



Audit of the Federal Bureau of Investigation
Annual Financial Statements
Fiscal Year 2022



AUDIT DIVISION

23-038

MARCH 2023



COMMENTARY AND SUMMARY

Audit of the Federal Bureau of Investigation Annual Financial Statements Fiscal Year 2022

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 were 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, 2022, and issued an unmodified opinion. KPMG did not identify any material weaknesses and did not report any instances of non-compliance.

The OIG reviewed KPMG's report and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with Government Auditing Standards, was not intended to enable us to express, and we do not express, an opinion on the FBI's financial statements, conclusions about the effectiveness of internal control, conclusions on whether the FBI's financial management systems substantially complied with FFMIA, or conclusions on compliance and other matters. KPMG is responsible for the attached Independent Auditors' Report dated November 4, 2022, and the conclusions expressed in the report. Our review disclosed no instances where KPMG did not comply, in all material respects, with Government Auditing Standards.

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) 2022 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 2021, the FBI also received an unmodified opinion on its financial statements (OIG Audit Division Report Number 22-021).

KPMG neither identified any material weaknesses, nor reported any significant deficiencies in the FY 2022 Independent Auditors' Report.

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

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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 criminal cyber activity;
- Combat public corruption at all levels;
- Protect civil rights;
- Combat transnational criminal enterprises;
- Combat significant white-collar crime; and
- Combat significant violent crime.

MAJOR PROGRAMS & OBJECTIVES

The FBI contributes to the achievement of the following DOJ Strategic Goals (SGs)¹:

- SG 1: Uphold the Rule of Law
- SG 2: Keep Our Country Safe
- SG 3: Protect Civil Rights
- SG 4: Ensure Economic Opportunity and Fairness for All

In parallel with the DOJ SGs, the Department, and by extension the FBI, report by five DOJ Major Programs (MPs). These MPs are designed to reflect core mission objectives of the DOJ agencies. The FBI contributes to the achievement of DOJ MP² 1: *Law Enforcement*, which focuses on the role of DOJ law enforcement agencies in protecting and defending the U.S. against foreign and domestic threats by investigating, enforcing, and upholding the laws of the U.S.

The FBI aligns itself within the DOJ strategic framework through several integrated elements: Mission, Vision, the Mission Priorities, and Enterprise Objectives. The mission of the FBI is to *Protect the American People and Uphold the Constitution*. The FBI's vision statement—*Ahead of the Threat*—represents the FBI's desired strategic direction, accomplished by continuously evolving the organization to mitigate existing threats and anticipate future threats. The FBI organizes its Mission Priorities around four guiding

¹ The DOJ FY 2022 – 2026 Strategic Plan includes five SGs, however the FBI does not have specific key performance indicators for SG 1 or SG 5: *Administer Just Court and Correctional Systems*.

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



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principles—People, Partnerships, Process, and Innovation—each with action-oriented Enterprise Objectives, to focus strategic efforts across the enterprise.

OUR MISSION:
Protect the American People and Uphold the Constitution of the United States

OUR MISSION PRIORITIES:

1. Protect the U.S. from terrorist attack
2. Protect the U.S. against foreign intelligence, espionage, and cyber operations
3. Combat significant cyber criminal activity
4. Combat public corruption at all levels
5. Protect civil rights
6. Combat transnational criminal enterprises
7. Combat significant white-collar crime
8. Combat significant violent crime

OUR CORE VALUES:
Respect • Integrity • Accountability
Leadership • Diversity • Compassion
Fairness • Rigorous Obedience to the Constitution

OUR VISION: AHEAD OF THE THREAT

PEOPLE

- Provide a culture of collaboration and excellence
- Assemble diverse teams
- Cultivate leadership and mentorship
- Prepare for the future

PARTNERSHIPS

- Integrate Meaningful Partnerships
- Improve Information Sharing
- Increase Community Engagement

PROCESS

- Strengthen Confidence and Trust
- Enhance Rigor and Accountability
- Align Resources to Priorities

INNOVATION

- Foster Innovation and Creativity
- Enhance Data Capabilities and Digital Expertise
- Promote User-Driven Technology

The FBI tracks the execution of its enterprise objectives - via the Enterprise Strategy process - by cascading enterprise objectives and executing strategic initiatives towards these objectives within branch and division strategies. This vertical alignment within the organization ensures the FBI enterprise is strategically focused on the same objectives and working collectively towards the FBI mission and vision. Strategy review meetings are held with the Director and each branch and division to discuss progress towards the enterprise objectives throughout the fiscal year, and the FBI’s executive management routinely evaluates the organization’s progress.

The FBI tracks the execution of its mission priorities via national threat strategies across headquarters operational and intelligence programs, field offices, and legal attaché (legat) offices through the Integrated Program Management (IPM) and Threat Review and Prioritization (TRP) processes. These processes enable threat issues to be identified across the organization to subsequently develop accompanying threat mitigation strategies. Every two years, headquarters operational divisions prioritize national threats, determine FBI National Threat Priorities (NTPs), and develop national threat strategies and guidance for threat mitigation. The 56 field offices and 63 legat offices use this national guidance to formulate a field and legat office threat prioritization and complete their own specific strategies. These threat and program strategies undergo mid-year and end-of-year evaluations, and each individual field and legat office is held accountable to their performance targets. FBI executives and program managers hold regular meetings to review and evaluate field office and legat office effectiveness throughout the fiscal year, providing feedback to offices to align their work with national strategies or platforms.

The FBI’s budget strategy, future resource requirements and requests, and resource execution 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 or maintenance funding. Moreover, a multiyear planning approach allows FBI management to better understand the implications of proposed initiatives that are sufficiently agile to meet ongoing, emerging, and unknown national security, cyber, and criminal threats.



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ORGANIZATION STRUCTURE

The FBI operates field offices in 56 major U.S. cities and 350 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 Deputy Director.

The FBI also operates 63 legat offices and 34 sub-offices in more than 79 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 Headquarters (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).

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), the Office of Internal Auditing (OIA), the Office of Integrity and Compliance (OIC), the Insider Threat Office (InTO), the Office of the Chief Information Officer (OCIO), and the Inspection Division (INSD).
- Specialized support is provided directly to the Director and Deputy Director through a number of staff offices, including, the Office of Public Affairs (OPA), the Office of Congressional Affairs (OCA), the Office of the General Counsel (OGC), the Office of Equal Employment Opportunity Affairs (OEEOA), the Office of Professional Responsibility (OPR), the Office of Diversity and Inclusion (ODI), and the Office of the Ombudsman.

In Fiscal Year (FY) 2022, the FBI's appropriated position level of 36,204 consisted of 13,404 Special Agents, 3,138 Intelligence Analysts, and 19,662 professional staff along with an additional 2,980 reimbursable positions.



