special Agents, 3,112 Intelligence Analysts, and 19,355 professional staff along with an additional 1,655 reimbursable positions.

FINANCIAL STRUCTURE

The FBI's Salaries and Expenses (S&E) funding is appropriated among four decision units (DU) 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 DU. For example, all the resources of the Directorate of Intelligence (DI) are allocated to the Intelligence DU (IDU), while all the resources of the CJIS Division are allocated to the CJS DU.
- Based on workload: Critical investigative enablers, such as the LD, IOD, and OTD, are allocated to the DUs 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 DU. These percentage assignments may be revised upon review of workload.
- Pro-rated across all decision units: Administrative enablers, such as ITB, FFD, and HRD, are pro-rated across all four DUs 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 (CNST) funding is a separate appropriation.



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FY 2021 RESOURCE INFORMATION

Table 1 presents the sources of financing for FBI resources distinguished by Earned Revenue and Financing Sources. Table 2 describes how the FBI spent its resources across DOJ SP 1.

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

Source	FY 2021	FY 2020	Change%
Earned Revenue	\$ 949,014	\$ 867,901	9%
Financing Sources			
Appropriations Received	10,493,786	9,972,902	5%
Appropriation Transferred-In/Out	1,786	(21,942)	108%
Other Adjustments	(80,151)	(72,155)	(11%)
Transfers-In/Out Without Reimbursement	110,747	135,528	(18%)
Imputed Financing	307,636	255,758	20%
Other	(11,447)	(8,983)	(27%)
Total FBI Resources	\$ 11,771,371	\$ 11,129,009	6%

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

Strategic Program (SP)	FY 2021	FY 2020	Change%
SP 1: Law Enforcement			
Gross Cost	\$ 11,440,423	\$ 10,998,989	
Less: Earned Revenue	949,014	867,901	
<i>Net Cost</i>	\$ 10,491,409	\$ 10,131,088	4%
Total Gross Cost	\$ 11,440,423	\$ 10,998,989	
Less: Total Earned Revenue	949,014	867,901	
Total Net Cost of Operations	\$ 10,491,409	\$ 10,131,088	4%



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SUMMARY OF PERFORMANCE INFORMATION

As discussed, the Department, and by extension the FBI, are developing the strategic plan for FY 2022 – FY 2026. The FBI remains steadfast in its investigative and intelligence work and resolute in its desired strategic position—ahead of the threat. During FY 2021, the FBI achieved many instances of operational success as highlighted below:

Complete disruption and dismantlement of multiple transnational drug networks through Operation Trojan Shield

Trojan Shield was a joint FBI/ Drug Enforcement Administration (DEA)/ Executive Office for Organized Crime Drug Enforcement Task Forces (OCDETF) Priority Transnational Organized Crime investigation comprised of two strategies: building a Racketeer Influenced and Corrupt Organizations Act (RICO) prosecution against the criminally linked encrypted communications provider Sky ECC, and conducting an operation centered on source-driven distribution of FBI-controlled next-generation encrypted devices into established criminal networks. In March 2021, this joint FBI investigation resulted in one of CID's largest international takedowns in its history. The case resulted in approximately 1,100 global arrests, 1,000 search warrants, and the seizure of: 10 tons of cocaine, 15 tons of marijuana, 233 kg of Heroin, 240 guns, 107 vehicles, and the equivalent of \$57 million USD. The case impact included a complete disruption and dismantlement of multiple transnational drug networks, an Encrypted Criminal Communications Platform, and represented unprecedented coordination among law enforcement partners in over 16 countries. Additionally, the operation eroded the confidence in the hardened encrypted device industry that was built to support illegal activities around the world. "This was an unprecedented operation in terms of its massive scale, innovative strategy and technological and investigative achievement," said Acting U.S. Attorney Randy Grossman.

Guilty plea and sentencing of Defense Department contract linguist Mariam Thompson

Mariam Thompson, a contract linguist with a Top Secret security clearance, pleaded guilty to delivering classified national defense information to aid a foreign government and was sentenced to 23 years in prison. Thompson used her access to Department of Defense (DOD) files to provide a Lebanese Hezbollah commander with carefully assembled files containing the identities of at least eight human sources, at least 10 targets, and tactics, techniques, and procedures the sources used to collect information on behalf of the U.S. These sources had worked with the U.S. military to provide important information in an active combat zone in Iraq, and her leak of their true identities and other information put them, and members of the U.S. military with whom they had worked, in extreme danger of Hezbollah reprisals. This investigation required swift and significant cooperation between the DOD, the USIC, and the FBI to detect and end the illegal activity before Thompson could put even more people at risk. Her March 2021 guilty plea recognized the harm she had done to U.S. security and to the individuals she betrayed, in direct contravention of the binding agreements all security clearance holders sign. In June 2021, Thompson received a 23-year sentence for her crimes as the culmination of her arrest by the FBI in February 2020, which serves as a serious reminder of the consequences for trading national security for personal gain.

Disruption of Highly Destructive Malware

The FBI, in coordination with international partners, successfully disrupted the infrastructure of a highly destructive malware threat known as Emotet. The cyber operation was a collaborative effort between law enforcement and judicial authorities in the Netherlands, Germany, the U.S., the United Kingdom, France, Lithuania, Canada, and Ukraine, with international activity coordinated by Europol and Eurojust. First discovered in Europe in 2014, Emotet expanded its reach over the years and was behind millions of costly cyberattacks around the world. The FBI opened its first related investigation in 2017 when a North Carolina school district was compromised by Emotet, causing damage to the school's computers—including the school's network, which was disabled for approximately two weeks. The infection caused more than \$1.4



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million in losses, including the cost of virus mitigation services and replacement computers. From 2017 to the present, there have been numerous other victims throughout the U.S. and across the globe. According to the U.S. Cybersecurity & Infrastructure Security Agency, Emotet infections have cost local, state, tribal, and territorial governments up to \$1 million per incident to remediate. The global action in January, 2021 allowed law enforcement to dismantle the foundational components of Emotet's operation, taking down multiple layers of infrastructure located around the world.