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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 DI are allocated to the Intelligence DU, while all the resources of the CJIS Division are allocated to the CJS DU.
- Based on workload: Critical investigative enablers, such as the LD, the IOD, and the OTD, are allocated to the DUs based on workload. For example, if 21 percent of the LD's workload is in support of CT/CI investigations, then, 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 DUs: Administrative enablers, such as the ITB, the FFD, and the 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.

FY 2022 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 Major Program 1: Law Enforcement.

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

Source	FY 2022	FY 2021	Change%
Earned Revenue	\$ 1,034,941	\$ 949,014	9%
Financing Sources			
Appropriations Received	10,961,895	10,493,786	4%
Appropriation Transferred-In/Out	2,630	1,786	47%
Other Adjustments	(273)	(80,151)	100%
Transfers-In/Out Without Reimbursement	201,125	110,747	82%
Imputed Financing	552,821	307,636	80%
Other	(11,902)	(11,447)	(4%)
Total FBI Resources	\$ 12,741,237	\$ 11,771,371	8%

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

Major Programs (MP)	FY 2022	FY 2021	Change%
MP 1: Law Enforcement			
Gross Cost	\$ 12,018,304	\$ 11,440,423	
Less: Earned Revenue	1,034,941	949,014	
<i>Net Cost of Operations</i>	\$ 10,983,363	\$ 10,491,409	5%



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SUMMARY OF PERFORMANCE INFORMATION

The FBI directly supports the Department of Justice's (DOJ) FY 2022-FY 2026 Strategic Plan across a variety of subjects. Within the strategic plan, the Department has established various goals, some of which the FBI is involved as a contributor. In addition to supporting the department in developing the strategies set out in the plan, the FBI reports quarterly against a variety of key performance indicators that are reflective of the Department's progress against those goals.

DOJ SG 1: Uphold the Rule of Law

The FBI was not assigned performance measures that significantly led to the managing, budgeting, or overseeing of SG 1.

DOJ SG 2: Keep Our Country Safe

PROGRAM: Counterterrorism / Counterintelligence Decision Unit

Background/Program Objectives: The FBI's statutory counterintelligence authorities make it the lead U.S. government (USG) agency to address threats to America's national and economic security. Disruptions and dismantlements are high-value outcome accomplishments: measures of the effectiveness of a wide scope of FBI and USG activities. Even a complex network case, with multiple arrests and asset seizures, would qualify as only a single "dismantle" operational outcome. The FBI seeks a sustained level of counterintelligence disruption and dismantlement accomplishments over time, continuing to make the U.S. operating environment more difficult for foreign intelligence services and their witting and unwitting collaborators despite their technological and tactical innovations. Accordingly, counterintelligence disruptions and dismantlements demonstrate effective loss prevention and proactive disruption of intelligence threats from hostile actors, theft of U.S. assets, violations of export control laws or sanctions, and related crimes. Disruptions and dismantlements are an indicator in how well the USG (and the FBI) are mitigating the negative risks of new technologies, globalization of threat actors and activities, and the emergence of new security vulnerabilities as an integral part of DOJ's risk mitigation strategy.

The expanded scope of sensitive American assets of interest to strategic competitor states coupled with a continually evolving technological environment opens new security vulnerabilities. As such, continual changes to Federal resource allocations must be supported to successfully address constantly evolving threat actors. The amount and type of resources allocated directly to the DOJ and FBI, (leveraged in tandem with a whole-of-government approach to combine USG authorities and resources) has a determinative impact on the ability of the FBI to meet its disruption and dismantlement goals.

Performance Measure: Number of counterintelligence program disruptions or dismantlements (2.1)

FY 2022 Target: 400

FY 2022 Actual Performance: 365

Discussion of FY 2022 Results:

In accordance with the new DOJ Strategic Plan, the FBI continues to investigate and disrupt threats to America's national and economic security, both from hostile foreign nations and insider threats. The American value of free expression is one of the country's most important intangible assets. The DOJ is committed to combating foreign malign influence in the government and the public sphere. In FY 2022, the Department increased its focus on transnational repression. Authoritarian regimes are exporting their repression to the United States to silence dissidents through threats, hostage taking, and violence. Over the past fiscal year, FBI counterintelligence investigations have led to open indictments in six plots originating from four different countries, including the arrest of prominent democracy activist Wang Shujun for acting as



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an agent of the Chinese government, collecting information about other activists, dissidents, and human rights leaders for report to his handlers in the Ministry of State Security.

American economic and national security rely on the development of critical technologies and protection of intellectual property. The arrest and guilty plea by Jonathan and Diana Toebbe for conspiracy to communicate Restricted Data demonstrates the ongoing risk of insider threat. Jonathan Toebbe was a nuclear engineer for the Department of the Navy who, with his wife Diana, conspired to sell information about submarine nuclear propulsion systems to a foreign country, a violation of the Atomic Energy Act. Sentencing is expected in late 2022.

The FBI supports Task Force KleptoCapture, an interagency law enforcement task force dedicated to enforcing the sweeping sanctions, export restrictions, and economic countermeasures that the United States has imposed, along with allies and partners, in response to Russia's unprovoked military invasion of Ukraine. The FBI will continue to develop new strategies to engage entities possessing the most critical assets, employ novel legal tools and authorities, and collaborate with the widest possible set of allies at all levels of government, in the private sector, and in friendly foreign governments. This emphasis on collaboration allows the U.S. government to exert the full scope of consequences, from asset forfeiture to trial and detention, against America's highest priority national security threats.

Background/Program Objectives: Disrupting terrorist operations is a core priority of the FBI in preserving national security and protecting the American people. The FBI streamlines its efforts to thwart terrorist operations with multiple strategic objectives advanced through various initiatives. In support of Department objectives to combat foreign and domestic terrorism, the FBI focuses on the disruption of financial, weaponry, and material support sources and the prosecution of those who plot or act to threaten our national security. In support of its proactive posture, the FBI targets the methods and technologies terrorist networks and organizations rely upon for radicalization and recruitment and uses all available tools to monitor terrorist threats—from developing sources to court-authorized electronic surveillance. The FBI iteratively evaluates its ability to meet the threat of terrorism and will continue to measure progress through the number of terrorism disruptions accomplished.

Performance Measure: Number of terrorism disruptions effected through investigations (2.2)

FY 2022 Target: 600

FY 2022 Actual Performance: 397

Discussion of FY 2022 Results:

In FY 2022, the FBI did not meet its target of 600 terrorism disruptions with an actual count of 397. Noteworthy disruptions include the arrests of hundreds of individuals associated with the January, 6, 2021 Capitol Siege resulting in federal charges ranging from disorderly conduct to assault on federal officers, as well as the arrests of several subjects throughout the year on charges of material support to a foreign terrorist organization, namely Islamic State of ash-Sham (ISIS) and al-Qa'ida. The continued efforts of FBI analysts and special agents who proactively and rigorously investigate terrorism threats continue to keep Americans safe. The FBI ensures continuous training of the counterterrorism workforce, effective use of advanced technology, diligent program management, and efficient stewardship of all available resources to successfully disrupt terrorist operations. The FBI's strategy and budget processes strategically allocates funding to the appropriate programs and threats during the annual budget planning process, which serves as the foundation for the division's expenditure execution plan throughout the entire fiscal year. The utilization of data has proven to be an extremely beneficial planning method, as it allows FBI to properly align funds to cover known and emerging threats from both foreign and domestic actors.



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PROGRAM: Intelligence Decision Unit

Background/Program Objectives: The Intelligence Program's Five-Year Strategy aims to create a more secure nation through an integrated, agile, and innovative Intelligence Program that drives the FBI's ability to address current and emerging threats. FBI's Directorate of Intelligence (DI) will continue to support the complete integration of Intelligence and Operations through the sharing of intelligence to enable FBI and Intelligence Community partners to identify and mitigate current and emerging threats. Progress towards this goal is reflected by the increased inclusion of FBI-originated reporting in USIC Intelligence Products. Increased inclusion drives the development of high-quality intelligence while mitigating risk.

Performance Measure: Percent of Department-issued Intelligence Information Reports used in the development of United States Intelligence Community Intelligence Products (2.2)

FY 2022 Target: 15%

FY 2022 Actual Performance: 20%

Discussion of FY 2022 Results:

During FY 2022, the DI's Intelligence Information Reports used in the development of Intelligence Community Intelligence Products has exceeded its annual target due to above target results in Q1 and Q2. This was the result of an integrated, agile, and innovative Intelligence Program that directly bolster the FBI's ability to address current and emerging threats. By prioritizing the incorporation of intelligence in all FBI undertakings and strengthening of partnerships with law enforcement and USIC partners, the Intelligence Program will further enhance its successful operating posture.

PROGRAM: Cyber Division (CyD)

Background/Program Objectives: FBI CyD strategy to combat cyber-based threats and attacks focuses on imposing risk and consequences on cyber adversaries through the FBI's unique authorities, world-class capabilities, and enduring partnerships. CyD brings cyber adversaries to justice by increasing: (1) disruptions of malicious cyber actors' use of online infrastructure through proactive FBI cyber operations to slow, frustrate, and stop cyber adversaries' ability to conduct their operations; and, (2) joint, sequenced operations that rely on cooperation and coordination across many public, private, and international stakeholders in order to aid attribution, defend networks, sanction bad behavior, build coalitions of like-minded countries, and otherwise deter or disrupt cyber adversaries overseas.

CyD seeks to combat significant cybercriminal activity and impose risks by making it more difficult for cyber adversaries to conduct operations against U.S. networks, specifically by increasing: (1) the number of threat advisories disseminated to share vital information that the private sector can use to strengthen their cyber defenses and resilience; and (2) reported incidents— for both ransomware and overall—from which cases are opened, added to existing cases, or resolved within 72 hours to encourage the private sector and the public to report suspected criminal and other hostile cyber activity.

CyD aims to combat significant cybercriminal activity by increasing prosecutions of ransomware defendants in which seizures or forfeitures are used to reduce cyber actors' ability and willingness to conduct future operations. CyD's strategy focuses on mitigating enterprise risks of technology, the emergence of new



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security vulnerabilities, fragmentation and globalization of the threat, coordination challenges, and building trust.

Performance Measure: Percent increase in disruptions of malicious cyber actors' use of online infrastructure through proactive operations and judicial means (2.4)

FY 2022 Target: 5%

FY 2022 Actual Performance: 25.70%

Performance Measure: Percent increase in operations conducted jointly with strategic partners (2.4)

FY 2022 Target: 3%

FY 2022 Actual Performance: 15.98%

Discussion of FY 2022 Results:

Disrupting, dismantling, and targeting cybercriminal organizations and nation-state actors requires collaboration across the USIC and private industry, specializing in network defense, intelligence, investigation, and offensive action to combat these threats. CyD is uniquely positioned at the center of these efforts as a component of the lead domestic law enforcement and intelligence agency.

In addition, CyD continues to focus on advancing strategic partnerships and technical innovation to maximize the FBI's impact and ability to dismantle cybercriminal organizations and nation-state actors alike. To achieve increased arrests, indictments, and organizational dismantlement's against our cyber adversaries, the FBI relies on a unique blend of technical equipment and specially trained personnel. As such, CyD is undertaking an initiative to cultivate a standardized team of technically trained personnel in each of the 56 field offices. This CyD initiative will ensure that each field office has the necessary investigative, analytical, technical, and administrative personnel to adequately address the significant cyber threats and enable interagency operations for a whole-of-government approach to combating cyber-based threats, attacks, and terrorist operations.

Performance Measure: Number of threat advisories disseminated to the private sector (2.4)

FY 2022 Target: 5% increase (nominal values not reported publicly)

FY 2022 Actual Performance: 4.17%

Discussion of FY 2022 Results:

To address this performance gap, CyD has implemented a new engagement strategy across its field and headquarters programs to assist both operational and intelligence resources engage with private sector partners in a way that most effectively impacts investigations. Additionally, for FY 2023, the FBI will expand on cyber threat and program measures from FY 2022 to incentivize the field in increasing reporting, production, and information-sharing specific to external outreach, in partnership with CyD managers. As we move into FY 2023, these two lines of effort are expected to result in more targeted and effective information sharing with our private sector partners, strengthen public-private partnerships, and help CyD develop new partner relationships to augment the FBI's capabilities in disrupting malicious cyber actors.

Background/Program Objectives: The FBI's focus is on imposing risk and consequences on cyber adversaries to stay ahead of the threat; however, it must effectively respond to ransomware events at an increased pace that mitigates impacts to victims and effects positive outcomes. The FBI's strategy to increase the percentage of reported ransomware incidents from which cases are opened, added to existing cases, or resolved within 72 hours, and subsequently increase the percentage of seizures and forfeitures in these matters is two-fold. First, CyD will prioritize response time to reported incidents through its network of cyber-trained special agents across 56 field offices and accompanying resident agencies. This will continue



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to be supported through training resources and learning opportunities that equip cyber workforce to respond to all significant cyber incidents, whenever and wherever they happen. Second, in conjunction with partner FBI entities, CyD will directly support proactive liaison activities across the country with private sector, academia, and other potential target institutions. As with all threats the American people face, partnerships are critical to both maintaining a posture ahead of the threat and establishing a robust response to mitigate damage and hold malicious actors responsible. As a guiding principle for the FBI's enterprise strategy, partnerships provide an FBI presence to external partners to which victims should feel empowered to report incidents as soon as detected. In tandem, internal prioritization and external relationship-building will result in a greater share of reported ransomware incidents actioned within 72 hours, directly supporting the FBI's ability to identify malicious actors and seize stolen or forfeited property.