ANALYSIS OF FINANCIAL STATEMENTS

The FBI's financial statements received unmodified audit opinions for FYs 2021 and 2020. These financial statements were prepared from the accounting records of the FBI in conformity with U.S. generally accepted accounting principles (U.S. 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 \$9.08 billion as of September 30, 2021, an increase of \$333.6 million, or four percent, from the previous fiscal year's Total Assets of \$8.75 billion. The increase is primarily related to increases in Fund Balance with Treasury, General Property, Plant, and Equipment, and Cash and Other Monetary Assets. Fund Balance with Treasury increased in FY 2021 by \$232.8 million, or five percent, which is primarily due to an increase in Appropriations Received and not yet disbursed. General Property, Plant, and Equipment increased by \$92.2 million, or three percent, which is primarily due to an increase in Equipment, Leasehold Improvements, and Construction in Process costs. The remaining assets reflect a net increase of \$8.6 million.

Liabilities: Total Liabilities was \$1.68 billion as of September 30, 2021, an increase of \$2.7 million from the previous fiscal year's Total Liabilities of \$1.67 billion. Accounts Payable with the Public increased \$31.9 million, which is due mainly to increased contractual activity with commercial and non-federal vendors. Other Liabilities with the Public increased \$18.0 million, or seven percent, which is primarily attributed to an increase in Accrued Funded Payroll and Leave liability, as compared to FY 2020. This increase is offset by a decrease in Federal Employee Benefits Payable of \$15.9 million, or two percent, and a decrease in Accounts Payable, Intragovernmental of \$37.8 million, or 24 percent. The decrease in Accounts Payable, Intragovernmental is attributed to a decrease in unbilled goods and services provided by other DOJ components and a decrease in outstanding reimbursable work authorization projects with other federal agencies. The remaining liabilities reflect a net increase of \$6.5 million.

Net Position: Total Net Position was \$7.41 billion as of September 30, 2021, an increase of \$331.0 million, or five percent, from the previous fiscal year's Total Net Position of \$7.08 billion. The net increase is primarily due to an increase in Unexpended Appropriations – Beginning Balances of \$218.1 million, or six percent, and an increase in Appropriations Received of \$520.9 million, or five percent. The net increase is offset by an increase in Net Cost of Operations of \$360.3 million and a decrease in Transfers In-Out Without Reimbursement of \$24.8 million. The decrease in Transfer In-Out Without Reimbursement is attributed to non-expenditure transfers out to the DOJ Working Capital Fund. The remaining changes in Net Position reflect a net decrease of \$22.9 million.

Net Cost of Operations: Total Net Cost of Operations was \$10.49 billion for FY 2021, an increase of \$360.3 million, or four percent, from Total Net Cost of Operations of \$10.13 billion for FY 2020. The increase is attributed to a net increase of \$441.4 million, or four percent, in Gross Costs. This increase is offset by an increase of \$81.1 million, or nine percent, in Earned Revenue.

Budgetary Resources: Total Budgetary Resources was \$13.81 billion for FY 2021, an increase of \$595.6 million, or five percent, from Total Budgetary Resources of \$13.22 billion in FY 2020. The change is related



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to increases in Appropriations of \$516.9 million, Unobligated Balance from Prior Year Budget Authority of \$51.1 million, and Spending Authority from Offsetting Collections of \$27.6 million.

COVID-19: The FBI maintained an operational tempo that enabled it to remain successful in dispensing its mission and duties. To maintain this tempo and to prevent, prepare for, and respond to the coronavirus, domestically or internationally, including the impact of coronavirus on the work of the DOJ, the FBI received \$179 million in the Consolidated Appropriations Act, 2021, which remains available until September 30, 2022. Similar to the \$20 million the FBI received in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, of which \$263 thousand remains, the \$179 million is available to the FBI for the uses previously listed, and specifically provides for necessary improvements to the National Instant Criminal Background Check System (NICS). Of the \$179 million appropriated in FY 2021, \$84.2 million was obligated and \$94.8 million remains available to the FBI into FY 2022 to continue to address the impact of coronavirus on the work of the DOJ and the FBI's NICS improvements.

LIMITATIONS OF THE FINANCIAL STATEMENTS

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

The statements are prepared from records of Federal entities in accordance with U.S. GAAP and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records.

Users of the statements are advised that the statements are for a component of the U.S. Government.

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 these conditions.



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FMFIA Section 2 – Reportable Conditions

Information Systems: For the FY 2021 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, 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.

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

In FY 2021, 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. 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; Seized Evidence; 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, 2021.

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 2021, 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 2021 FBI financial statement audit.

Analysis of Legal Compliance

In the FBI's update to the FY 2019 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 2019 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 2021 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 2022, 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 threats, such as organized crime syndicates seeking to defraud financial systems and/or entities who conduct espionage activities or network attacks. While these threats are not new, the means and ways by which adversaries carry out their activities are constantly changing and evolving. Cyber actors continue to use new technologies and sophisticated operations to obfuscate their activities and undermine the trust in the things Americans rely on, such as software updates, medical research, school networks, and emergency services. By infiltrating and impersonating those trusted parties, both criminals and a growing number of nation-states are undermining the credibility, integrity, and availability of information and networks, with serious consequences for both national security and public safety. Despite formidable investments and concerted efforts by the private sector and government to build more secure and defensible computer networks, risks remain high and cybersecurity remains a rapidly growing threat—but one that the FBI's blend of criminal and intelligence authorities is uniquely positioned to address.

The FBI's cyber mission is to counter cyber threats through its investigative and intelligence authorities. Through its authorities, the FBI works to identify criminal, terrorist, and nation-state actors and engage in activities to reduce or neutralize these threats. At the same time, the FBI collects and disseminates information helpful 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. As a federal law enforcement agency and member of the USIC, the FBI is in a unique position to further its own operations and enhance those of interagency partners. 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 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—for example, students and visiting scientists, scholars, and business executives—as well as cyber-based tools to target, penetrate, and influence U.S. institutions.

The FBI continues to work to identify individuals who seek to join the ranks of foreign fighters traveling in support of the Islamic State of Iraq and ash-Sham (ISIS), as well as homegrown violent extremists (HVE) who may aspire to attack the U.S. from within. These terrorism threats remain among the highest priorities for the FBI and the USIC. 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 HVEs often act with little to no warning. The FBI has HVE cases that span all 56 FBI field offices across all 50 states and territories.

The FBI will meet these threats head-on, while steadfastly adhering to its mission to protect the American people and uphold the Constitution of the U.S. and realizing its vision to be ahead of the threat. These threats require the FBI to strategically assess current and prospective operations to ensure it meets mission requirements at the lowest possible cost to the U.S. taxpayer.



Management's Discussion and Analysis

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. By understanding the threat-based landscape and identifying critical enterprise-wide capabilities needed to perform its mission, the FBI crafts a budget 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. This approach allows FBI management to better understand the implications and impacts of proposed initiatives on FBI resources.

First and foremost in this strategic planning approach, the FBI prioritizes core operational needs, to include resources necessary 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 revolution. In FY 2021, the FBI continued to invest in future operational capacity through its 21st Century Facilities Plan.

FBI's 21st Century Facilities Plan

The FBI continued to work towards consolidating and improving its operations through the construction of modern facilities. The largest investment in the FBI's 21st Century Facilities plan is ongoing at Redstone Arsenal (RSA) in Huntsville, Alabama. The FBI has maintained a presence in RSA for almost 50 years, and the FBI is expanding its footprint across the base, positioned among some of the nation's top defense, law enforcement, and technology organizations. These new facilities will drive a new era of innovation in a city deemed the "Silicon Valley of the South."

By spring 2022, the FBI's presence on the North Campus will feature 300,000-square-foot operations building designed to accommodate approximately 1,350 personnel across 12 different operational and administrative FBI divisions. A nearby 87,000-square-foot technology building will house approximately 330 personnel to monitor the FBI's network 24/7/365, providing network monitoring and insider threat detection essential to the protection of sensitive intelligence and information for the entire organization. In June 2021, the FBI broke ground on a 22,000-square-foot Innovation Center, which will include a kinetic cyber range, a virtual reality classroom, other multi-purpose classrooms with enhanced audio/visual capabilities, and labs and workspaces. This facility will significantly enhance the FBI's technical capabilities as well as provide FBI partners with the opportunity to train and collaborate on new cyber tools and techniques.

The South Campus provides tremendous growth opportunities for the FBI and its law enforcement partners. The recently constructed Ballistics Research Facility (BRF) is the world's only law enforcement ammunition testing facility. The BRF evaluates weapon systems and body armor and shares this intelligence with FBI partners, including providing expert testimony in state and local law enforcement criminal proceedings.

The current and future FBI Redstone facilities covered here reflect just a few of the innovative projects designed to ensure FBI Special Agents and critical operational support personnel have state-of-the-art equipment and training to combat increasingly complex global threats.



Management's Discussion and Analysis

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. Facilities investments represent only a portion of those areas that will require resources and energy. As data usage continues to expand, the FBI continues to execute its network improvement 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 continue to 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. 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.

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, 2021 and 2020, 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. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 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, 2021 and 2020, 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, 2021, we considered the FBI's internal control over financial reporting (internal control) as a basis for designing 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 FBI'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, 2021 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 financial statements. 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. 21-04.

We also performed tests of its compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests 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 8, 2021

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, 2021 and 2020**

Dollars in Thousands	2021	2020
ASSETS (Note 2)		
Intragovernmental		
Fund Balance with Treasury (Note 3)	\$ 5,267,524	\$ 5,034,741
Accounts Receivable, Net (Note 5)	391,311	407,594
Advances and Prepayments	14,046	32,501
Total Intragovernmental	5,672,881	5,474,836
With the Public		
Cash and Other Monetary Assets (Note 4)	\$ 131,693	\$ 117,992
Accounts Receivable, Net (Note 5)	40,817	31,967
General Property, Plant and Equipment, Net (Note 7)	3,095,259	3,003,056
Advances and Prepayments	143,321	122,495
Other Assets (Note 8)	-	4
Total With the Public	3,411,090	3,275,514
Total Assets	\$ 9,083,971	\$ 8,750,350
LIABILITIES (Note 9)		
Intragovernmental		
Accounts Payable	\$ 117,879	\$ 155,703
Advances from Others and Deferred Revenue	69,877	78,133
Other Liabilities		
Custodial Liabilities (Note 18)	4,367	2,512
Other (Note 13)	128,542	118,533
Total Intragovernmental	320,665	354,881
With the Public		
Accounts Payable	\$ 379,228	\$ 347,365
Federal Employee Benefits Payable	624,088	639,941
Environmental and Disposal Liabilities (Note 10)	4,825	4,777
Advances from Others and Deferred Revenue	6,953	4,792
Other Liabilities		
Seized Cash and Monetary Instruments (Note 12)	63,004	62,345
Other (Note 13)	276,661	258,650
Total With the Public	1,354,759	1,317,870
Total Liabilities	\$ 1,675,424	\$ 1,672,751
Commitments and Contingencies (Note 14)		
NET POSITION		
Unexpended Appropriations	\$ 4,235,884	\$ 3,948,889
Cumulative Results of Operations	3,172,663	3,128,710
Total Net Position	\$ 7,408,547	\$ 7,077,599
Total Liabilities and Net Position	\$ 9,083,971	\$ 8,750,350

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, 2021 and 2020**

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	
Program 1	2021	\$ 3,420,940	\$ 8,019,483	\$ 11,440,423	\$ 736,379	\$ 212,635	\$ 949,014	\$ 10,491,409
	2020	\$ 3,217,334	\$ 7,781,655	\$ 10,998,989	\$ 693,277	\$ 174,624	\$ 867,901	\$ 10,131,088
Total	2021	<u>\$ 3,420,940</u>	<u>\$ 8,019,483</u>	<u>\$ 11,440,423</u>	<u>\$ 736,379</u>	<u>\$ 212,635</u>	<u>\$ 949,014</u>	<u>\$ 10,491,409</u>
	2020	<u>\$ 3,217,334</u>	<u>\$ 7,781,655</u>	<u>\$ 10,998,989</u>	<u>\$ 693,277</u>	<u>\$ 174,624</u>	<u>\$ 867,901</u>	<u>\$ 10,131,088</u>

Strategic Program 1: Law Enforcement

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, 2021 and 2020

Dollars in Thousands	2021	2020
Unexpended Appropriations		
Beginning Balances	\$ 3,948,889	\$ 3,730,758
Appropriations Received	10,493,786	9,972,902
Appropriations Transferred-In/Out	1,786	(21,942)
Other Adjustments	(80,150)	(72,069)
Appropriations Used	(10,128,427)	(9,660,760)
Net Change in Unexpended Appropriations	286,995	218,131
Total Unexpended Appropriations: Ending	\$ 4,235,884	\$ 3,948,889
Cumulative Results of Operations		
Beginning Balances	\$ 3,128,710	\$ 3,216,821
Other Adjustments	(1)	(86)
Appropriations Used	10,128,427	9,660,760
Transfers-In/Out Without Reimbursement	110,747	135,528
Imputed Financing (Note 16)	307,636	255,758
Other	(11,447)	(8,983)
Net Cost of Operations	(10,491,409)	(10,131,088)
Net Change in Cumulative Results of Operations	43,953	(88,111)
Cumulative Results of Operations: Ending	\$ 3,172,663	\$ 3,128,710
Net Position	\$ 7,408,547	\$ 7,077,599