Performance Measure: Percent of reported ransomware incidents from which cases are opened, added to existing cases, or resolved within 72 hours (2.4)

FY 2022 Target: 65%

FY 2022 Actual Performance: 39.35%

Discussion of FY 2022 Results:

In FY 2022, approximately 39.35% of ransomware incidents resulted in actions being taken within 72 hrs. As this is the first year of reporting, this provides a baseline for next fiscal year. The intent behind this metric is to increase the velocity of actions related to ransomware incidents. CyD will ensure continuous training of the cyber-criminal workforce on this metric through messaging and diligent program management.

Performance Measure: Increasing the number of ransomware matters in which seizures or forfeitures are occurring by 10%. (2.4.7)

By FY 2026 Target: 10% increase

FY 2022 Actual Performance: *Cyber Division established the baseline in FY 2022, from which percentage increase in reporting will be monitored through FY 2026.*

Discussion of FY 2022 Results:

As this is the first year of reporting, this provides a baseline for next fiscal year. The ransomware adversary engages in ransomware for monetary gain. As part of the overall cyber-criminal strategy, CyD will act on opportunities to impose risks and consequences on cyber adversaries. CyD will ensure continuous training of the cyber-criminal workforce on this metric through messaging and diligent program management.

PROGRAM: Criminal Enterprises / Federal Crimes Decision Unit

Background/Program Objectives: FBI Criminal Investigative Division (CID) addresses numerous criminal threats, to include violent crimes, violent gangs, transnational organized crime, violent crimes against children, Indian Country crimes, human trafficking, complex financial crimes, fraud, money laundering, public corruption, and civil rights.

Pursuant to the Department's objective to protect vulnerable communities, the FBI measures investigations involving abductions, hands-on offenders, sextortion, and enticement as a part of DOJ's effort to strengthen programs which decrease victimization. Prioritizing this subset of Crimes Against Children (CAC) cases ensures the FBI is leveraging its resources against the most egregious child sexual exploitation groups and offenders. This directly supports the DOJ strategy to protect children from crime and exploitation.

The FBI anticipates field offices will continue to open a variety of CAC cases into FY 2023 to achieve judicial and preventative outcomes. Leveraging future resources and focusing investigators' efforts will



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increase the number of cases targeting abductions, hands-on offenders, sextortion, and enticement creating a direct impact on the CAC threat, as well as inform national understanding of the threat. The percentage of overall casework that number reflects further progress.

Performance Measure: Percent of FBI Crimes Against Children FBI cases that address abductions, hands-on offenders, sextortion, or enticement (2.6)

FY 2022 Target: 44%

FY 2022 Actual Performance: 54%

Discussion of FY 2022 Results:

The FBI's CAC program strives to initiate investigations into the most egregious offenders, including abduction, hands-on offenders, sextortion, and enticement cases. Technological developments and encrypted communications have made the investigation of CAC more difficult and complex, as child sex offenders are more likely to employ sophisticated encryption methods, exploit covert communication techniques, and operate on illicit Dark Web networks. As investigations reveal techniques and technologies used by CAC/Human Trafficking offenders to operate anonymously, the FBI develops technical tools to identify and locate them. During FY 2022, the FBI's CAC program met and exceeded its annual target measure for these types of investigations, to include the initiation of 2,496 investigations targeting these priority subjects.

DOJ SG 3: Protect Civil Rights

PROGRAM: All Decisions Unit

Background/Program Objectives: In support of the Department's objective to promote trust in law enforcement, the FBI's Training Division (TD) provides Use of Force training to all new agents at the FBI Academy, which teaches proper use of force for escalation and de-escalation of force. To ensure continued adherence to use of force protocols, and in support of the FBI's mission priority to Protect Civil Rights, TD provides, at minimum, mandatory annual training on Use of Force to all field personnel. This training is typically organized and offered by field legal program personnel, in coordination with FBI's Office of the General Counsel. The FBI's continued prioritization of civil rights, equity, and justice is also in direct support of the Department's goal to protect civil rights.

Performance Measure: Percent of federal law enforcement officers who receive Use of Force Sustained Training within a 3-year period (3.3)

FY 2022 Target: 85%

FY 2022 Actual Performance: 98%

Discussion of FY 2022 Results:

The Deputy Attorney General issued a memorandum to the FBI and other DOJ components related to the use of force, emphasizing a shared obligation to lead by example in a way that engenders the trust and confidence of the communities that DOJ serves. The FBI's existing and continued training to both new and onboard Special Agents on proper Use of Force directly supports this obligation. The FBI's culture of development and resilience encapsulates this operating posture and is consistent with the mission priority of protecting civil rights. TD will continue to teach proper use of force for escalation and de-escalation of force



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to all new agents at the FBI Academy and at a minimum provide Use of Force training annually for onboard field agents.

Additionally, based on DOJ's May 2022 Use of Force memorandum, which updated the department's Use of Force Policy, FBI updated its internal policies and TD trained 98% of the FBI's law enforcement officers (agents and FBI police) before the Department's deadline.

Background/Program Objectives: In response to the June 6, 2021 mandate from the Deputy Attorney General to devise, construct and implement a Body Worn Camera (BWC) capability within the FBI, the BWC Program was initiated to develop and spearhead a multi-phase roll-out strategy designed to deliver a fully operational, enterprise-wide BWC capability. Rather than accept the risks and limitations inherent in a non-proprietary, off-the-shelf product, the FBI elected to pioneer a secure in-house solution that eliminates any risk of data loss, spillover, or exploitation. The BWC initiative involves the coordinated efforts of stakeholders throughout the FBI. The FBI is implementing BWC to increase transparency to the public and build public trust. BWCs are a widely accepted step in the right direction towards these goals. At this stage, BWC implementation is the primary goal, as BWCs are a new process for the FBI.

Performance Measure: Percent of federal law enforcement officers equipped with body-worn cameras and associated training (3.3)

FY 2022 Target: 20%

FY 2022 Actual Performance: 6.82%

Discussion of FY 2022 Results:

With the creation of the BWC Program, the phased implementation approach has been crucial to ensuring the program is meeting all requirements and addressing any challenges prior to widespread adoption. The BWC program has met or exceeded multiple benchmarks relating to the selection and procurement of BWC hardware, the development of BWC policy and software/data storage solutions, the creation and implementation of both virtual and in-person training platforms, and the effective launch of the phased pilot program. As such, five Field Offices were targeted to be the first to wear BWCs in limited operations. Those offices have been training their Agent cadre with increasing capacity, totaling 6.82% of agents trained in FY 2022. The FBI BWC Program is an office-based approach, not a percentage of agents approach. For FY 2022, the FBI anticipated just 5% of the applicable workforce would meet the target but are on track to achieve the target level consistent to the Department's goals by the end of the strategic plan period (FY 2026).

DOJ SG 4: Ensure Economic Opportunity and Fairness for All

PROGRAM: Criminal Enterprises / Federal Crimes Decision Unit

Background/Program Objectives: The Corruption of Domestic Public Officials is FBI's top criminal priority.

Performance Measure: Number of criminal disruptions or dismantlements in public corruption and fraud against the government (4.2)

FY 2022 Target: 468

FY 2022 Actual Performance: 407

Discussion of FY 2022 Results:

In FY 2022, the FBI Public Corruption (PC) Program conducted 407 disruptions and dismantlements to mitigate public corruption at all levels of government across all 56 field offices. While the FBI did not meet its quantitative FY 2022 target, PC squads conducted many disruptions and dismantlements against senior



Management's Discussion and Analysis

level public officials. The continued efforts of FBI analysts and special agents who proactively and rigorously investigate corruption continue to keep Americans safe. The PC Unit ensures continuous training of the public corruption workforce, six national initiatives, effective use of sophisticated techniques, diligent program management, and efficient stewardship of all available resources to successfully disrupt PC operations. To effect prosecutions in FY 2022, the PC program continued to build strong partnerships with local, state, and federal agencies and led over 50 active task forces. In FY 2023, the PC program will continue to initiate complex investigations into senior level public officials.

Background/Program Objectives: The FBI's International Corruption Program (ICP) is a unique and critical part of the FBI's Criminal Investigative Division, specifically in its critical position as the FBI's primary program in support of the United States Strategy on Countering Corruption (Note: In June 2021, the Presidential Administration designated the Fight Against Corruption as a Core National Security Interest).

Performance Measure: Percent of new contacts by the FBI with foreign anti-corruption agencies that progress to mutual sharing of information or assistance or result in a new international corruption case (4.2)

FY 2022 Target: 60%

FY 2022 Actual Performance: 61.73%

Discussion of FY 2022 Results:

Along with the International Corruption Unit at HQ, the ICP consists of 4 field office investigative squads (New York, Miami, Washington D.C., and Los Angeles) and five internationally placed Temporary Duty Assignment (TDY) Supervisory Special Agents (SSAs). A TDY SSA is assigned as the FBI's representative to the International Anti-Corruption Coordination Centre (London, United Kingdom), and there are four TDY SSAs in support of the Transnational Anti-Corruption Program (TAP), which seeks to establish relationships with foreign partner agencies and assist in anti-corruption capacity building. Contact with foreign partners occurs on a frequent and consistent basis, including initial contact meetings. All members of the ICP support the Program's goal of establishing and enhancing relationships with all partners, both public and private, domestic, and international.



Management's Discussion and Analysis

ANALYSIS OF FINANCIAL STATEMENTS

The FBI's financial statements received unmodified audit opinions for FYs 2022 and 2021. 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 \$9.66 billion as of September 30, 2022, an increase of \$579.22 million, or six percent, from the previous fiscal year's Total Assets of \$9.08 billion. The net change in Total Assets is primarily related to an increase in Fund Balance with Treasury and a decrease in General Property, Plant, and Equipment, Net. Fund Balance with Treasury increased in FY 2022 by \$724.53 million, or 14 percent, which is primarily due to an increase in Appropriations Received and not yet disbursed. General Property, Plant, and Equipment, Net decreased by \$149.95 million, or five percent, which is primarily due to the implementation of DOJ Policy Statement (PS) 1400.06, Accounting for Property which increased asset capitalization thresholds for previously capitalized assets, thereby reducing the number of assets now capitalizable and thus reducing the General Property, Plant, and Equipment, Net balance. The remaining assets reflect a net increase of \$4.64 million.

Liabilities: Total Liabilities was \$1.73 billion as of September 30, 2022, an increase of \$54.48 million, or three percent, from the previous fiscal year's Total Liabilities of \$1.68 billion. Accounts Payable Other than Intragovernmental increased \$33.59 million, which is due mainly to increased contractual activity with commercial and non-federal vendors. Other Liabilities Other than Intragovernmental increased \$54.19 million, or 20 percent, which is primarily attributed to increases in Accrued Funded Payroll and Leave liability and Contingent Liabilities as compared to FY 2021. This increase is offset by a decrease in Federal Employee Benefits Payable of \$41.42 million, or seven percent. The remaining liabilities reflect a net increase of \$8.12 million.

Net Position: Total Net Position was \$7.93 billion as of September 30, 2022, an increase of \$524.74 million, or seven percent, from the previous fiscal year's Total Net Position of \$7.41 billion. The net increase is primarily due to increases in Unexpended Appropriations – Beginning Balances of \$287.0 million, or seven percent and Appropriations Received of \$468.11 million, or four percent. The net increase is offset by an increase in Net Cost of Operations of \$491.95 million and an increase in Imputed Financing of \$245.19 million. The remaining changes in Net Position reflect a net increase of \$16.4 million.

Net Cost of Operations: Total Net Cost of Operations was \$10.98 billion for FY 2022, an increase of \$491.95 million, or five percent, from Total Net Cost of Operations of \$10.49 billion for FY 2021. The increase is attributed to a net increase of \$577.88 million, or five percent, in Gross Costs. This increase is offset by an increase of \$85.93 million, or nine percent, in Earned Revenue.

Budgetary Resources: Total Budgetary Resources was \$14.92 billion for FY 2022, an increase of \$1.11 billion, or eight percent, from Total Budgetary Resources of \$13.81 billion in FY 2021. The change is related to increases in Appropriations of \$585.6 million, Unobligated Balance from Prior Year Budget Authority of \$449.02 million, and Spending Authority from Offsetting Collections of \$74.96 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 a supplemental \$179 million in the Consolidated Appropriations Act, 2021, which remained available until September 30, 2022. 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 during FY 2021 and \$94.7 million was obligated during FY 2022 to continue to address the impact of coronavirus on the



Management's Discussion and Analysis

work of the DOJ and the FBI's NICS improvements. Footnote 20 provides an analysis of the budget execution of the \$179 million in supplemental funding, along with other identified budgetary resources used.