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, 2021 and 2020**

Dollars in Thousands	2021	2020
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory) (Note 17)	\$ 2,298,345	\$ 2,247,284
Appropriations (discretionary and mandatory)	10,420,329	9,903,407
Spending Authority from Offsetting Collections (discretionary and mandatory)	1,093,578	1,065,926
Total Budgetary Resources	\$ 13,812,252	\$ 13,216,617
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total)	\$ 11,346,580	\$ 11,110,687
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	2,246,313	1,892,507
Unapportioned, Unexpired Accounts	300	2,472
Unexpired Unobligated Balance, End of Year	2,246,613	1,894,979
Expired Unobligated Balance, End of Year	219,059	210,951
Unobligated Balance - End of Year (Total)	2,465,672	2,105,930
Total Status of Budgetary Resources	\$ 13,812,252	\$ 13,216,617
Outlays, Net:		
Outlays, Net (Total) (discretionary and mandatory)	\$ 10,132,447	\$ 9,822,566
Less: Distributed Offsetting Receipts	(777)	3
Agency Outlays, Net (discretionary and mandatory)	\$ 10,133,224	\$ 9,822,563



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 FBI's vision is to be ahead of the threat and its mission is to protect the American people and uphold the Constitution of the U.S. This mission incorporates protecting and defending the U.S. against terrorist and foreign intelligence threats, upholding and enforcing the criminal laws of the U.S., and providing 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 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. These financial statements are different from the financial reports prepared pursuant to OMB directives which are used to monitor and control the use of the FBI's budgetary resources. The accompanying financial statements include the accounts of all funds under the FBI's control. To ensure that the FBI's financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Other Liabilities, as defined by OMB Circular A-136, have been disaggregated on the Consolidated Balance Sheets. These include Custodial Liabilities and Seized Cash and Monetary Instruments.

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 2021 and 2020, 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 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 and Other Monetary Assets

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 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 represents 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.



Notes to the Principal Financial Statements

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 applicable 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, enhancements to aircraft, 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.



Notes to the Principal 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.

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 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 monies or other resources that are likely to be paid by the FBI as the result of a transaction or event that has already occurred. However, no liability can be paid by FBI absent proper budget authority. Liabilities that are not funded by the current year appropriation are classified as Liabilities not covered by Budgetary Resources in Note 9. Accrued Payroll and Benefits are accrued based on the number of days in a pay period earned but not paid to employees at the end of the fiscal year. Accounts Payable recorded under liabilities are amounts owed by DOJ for goods and services received. When the FBI accepts title to goods, whether the goods are delivered or in transit, or incurs costs for services received, the FBI recognizes a liability for the unpaid amount of the goods and services. If invoices for those goods and services are not available when the Financial Statements are prepared, the amounts owed are estimated. Intragovernmental Accounts Payable consists of amounts owed to other Federal Government agencies, primarily to Department of Labor (DOL) and Office of Personnel Management (OPM) for employee benefits. The remaining Accounts Payable consist of amounts due to the public.



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

M. Commitments and Contingencies

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, Commitments and Contingencies. 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.

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 17.3 percent of the gross pay for regular employees and 35.8 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-



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

RAE) System. The FBI contributes 15.5 percent of the gross pay for regular employees and 34.0 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 15.5 percent of the gross pay for regular employees and 34.0 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 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 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.

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 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.



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

DOJ calculates and distributes each reporting components respective portion of the total DOJ actuarial liability that is recorded for reporting purposes only. The Federal Employee Benefits Payable 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 earned revenues with the public represent exchange transactions made between the reporting entity and a non-Federal entity. The classification of revenue or cost as "Intragovernmental" or "With the Public" is defined on a transaction-by-transaction basis. The purpose of this classification is to enable the Federal Government to prepare consolidated Financial Statements, not to match public and intragovernmental revenue with the costs incurred to produce public and intragovernmental revenue.

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 criminal history record identification (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. Additionally, the FBI generates proceeds from the sale of certain assets, primarily vehicles, which are categorized as a financing source.



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

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;
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 2020 financial statements were reclassified to conform to the FY 2021 Departmental financial statement presentation requirements. These reclassifications had no material effect on total assets, liabilities, net position, changes in net position or budgetary resources previously reported.

Specifically, the format of the Balance Sheet has changed to reflect more detail for certain line items, as required for all significant reporting entities by OMB Circular A-136. This change does not affect totals for assets, liabilities, or net position and is intended to allow readers of this Report to see how the amounts shown on the Balance Sheet are reflected on the Government-wide Balance Sheet, thereby supporting the preparation and audit of the *Financial Report of the United States Government*. The presentation of the FY 2020 Balance Sheet was reclassified to be consistent with the FY 2021 presentation.



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

In addition, the Department has realigned its Statement of Net Cost and Note 15, Net Cost of Operations by Suborganization, to align to strategic programs in the Department's annual budget and/or its individual organizational mission. As such, activity and balances reported on the FY 2020 Statement of Net Cost have been reclassified to conform to the current year presentation. These reclassifications have no effect on the Net Cost of Operations, as previously reported.

X. Subsequent Events

Subsequent events and transactions occurring after September 30, 2021 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.

Z. Public-Private Partnerships

SFFAS No. 49, *Public-Private Partnerships: Disclosure Requirements* establishes principles to ensure that disclosures about Public-Private Partnerships (P3) are presented in the reporting entity's general purpose federal financial reports (GPFFR). The principles guide financial reporting by establishing a P3 definition and identifying risk-based characteristics that need to exist before considering the P3 arrangement or transaction for disclosure.

SFFAS No. 49 exempts certain arrangements or transactions from the P3 disclosure requirements. Such exempt arrangements or transactions are subject to existing disclosure requirements in other SFFASs applicable to such arrangements or transactions.

As of September 30, 2021, the FBI has not identified any P3 arrangements that meet the SFFAS No. 49 disclosure requirements.