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 July 15, 2016, 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.

FMFIA Section 2 – Reportable Conditions

Information Systems: Our information systems audit scope includes a test of controls for the FBI Asset Management System (AMS), the Unified Financial Management System (UFMS), and the network on which these systems reside, Secret Enclave (SE), i.e., FBINet. The FBI Office of Internal Auditing (OIA) noted a significant deficiency for SE and has engaged with the SE system owners, including senior management, to encourage them to develop and implement a corrective action plan. The significant deficiency does not impact the overall assurance for internal controls over financial reporting because of the security and privacy controls implemented for UFMS and AMS.

OMB Circular A-123, Appendix A – Management of Reporting and Data Integrity

In FY 2022, 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: Management of Reporting and Data Integrity Risk* 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 and Forfeited Property; 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, 2022.



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Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) was designed to advance federal financial management by ensuring that federal financial management systems provide accurate, reliable, and timely financial management information to the government's managers. Compliance with the FFMIA provides the basis for the continuing use of reliable financial management information by program managers, as well as by the President, Congress, and public. The FFMIA requires agencies to have financial management systems that substantially comply with federal financial management system requirements, applicable federal accounting standards, and the application of the U.S. Government Standard General Ledger (USSGL) at the transaction level. Furthermore, the FFMIA requires independent auditors to report on agency compliance with the three requirements in the financial statements audit report.

FFMIA Compliance Determination

During FY 2022, 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 2022 FBI financial statements 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 continued to work with the Department's DATA Act Team to strengthen the controls for which additional focus was needed.



FORWARD LOOKING INFORMATION

Threats to the U.S. and its Interests

The U.S. continues to face a multitude of serious and evolving threats ranging from homegrown violent extremists to hostile foreign intelligence services and operatives, from sophisticated cyber-based attacks to Internet facilitated sexual exploitation of children, from violent gangs and criminal organizations to public corruption and corporate fraud. While these threats are not new, the means and ways by which our adversaries—terrorists, foreign intelligence services, and criminals—take advantage of modern technology, including the Internet and social media, to facilitate illegal activities, recruit followers, encourage terrorist attacks and other illicit actions, to spread misinformation, and to disperse information on building improvised explosive devices and other means to attack the U.S. have evolved significantly. The breadth of these threats and challenges are as complex as any time in our history and the consequences of not responding to and countering threats and challenges have never been greater.

China, Russia, Iran, and North Korea pose the highest threat to the U.S. for cyber espionage, theft, and attacks. The FBI anticipates all U.S. adversaries and strategic competitors will increasingly build and integrate cyber capabilities to influence U.S. policies and advance their national security interests. The FBI's cyber mission is to counter cyber threats through its investigative and intelligence authorities. The FBI's strategy to impose risk and consequences on cyber adversaries focuses on disrupting threats not only through our own actions but also by sharing information and conducting joint, sequenced operations with partners. The FBI is implementing a strategy to impose risk and consequences on cyber adversaries through unique authorities, world-class capabilities, and enduring partnerships. The strategy provides needed human and technical resources to enable FBI partners to defend networks, attribute malicious activity, sanction bad behavior, and attack adversaries overseas. 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 uniquely positioned to bridge the gaps. 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 greatest terrorism threat to our homeland is posed by lone actors or small cells who typically radicalize online and look to attack soft targets with easily accessible weapons. The FBI sees these threats manifested within both domestic violent extremists (DVEs) and homegrown violent extremists (HVEs), two distinct threats, both of which are located primarily in the United States and typically radicalize and mobilize to violence on their own. The FBI continues to work to identify individuals who seek to join the ranks of foreign fighters traveling in support of the ISIS, as well as 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.



Management's Discussion and Analysis

The U.S. faces many criminal threats, from complex white-collar fraud in the financial, health care, and housing sectors to transnational and regional organized criminal enterprises to violent crime and public corruption. Criminal organizations, domestic and international, and individual criminal activity represent a significant threat to our security and safety in communities across the nation.

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.

Budget Environment

The foundation of the FBI's budget strategy is the FBI's mission, vision, and mission priorities 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 to the U.S. and its interests and identifying critical enterprise-wide capabilities needed to perform its mission, the FBI crafts its budget strategy to maximize the effectiveness of resources to address the current range of threats while also focusing on the future needs of the FBI. This strategic planning of resources is imperative 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 also ensures that funding decisions are designed to promote capabilities and strategies that are sufficiently agile to meet ongoing, emerging, and unknown national security, cyber, and criminal threats. 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 2022, the FBI continued to invest in and seek resources for future operational capacity through its 21st Century Facilities Plan. This plan focuses on ensuring the FBI workforce has access to modern facilities with the space, technical bandwidth, and power necessary to achieve the organization's current and future law enforcement and intelligence missions.

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."

The FBI's presence on the RSA North Campus now features a 307,000-square-foot operations building that accommodates approximately 1,300 personnel across 12 different operational and administrative FBI divisions. A nearby 87,000-square-foot technology building accommodating 330 personnel to monitor the FBI's networks 24/7/365, provides network monitoring and insider threat detection essential to the protection of sensitive intelligence and information for the entire organization. Expected to be completed in FY 2024, the Innovation Center, an approximately 250,000 square foot office building and central utility plant, will come online as a training center of excellence for the FBI. The Innovation Center is a state-of-the-art facility dedicated to training, cyber threat intelligence, data analytics, and combatting the rapidly changing 21st century threats. The facility will house approximately 330 permanent personnel plus an additional 300 students per week for training. The building will also have a 22,000-square-foot indoor smart city (kinetic cyber range) and a virtual and augmented reality classroom with distance learning management systems. By



Management's Discussion and Analysis

FY 2024, the FBI will be responsible for maintaining a footprint of over 1,000,000 square feet across its entire RSA portfolio.

The RSA 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 RSA facilities covered here reflect just a few of the innovative projects designed to ensure FBI agents and operational support personnel have state-of-the-art facilities, equipment, and training to combat increasingly complex global threats. The FBI will continue to expand on RSA with future technology capabilities brought to life through additional technology buildings anticipated to come online in 2026 and thereafter.

User Fee Study

Beginning in FY 2022, the FBI conducted an extensive business review of the automation portion of the FBI CJIS user fee rate due to the on-going transformation in the business and operational environments to include changes in technology. As a result, the FBI will maintain a fee schedule for fingerprint-based criminal history record identification (CHRI) checks of \$11.25, fingerprint-based for volunteer CHRI of \$9.25, and the name-based CHRI checks of \$2.00. This information was published in the Notice of the Change in the Federal Register on August 4, 2022 and is effective starting October 1, 2022.