Notes to the Principal Financial Statements

2. Non-Entity Assets

As of September 30, 2021 and 2020		
	2021	2020
With the Public		
Cash and Other Monetary Assets	\$ 89,082	\$ 82,292
Accounts Receivable, Net	5,517	3,632
Total With the Public	94,599	85,924
Total Non-Entity Assets	94,599	85,924
Total Entity Assets	8,989,372	8,664,426
Total Assets	<u>\$ 9,083,971</u>	<u>\$ 8,750,350</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, 2021 and 2020		
	2021	2020
Status of Fund Balances With Treasury		
Unobligated Balance - Available	\$ 2,246,313	\$ 1,892,507
Unobligated Balance - Unavailable	219,359	213,423
Obligated Balance not yet Disbursed	2,845,159	2,964,430
Non-Budgetary Fund Balance with Treasury	(43,307)	(35,619)
Total Status of Fund Balances	<u>\$ 5,267,524</u>	<u>\$ 5,034,741</u>

Unobligated Balance – Available includes current year apportionments that may be used for new obligations and amounts restricted for use in future fiscal years (apportioned as Category C) and amounts available for obligation in a subsequent period. For the Fiscal Years ended, September 30, 2021 and 2020, the amounts restricted for future use are \$97,753 and \$184,893, respectively.

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, 2021 and 2020		
	2021	2020
Cash		
Imprest Funds	\$ 42,611	\$ 35,700
Other	26,078	19,947
Total Cash	<u>68,689</u>	<u>55,647</u>
Other Monetary Assets		
Seized Monetary Instruments	63,004	62,345
Total Cash and Other Monetary Assets	<u>\$ 131,693</u>	<u>\$ 117,992</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, 2021 and 2020		
	2021	2020
Intragovernmental		
Accounts Receivable	\$ 391,311	\$ 407,594
With the Public		
Accounts Receivable	40,840	32,017
Allowance for Uncollectible Accounts	<u>(23)</u>	<u>(50)</u>
Total With the Public	<u>40,817</u>	<u>31,967</u>
Total Accounts Receivable, Net	<u>\$ 432,128</u>	<u>\$ 439,561</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 SFFAS No. 3 and DOJ guidelines, evidence items subject to forfeiture are not disclosed by the FBI as the seizing agency, but rather are reported by the DOJ Asset Forfeiture Program.

The item counts and financial value of non-monetary valuable property in the custody of the FBI as of September 30, 2021 and 2020, excluding forfeited evidence or evidence subject to forfeiture proceedings, and activity during each fiscal year are summarized in the following charts in accordance with SFFAS No. 3.

Drug evidence is presented in accordance with Federal Financial Accounting and Auditing Technical Release No. 4. Analyzed drug evidence represents actual laboratory-tested classification and weight in kilograms (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.

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

For the Fiscal Year Ended September 30, 2021							
Seized Property Category		Beginning Balance		Adjustments*	Seizures	Disposals	Ending Balance
Seized for Evidence							
Seized Monetary Instruments	Value	\$	62,345	\$	(12,478)	\$	23,986
						\$	(10,849)
							\$ 63,004
Personal Property	Number		373		(13)		78
	Value	\$	7,931	\$	(1,045)	\$	4,343
						\$	(1,776)
							\$ 9,453
Non-Valued Firearms	Number		33,726		(1,086)		6,063
							(2,569)
							36,134
Drug Evidence							
Cocaine	KG		5,476		178		252
Heroin	KG		355		113		14
Marijuana	KG		1,032		91		11
Methamphetamine	KG		5,702		979		1,110
Other	KG		264		50		90
Total Drug Evidence	KG		12,829		1,411		1,477
							(486)
							15,231

Federal Bureau of Investigation

These notes are an integral part of the financial statements.



Notes to the Principal Financial Statements

6. Seized Property, Net (continued)

For the Fiscal Year Ended September 30, 2020						
Seized Property Category		Beginning Balance	Adjustments*	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	\$ 49,008	\$ (3,341)	\$ 24,944	\$ (8,266)	\$ 62,345
Personal Property	Number	322	34	78	(61)	373
	Value	\$ 6,112	\$ 355	\$ 2,286	\$ (822)	\$ 7,931
Non-Valued Firearms	Number	31,001	(494)	5,418	(2,199)	33,726
Drug Evidence						
Cocaine	KG	7,255	20	-	(1,799)	5,476
Heroin	KG	376	30	9	(60)	355
Marijuana	KG	1,059	22	-	(49)	1,032
Methamphetamine	KG	5,557	275	57	(187)	5,702
Other	KG	240	38	7	(21)	264
Total Drug Evidence	KG	14,487	385	73	(2,116)	12,829

*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 2021 and 2020, \$3,376 and \$3,801, respectively, were returned to parties with a bona fide interest, and \$9,249 and \$5,287, 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, 2021				
	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 6,996	\$ -	\$ 6,996	N/A
Construction in Progress	444,099	-	444,099	N/A
Buildings, Improvements, and Renovations	1,522,088	(562,839)	959,249	10-50 years
Other Structures and Facilities	419,196	(106,111)	313,085	10-50 years
Aircraft	451,572	(170,889)	280,683	5-30 years
Boats	10,857	(4,362)	6,495	5-25 years
Vehicles	178,792	(96,568)	82,224	2-25 years
Equipment	1,009,357	(624,221)	385,136	2-25 years
Leasehold Improvements	1,101,521	(690,435)	411,086	3-10 years
Internal Use Software	1,883,630	(1,738,072)	145,558	3-7 years
Internal Use Software in Development	60,648	-	60,648	N/A
Total	<u>\$ 7,088,756</u>	<u>\$ (3,993,497)</u>	<u>\$ 3,095,259</u>	

As of September 30, 2020				
	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 7,372	\$ -	\$ 7,372	N/A
Construction in Progress	374,723	-	374,723	N/A
Buildings, Improvements, and Renovations	1,456,368	(512,547)	943,821	10-50 years
Other Structures and Facilities	335,035	(90,957)	244,078	10-50 years
Aircraft	473,894	(160,557)	313,337	5-30 years
Boats	9,373	(4,778)	4,595	5-25 years
Vehicles	174,677	(94,179)	80,498	2-25 years
Equipment	1,032,714	(600,207)	432,507	2-25 years
Leasehold Improvements	952,596	(619,457)	333,139	3-10 years
Internal Use Software	1,901,101	(1,657,810)	243,291	3-7 years
Internal Use Software in Development	25,695	-	25,695	N/A
Total	<u>\$ 6,743,548</u>	<u>\$ (3,740,492)</u>	<u>\$ 3,003,056</u>	

	2021 Net PP&E	2020 Net PP&E
Balance Beginning of Year	\$ 3,003,056	\$ 2,863,828
Capitalized Acquisitions	488,096	527,454
Dispositions	(28,185)	(11,656)
Transfers In/Out Without Reimbursements	(226)	(203)
Revaluations	(5,104)	1,128
Depreciation Expense	(362,378)	(377,495)
Balance at End of Year	<u>\$ 3,095,259</u>	<u>\$ 3,003,056</u>

Federal Bureau of Investigation

These notes are an integral part of the financial statements.



Notes to the Principal Financial Statements

8. Other Assets

Other Assets With the Public consist of cancelled or unconfirmed Treasury disbursements awaiting reissuance, cancellation, or confirmation by the FBI. Other Assets With the Public as of September 30, 2021 and 2020 are \$0 and \$4, respectively.

9. Liabilities Not Covered by Budgetary Resources

As of September 30, 2021 and 2020		
	2021	2020
Intragovernmental		
Other Liabilities		
Accrued FECA Liabilities	\$ 35,513	\$ 37,116
Other Unfunded Employment Related Liabilities	141	286
Total Intragovernmental	35,654	37,402
With the Public		
Federal Employee Benefits Payable	613,471	630,420
Environmental and Disposal Liabilities (Note 10)	4,825	4,777
Other Liabilities		
Contingent Liabilities (Note 14)	23,475	33,600
Total With the Public	641,771	668,797
Total Liabilities Not Covered by Budgetary Resources	677,425	706,199
Total Liabilities Covered by Budgetary Resources	993,138	962,697
Total Liabilities Not Requiring Budgetary Resources	4,861	3,855
Total Liabilities	\$ 1,675,424	\$ 1,672,751

Federal Employee Benefits Payable primarily includes the Unfunded Leave Liability and Actuarial FECA Liability. As of September 30, 2021 and 2020, the Unfunded Leave Liability are \$398,593 and \$417,973, respectively, and the Actuarial FECA Liability are \$214,878 and \$212,447, respectively.

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.

10. Environmental and Disposal Liabilities

In accordance with the SFFAS No. 5, 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

Federal Bureau of Investigation

These notes are an integral part of the financial statements.



Notes to the Principal Financial Statements

10. Environmental and Disposal Liabilities (continued)

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, 2021 and 2020		
	2021	2020
Firing Ranges		
Beginning Balance, Brought Forward	\$ 2,303	\$ 2,303
Total Firing Range Liability	2,303	2,303
Asbestos		
Beginning Balance, Brought Forward	2,474	2,426
Inflation Adjustment	1	1
Future Funded Expenses	47	47
Total Asbestos Liability	2,522	2,474
Total Environmental and Disposal Liabilities	\$ 4,825	\$ 4,777

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 FBI-owned facilities in Quantico that contain hazardous friable and non-friable asbestos. The facilities have a useful life of 70 years. The total estimated asbestos liability of \$3,327 is based on an environmental survey of the facilities that may be contaminated. The current estimated asbestos cleanup liability of \$2,522 is the total estimated asbestos liability divided by the useful life and multiplied by the number of years in service, less any current year abatements, and adjusted for inflation. The estimated asbestos cleanup liability is adjusted each quarter by recording future funded expenses for the asbestos cleanup costs. As of September 30, 2021, and 2020, the FBI reported the estimated asbestos cleanup liability of \$2,522 and \$2,474, respectively.

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 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 then requires the agency to recognize the anticipated cost of conducting a future

Federal Bureau of Investigation

These notes are an integral part of the financial statements.



Notes to the Principal Financial Statements

10. Environmental and Disposal Liabilities (continued)

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, 2021, and 2020, 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, 2021.

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 10 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 non-cancelable.

The FBI has submitted packages to the GSA for the Albuquerque, Anchorage, Birmingham, Cleveland, Jackson, Jacksonville, Louisville, Oklahoma City, and Omaha field offices and the future Nashville, which are scheduled to expire within the next five years. The FBI is relocating five field offices through FY 2026 with the potential for two additional relocations prior to FY 2026. The FBI is currently reviewing the expiration for the Buffalo, Charlotte, Indianapolis, and Knoxville 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, 2021

Future Noncancelable Operating Lease Payments Due

Intragovernmental

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2022	263,999	-	263,999
2023	280,630	-	280,630
2024	287,981	-	287,981
2025	286,957	-	286,957
2026	279,629	-	279,629
After 2026	2,732,715	-	2,732,715
Total Future Noncancelable Operating Lease Payments	<u>\$ 4,131,911</u>	<u>\$ -</u>	<u>\$ 4,131,911</u>

With the Public

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2022	5,844	4,206	10,050
2023	4,517	-	4,517
2024	3,850	-	3,850
2025	2,155	-	2,155
2026	1,715	-	1,715
After 2026	2,576	-	2,576
Total Future Noncancelable Operating Lease Payments	<u>\$ 20,657</u>	<u>\$ 4,206</u>	<u>\$ 24,863</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, 2021 and 2020 are \$63,004 and \$62,345, respectively.

13. Other Liabilities

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

As of September 30, 2021 and 2020		
	2021	2020
Intragovernmental		
Benefit Program Contributions Payable	\$ 111,077	\$ 101,806
Employer Contributions and Payroll Taxes Payable	17,031	15,466
Liability for Clearing Accounts	(757)	-
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	1,191	1,261
Total Intragovernmental	128,542	118,533
With the Public		
Accrued Funded Payroll and Leave	227,052	204,592
Contingent Liabilities	23,475	33,600
Other Liabilities without Related Budgetary Obligations	26,078	19,947
Liability for Clearing Accounts	61	81
Other Liabilities	(5)	430
Total With the Public	276,661	258,650
Total Other Liabilities	\$ 405,203	\$ 377,183

With the Public Other Liabilities consists of amounts withheld from employees' salaries for taxes, employee benefit contributions, garnishments, and other withholdings.

14. Commitments and Contingencies

As of September 30, 2021	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
Legal Contingencies:			
Probable	\$ 23,475	\$ 23,475	\$ 34,400
Reasonably Possible	-	67,058	91,499



Notes to the Principal Financial Statements

14. Commitments and Contingencies (continued)

As of September 30, 2020	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
Legal Contingencies:			
Probable	\$ 33,600	\$ 33,600	\$ 58,700
Reasonably Possible	-	65,800	86,725

15. Suborganization Program Costs

The tables below break out Gross Costs and Earned Revenue across the reported DOJ Strategic Program.