Over the Horizon

The FBI must continue to invest in the future. The threats we face as a nation have never been greater or more diverse and the expectations placed on the FBI have never been higher. 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.

Climate Related Financial Risks

The FBI recognizes that climate-related events could pose risk to FBI operational, facilities, financial, and human capital and is assessing ways to mitigate these risks by evaluating those most vulnerable to climate change impacts. The FBI, working in conjunction with the Department, is developing a comprehensive Climate Adaptation and Resilience Plan.

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.

U.S. DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

INDEPENDENT AUDITORS' REPORT





KPMG LLP
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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 Audit of the Consolidated Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related consolidated statements of net cost, changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the U.S. Department of Justice Federal Bureau of Investigation as of September 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 22-01, Audit Requirements for Federal Financial Statements. Our responsibilities under those standards and OMB Bulletin No. 22-01 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the FBI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for 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' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01 will always detect a material misstatement when it exists. The risk of



not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 FBI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, 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.

Report on 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, 2022, 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on 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, 2022 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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. 22-01.

We also performed tests of the FBI's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the FBI's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Purpose of the Reporting Required by *Government Auditing Standards*

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections 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 4, 2022

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, 2022 and 2021**

Dollars in Thousands	2022	2021
ASSETS (Note 2)		
Intragovernmental		
Fund Balance with Treasury (Note 3)	\$ 5,992,049	\$ 5,267,524
Accounts Receivable, Net (Note 5)	398,082	391,311
Advances and Prepayments	7,318	14,046
Total Intragovernmental	<u>6,397,449</u>	<u>5,672,881</u>
Other than Intragovernmental		
Cash and Other Monetary Assets (Note 4)	\$ 134,795	\$ 131,693
Accounts Receivable, Net (Note 5)	43,653	40,817
General Property, Plant and Equipment, Net (Note 7)	2,945,310	3,095,259
Advances and Prepayments	141,979	143,321
Other Assets (Note 8)	1	-
Total Other than Intragovernmental	<u>3,265,738</u>	<u>3,411,090</u>
Total Assets	<u><u>\$ 9,663,187</u></u>	<u><u>\$ 9,083,971</u></u>
LIABILITIES (Note 9)		
Intragovernmental		
Accounts Payable	\$ 122,021	\$ 117,879
Advances from Others and Deferred Revenue	67,156	69,877
Other Liabilities		
Custodial Liabilities (Note 18)	3,401	4,367
Other (Note 13)	142,494	128,542
Total Intragovernmental	<u>335,072</u>	<u>320,665</u>
Other than Intragovernmental		
Accounts Payable	\$ 412,816	\$ 379,228
Federal Employee Benefits Payable	582,665	624,088
Environmental and Disposal Liabilities (Note 10)	4,875	4,825
Advances from Others and Deferred Revenue	7,433	6,953
Other Liabilities		
Seized Cash and Monetary Instruments (Note 12)	56,187	63,004
Other (Note 13)	330,854	276,661
Total Other than Intragovernmental	<u>1,394,830</u>	<u>1,354,759</u>
Total Liabilities	<u><u>\$ 1,729,902</u></u>	<u><u>\$ 1,675,424</u></u>
Commitments and Contingencies (Note 14)		
NET POSITION		
Unexpended Appropriations - Funds from other than Dedicated Collections	\$ 4,840,987	\$ 4,235,884
Cumulative Results of Operations - Funds from other than Dedicated Collections	3,092,298	3,172,663
Total Net Position	<u><u>\$ 7,933,285</u></u>	<u><u>\$ 7,408,547</u></u>
Total Liabilities and Net Position	<u><u>\$ 9,663,187</u></u>	<u><u>\$ 9,083,971</u></u>

Federal Bureau of Investigation

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



U.S. Department of Justice
Federal Bureau of Investigation
Consolidated Statements of Net Cost
For the Fiscal Years Ended September 30, 2022 and 2021

Dollars in Thousands								
	FY	Gross Costs			Less: Earned Revenues			Net Cost of Operations (Note 15)
		Intra-governmental	Other than Intra-governmental	Total	Intra-governmental	Other than Intra-governmental	Total	
Major Program 1	2022	\$ 3,755,221	\$ 8,263,083	\$ 12,018,304	\$ 794,873	\$ 240,068	\$ 1,034,941	\$ 10,983,363
	2021	\$ 3,420,940	\$ 8,019,483	\$ 11,440,423	\$ 736,379	\$ 212,635	\$ 949,014	\$ 10,491,409
Total	2022	\$ 3,755,221	\$ 8,263,083	\$ 12,018,304	\$ 794,873	\$ 240,068	\$ 1,034,941	\$ 10,983,363
	2021	\$ 3,420,940	\$ 8,019,483	\$ 11,440,423	\$ 736,379	\$ 212,635	\$ 949,014	\$ 10,491,409
Major Program (MP) 1:		<i>Law Enforcement</i>						



**U.S. Department of Justice
Federal Bureau of Investigation
Consolidated Statements of Changes in Net Position
For the Fiscal Years Ended September 30, 2022 and 2021**

Dollars in Thousands	2022	2021
Unexpended Appropriations		
Beginning Balances	\$ 4,235,884	\$ 3,948,889
Appropriations Received	10,961,895	10,493,786
Appropriations Transferred-In/Out	2,630	1,786
Other Adjustments	(273)	(80,150)
Appropriations Used	(10,359,149)	(10,128,427)
Net Change in Unexpended Appropriations	<u>605,103</u>	<u>286,995</u>
Total Unexpended Appropriations: Ending	<u>\$ 4,840,987</u>	<u>\$ 4,235,884</u>
Cumulative Results of Operations		
Beginning Balances	\$ 3,172,663	\$ 3,128,710
Adjustments (Note 21)		
Changes in Accounting Principles	(198,195)	-
Beginning Balances, as Adjusted	<u>\$ 2,974,468</u>	<u>\$ 3,128,710</u>
Other Adjustments	-	(1)
Appropriations Used	10,359,149	10,128,427
Transfers-In/Out Without Reimbursement	201,125	110,747
Imputed Financing (Note 16)	552,821	307,636
Other	(11,902)	(11,447)
Net Cost of Operations	<u>(10,983,363)</u>	<u>(10,491,409)</u>
Net Change in Cumulative Results of Operations	117,830	43,953
Cumulative Results of Operations: Ending	<u>\$ 3,092,298</u>	<u>\$ 3,172,663</u>
Net Position	<u>\$ 7,933,285</u>	<u>\$ 7,408,547</u>