For the Fiscal Year Ended September 30, 2021			
	Suborganizations		Consolidated
	CNST	S&E	
Strategic Program 1: Law Enforcement			
Gross Cost	\$ 81,545	\$ 11,358,878	\$ 11,440,423
Less: Earned Revenue	-	949,014	949,014
Net Cost of Operations	\$ 81,545	\$ 10,409,864	\$ 10,491,409

For the Fiscal Year Ended September 30, 2020			
	Suborganizations		Consolidated
	CNST	S&E	
Strategic Program 1: Law Enforcement			
Gross Cost	\$ 79,648	\$ 10,919,341	\$ 10,998,989
Less: Earned Revenue	-	867,901	867,901
Net Cost of Operations	\$ 79,648	\$ 10,051,440	\$ 10,131,088



Notes to the Principal Financial Statements

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 (FGLI), 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 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:

	Category	Cost Factor (%)
Civil Service Retirement System (CSRS)	Regular Employees	42.1
	Regular Employees Offset	31.2
	Law Enforcement Officers	68.2
	Law Enforcement Officers Offset	57.8
Federal Employees Retirement System (FERS)	Regular Employees	18.5
	Regular Employees - Revised Annuity Employees (RAE)	19.0
	Regular Employees - Further Revised Annuity Employees (FRAE)	19.2
	Law Enforcement Officers	38.2
	Law Enforcement Officers Offset - RAE	38.8
	Law Enforcement Officers Offset - FRAE	38.9

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.



Notes to the Principal Financial Statements

16. Imputed Financing (continued)

Imputed Intra-Departmental Financing Sources as defined in SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, are the unreimbursed portion of the full costs of goods and services received by 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, 2021 and 2020

	2021	2020
Imputed Inter-Departmental Financing		
Treasury Judgment Fund	\$ 15,630	\$ 7,969
Health Insurance	265,313	245,717
Life Insurance	821	810
Pension	25,872	1,262
Total Imputed Financing	<u>\$ 307,636</u>	<u>\$ 255,758</u>

17. Information Related to the Statement of Budgetary Resources

Net Adjustments to Unobligated Balance, Brought Forward, October 1

As of September 30, 2021 and 2020

	2021	2020
Unobligated Balance Brought Forward from Prior Year	<u>\$ 2,105,930</u>	<u>\$ 2,076,405</u>
Adjustments to Budgetary Resources Made During Current Year		
Downward Adjustments of Prior Year Undelivered Orders	\$ 223,035	\$ 197,149
Downward Adjustments of Prior Year Delivered Orders	16,490	11,910
Other Adjustments	(47,110)	(38,180)
Total Adjustments	<u>192,415</u>	<u>170,879</u>
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	<u>\$ 2,298,345</u>	<u>\$ 2,247,284</u>

Net adjustments to 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.



Notes to the Principal Financial Statements

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

Status of Undelivered Orders:

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

As of September 30, 2021 and 2020		
Intragovernmental	2021	2020
UDO Obligations Unpaid	\$ 362,484	\$ 424,665
UDO Obligations Prepaid/Advanced	14,046	32,501
Total Intragovernmental UDO	376,530	457,166
With the Public		
UDO Obligations Unpaid	2,225,649	2,312,142
UDO Obligations Prepaid/Advanced	143,321	122,495
Total With the Public UDO	2,368,970	2,434,637
Total UDO	\$ 2,745,500	\$ 2,891,803

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.

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, 2020 is presented below.

The reconciliation as of September 30, 2021 is not presented, because the submission of the Budget of the U.S. Government for FY 2023, which presents the execution of the FY 2021 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 2022.

Expired Funds are reported in the FBI's SBR, but not reported in the Budget.



Notes to the Principal Financial Statements

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

For the Fiscal Year Ended September 30, 2020 (Dollars in Millions)			
	Total Budgetary Resources	New Obligations and Upward Adjustments	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	\$ 13,217	\$ 11,111	\$ 9,823
Funds not Reported in the Budget			
Expired Funds	(299)	(88)	-
Budget of the United States Government	<u>\$ 12,918</u>	<u>\$ 11,023</u>	<u>\$ 9,823</u>

18. Custodial Revenues

For the Fiscal Years ended September 30, 2021 and 2020, the FBI collected \$1,391 and \$5,165, 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, 2021, and 2020, the FBI had Custodial Liabilities of \$4,367 and \$2,512 respectively.

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 Budgetary Outlays (e.g. depreciation and amortization expenses of assets previously capitalized, change in asset/liabilities); and (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 error). 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.



Notes to the Principal Financial Statements

19. Reconciliation of Net Costs to Net Outlays (continued)

For the Fiscal Year Ended September 30, 2021			
	Intra- governmental	With the Public	Total FY 2021
NET COST	<u>\$ 2,684,561</u>	<u>\$ 7,806,848</u>	<u>\$ 10,491,409</u>
Components of Net Cost That Are Not Part of Budgetary Outlays:			
Property, Plant, and Equipment Depreciation Expense	-	(362,378)	(362,378)
Property, Plant, and Equipment Disposals and Revaluations	-	(28,185)	(28,185)
Increase/(Decrease) in Assets			
Accounts Receivable, Net	(16,283)	6,959	(9,324)
Other Assets	(18,455)	27,613	9,158
(Increase)/Decrease in Liabilities			
Accounts Payable	37,824	(31,863)	5,961
Environmental and Disposal Liabilities	-	(48)	(48)
Federal Employee Benefits Payable	-	15,853	15,853
Other Liabilities	(2,582)	(20,851)	(23,433)
Financing Sources			
Imputed Costs	(307,636)	-	(307,636)
Total Components of Net Cost That are Not Part of Budgetary Outlays	<u>(307,132)</u>	<u>(392,900)</u>	<u>(700,032)</u>
Component of Budgetary Outlays That Are Not Part of Net Cost:			
Acquisition of Capital Assets	73,664	409,328	482,992
Financing Sources			
Transfers Out (In) Without Reimbursement	(153,477)	-	(153,477)
Total Component of Budgetary Outlays That Are Not Part of Net Cost	<u>(79,813)</u>	<u>409,328</u>	<u>329,515</u>
Misc Items			
Distributed Offsetting Receipts	757	20	777
Custodial/Non-Exchange revenue	-	11,555	11,555
Total Other Reconciling Items	<u>757</u>	<u>11,575</u>	<u>12,332</u>
TOTAL NET OUTLAYS	<u>\$ 2,298,373</u>	<u>\$ 7,834,851</u>	<u>\$ 10,133,224</u>
Budgetary Agency Outlays, Net (SBR 4210)			
Budgetary Agency Outlays, Net			<u>\$ 10,133,224</u>



Notes to the Principal Financial Statements

19. Reconciliation of Net Costs to Net Outlays (continued)

For the Fiscal Year Ended September 30, 2020			
	Intra- governmental	With the Public	Total FY 2020
NET COST	\$ 2,524,057	\$ 7,607,031	\$ 10,131,088
Components of Net Cost That Are Not Part of Budgetary Outlays:			
Property, Plant, and Equipment Depreciation Expense	-	(377,495)	(377,495)
Property, Plant, and Equipment Disposals and Revaluations	-	(11,656)	(11,656)
Increase/(Decrease) in Assets			
Accounts Receivable, Net	(17,533)	(7,053)	(24,586)
Other Assets	1,204	65,143	66,347
(Increase)/Decrease in Liabilities			
Accounts Payable	15,512	57,352	72,864
Environmental and Disposal Liabilities	-	(48)	(48)
Federal Employee Benefits Payable	-	(60,771)	(60,771)
Other Liabilities	(37,390)	(63,884)	(101,274)
Financing Sources			
Imputed Costs	(255,758)	-	(255,758)
Total Components of Net Cost That are Not Part of Budgetary Outlays	(293,965)	(398,412)	(692,377)
Component of Budgetary Outlays That Are Not Part of Net Cost:			
Acquisition of Capital Assets	116,419	412,283	528,702
Financing Sources			
Transfers Out (In) Without Reimbursement	(153,740)	-	(153,740)
Total Component of Budgetary Outlays That Are Not Part of Net Cost	(37,321)	412,283	374,962
Misc Items			
Distributed Offsetting Receipts	-	(3)	(3)
Custodial/Non-Exchange revenue	-	8,893	8,893
Total Other Reconciling Items	-	8,890	8,890
TOTAL NET OUTLAYS	\$ 2,192,771	\$ 7,629,792	\$ 9,822,563
Budgetary Agency Outlays, Net (SBR 4210)			
Budgetary Agency Outlays, Net			\$ 9,822,563



Notes to the Principal Financial Statements

20. COVID-19 Activity

As of September 30, 2021 and 2020		
	2021	2020
Budgetary Activities		
Unobligated Balance Carried Forward	\$ 164	\$ -
Adjustments to Budgetary Resources made during the Year		
Downward Adjustments of Prior Year Undelivered Orders	\$ 132	\$ -
Downward Adjustments of Prior Year Delivered Orders	10	-
Unobligated Balance from Prior Year Budget Authority, Net	\$ 306	\$ -
Supplemental/Annual Appropriated Funds Received	\$ 179,000	\$ 20,000
Other COVID-19 Budgetary Resources	3,148	3,871
Total Budgetary Resources	182,148	23,871
Less: Obligations Incurred	87,391	23,707
Unobligated Balance - End of Year	\$ 95,063	\$ 164

In addition to the supplemental funding received, the FBI identified other budgetary resources to provide additional Personal Protective Equipment (PPE) and COVID-19 related supplies for FBI personnel, cleaning and sanitizing services for FBI facilities/workspaces, and support workspace accessibility for FBI operations.

21. Subsequent Events

On October 28, 2021, the Department announced it had reached, through mediation, an agreement in principle to settle the civil case arising out of the June 2015 Mother Emanuel AME Church mass shooting in Charleston, South Carolina. The FBI is named as the primary defendant in that case, and has maintained record of this contingent liability, with a probable likelihood of loss, as of September 30, 2021. Under applicable law, the court must approve the settlements for the 14 plaintiffs, and all parties expect that the court will agree that these settlements are fair and reasonable. Once approved, the individual settlements—which range from \$5 million to \$7.5 million per claimant—are expected to be paid out of the Treasury Judgement Fund.

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, 2021**

Dollars in Thousands				2021
		<u>CNST</u>	<u>S&E</u>	<u>TOTAL</u>
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	\$	927,272	\$ 1,371,074	\$ 2,298,345
Appropriations (discretionary and mandatory)		566,100	9,854,229	10,420,329
Spending Authority from Offsetting Collections (discretionary and mandatory)		-	1,093,578	1,093,578
Total Budgetary Resources	\$	<u>1,493,372</u>	<u>12,318,880</u>	<u>13,812,252</u>
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total)	\$	179,452	\$ 11,167,128	\$ 11,346,580
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts		1,313,920	932,393	2,246,313
Unapportioned, Unexpired Accounts		-	300	300
Unexpired Unobligated Balance, End of Year		1,313,920	932,693	2,246,613
Expired Unobligated Balance, End of Year		-	219,059	219,059
Unobligated Balance - End of Year (Total)		<u>1,313,920</u>	<u>1,151,752</u>	<u>2,465,672</u>
Total Status of Budgetary Resources	\$	<u>1,493,372</u>	<u>12,318,880</u>	<u>13,812,252</u>
Outlays, Net:				
Outlays, Net (Total) (discretionary and mandatory)	\$	347,285	\$ 9,785,162	\$ 10,132,447
Less: Distributed Offsetting Receipts		-	(777)	(777)
Agency Outlays, Net (discretionary and mandatory)	\$	<u>347,285</u>	<u>9,785,939</u>	<u>10,133,224</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, 2020**

Dollars in Thousands				2020
		CNST	S&E	TOTAL
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	\$	767,943	\$ 1,479,341	\$ 2,247,284
Appropriations (discretionary and mandatory)		485,000	9,418,407	9,903,407
Spending Authority from Offsetting Collections (discretionary and mandatory)		-	1,065,926	1,065,926
Total Budgetary Resources		\$ 1,252,943	\$ 11,963,674	\$ 13,216,617
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total)	\$	331,867	\$ 10,778,820	\$ 11,110,687
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts		920,604	971,903	1,892,507
Unapportioned, Unexpired Accounts		472	2,000	2,472
Unexpired Unobligated Balance, End of Year		921,076	973,903	1,894,979
Expired Unobligated Balance, End of Year		-	210,951	210,951
Unobligated Balance - End of Year (Total)		921,076	1,184,854	2,105,930
Total Status of Budgetary Resources		\$ 1,252,943	\$ 11,963,674	\$ 13,216,617
Outlays, Net:				
Outlays, Net (Total) (discretionary and mandatory)	\$	291,056	\$ 9,531,510	\$ 9,822,566
Less: Distributed Offsetting Receipts		-	3	3
Agency Outlays, Net (discretionary and mandatory)		\$ 291,056	\$ 9,531,507	\$ 9,822,563