**U.S. Department of Justice
Federal Bureau of Investigation
Combined Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2022 and 2021**

Dollars in Thousands	2022	2021
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory) (Note 17)	\$ 2,747,365	\$ 2,298,345
Appropriations (discretionary and mandatory)	11,005,926	10,420,329
Spending Authority from Offsetting Collections (discretionary and mandatory)	1,168,540	1,093,578
Total Budgetary Resources	\$ 14,921,831	\$ 13,812,252
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total)	\$ 11,991,232	\$ 11,346,580
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	2,618,151	2,246,313
Unapportioned, Unexpired Accounts	8,821	300
Unexpired Unobligated Balance, End of Year	2,626,972	2,246,613
Expired Unobligated Balance, End of Year	303,627	219,059
Unobligated Balance - End of Year (Total)	2,930,599	2,465,672
Total Status of Budgetary Resources	\$ 14,921,831	\$ 13,812,252
Outlays, Net:		
Outlays, Net (Total) (discretionary and mandatory)	\$ 10,275,897	\$ 10,132,447
Less: Distributed Offsetting Receipts	175	(777)
Agency Outlays, Net (discretionary and mandatory)	\$ 10,275,722	\$ 10,133,224



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 2022 and 2021, 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. The FBI's cash and other monetary assets consist of undeposited collections, imprest funds, cash used in undercover operations, cash held as evidence, and seized cash.

G. 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 Other than Intragovernmental 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 Other than Intragovernmental. An analytical review is conducted annually, and the percentages applied are updated as needed. An invoice Other than Intragovernmental 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)

All general PP&E, except for land, 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.

The amended DOJ Policy Statement (PS) 1400.06, *Accounting for Property*, was issued in FY 2021 with an effective date for reporting periods ending after September 30, 2021. For Financial Statement purposes, the primary changes relate to the capitalization thresholds for real property and personal property, including construction in progress, buildings, improvements, renovations, other structures and facilities, aircrafts, boats, vehicles, equipment, and leasehold improvements which resulted in a decrease to the overall PP&E balance.

Below are the capitalization thresholds (dollars in thousands):

Type of Property	FY 2022 Thresholds	FY 2021 Thresholds
Real Property	\$1,000	\$250
Personal Property	\$100	\$50
Aircraft	\$750	\$100
Internal Use Software	\$5,000	\$5,000



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

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.

J. Advances and Prepayments

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

K. Seized Property

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

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



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

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.

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).



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

- a) Employees hired January 1, 1984 through December 31, 2012, are covered by the FERS. The FBI contributes 18.4 percent of the gross pay for regular employees and 37.6 percent for law enforcement officers.
- b) Employees hired January 1, 2013 through December 31, 2013, are covered by the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE) System. The FBI contributes 16.6 percent of the gross pay for regular employees and 35.8 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 16.6 percent of the gross pay for regular employees and 35.8 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 (FECA)

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



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

uses historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments were discounted to present value. The resulting Federal Government liability is then distributed by the DOL to the respective departments.

DOJ calculates and distributes each reporting components respective portion of the total DOJ actuarial liability that is recorded for reporting purposes only. The 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 Other than Intragovernmental represent exchange transactions made between the reporting entity and a non-Federal entity. The classification of revenue or cost as “Intragovernmental” or “Other than Intragovernmental” 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



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

generates proceeds from the sale of certain assets, primarily vehicles, which are categorized as a financing source.

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 2021 financial statements were reclassified to conform to the Department's FY 2022 financial statements requirements. These reclassifications have no material effect on total assets, liabilities, net position, changes in net position, budgetary resources, or custodial activity as previously reported.

X. Subsequent Events

Subsequent events and transactions occurring after September 30, 2022 through the date of the auditors' opinion have been evaluated for potential recognition or disclosure in the financial



Notes to the Principal Financial Statements

1. Summary of Significant Accounting Policies (continued)

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 prevent 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, 2022, the FBI did not identify 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, 2022 and 2021		
	2022	2021
Other than Intragovernmental		
Cash and Other Monetary Assets	\$ 90,849	\$ 89,082
Accounts Receivable, Net	4,821	5,517
Total Other than Intragovernmental	<u>95,670</u>	<u>94,599</u>
Total Non-Entity Assets	95,670	94,599
Total Entity Assets	<u>9,567,517</u>	<u>8,989,372</u>
Total Assets	<u>\$ 9,663,187</u>	<u>\$ 9,083,971</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, 2022 and 2021		
	2022	2021
Status of Fund Balances With Treasury		
Unobligated Balance - Available	\$ 2,618,151	\$ 2,246,313
Unobligated Balance - Unavailable	312,448	219,359
Obligated Balance not yet Disbursed	3,105,916	2,845,159
Non-Budgetary Fund Balance with Treasury	<u>(44,466)</u>	<u>(43,307)</u>
Total Status of Fund Balances	<u>\$ 5,992,049</u>	<u>\$ 5,267,524</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, 2022, and 2021, the amounts restricted for future use are \$120,985 and \$97,753, 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 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, 2022 and 2021		
	2022	2021
Cash		
Imprest Funds	\$ 43,946	\$ 42,611
Other	34,662	26,078
Total Cash	<u>78,608</u>	<u>68,689</u>
Other Monetary Assets		
Seized Monetary Instruments	56,187	63,004
Total Cash and Other Monetary Assets	<u>\$ 134,795</u>	<u>\$ 131,693</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, 2022 and 2021		
	2022	2021
Intragovernmental		
Accounts Receivable	\$ 398,082	\$ 391,311
Other than Intragovernmental		
Accounts Receivable	43,676	40,840
Allowance for Uncollectible Accounts	<u>(23)</u>	<u>(23)</u>
Total Other than Intragovernmental	<u>43,653</u>	<u>40,817</u>
Total Accounts Receivable, Net	<u>\$ 441,735</u>	<u>\$ 432,128</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 Other than Intragovernmental 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 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, 2022 and 2021, 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, 2022						
Seized Property Category		Beginning Balance	Adjustments*	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	\$ 63,004	\$ (12,455)	\$ 11,458	\$ (5,820)	\$ 56,187
Personal Property	Number	381	(2)	74	(73)	380
	Value	\$ 9,453	\$ 12,076	\$ 426,868	\$ (1,807)	\$ 446,590
Non-Valued Firearms	Number	36,134	(3,405)	6,359	(3,069)	36,019
Drug Evidence						
Cocaine	KG	5,760	329	240	(352)	5,977
Heroin	KG	473	71	14	(21)	537
Marijuana	KG	995	53	139	(39)	1,148
Methamphetamine	KG	7,620	1,462	452	(188)	9,346
Other	KG	383	160	86	(23)	606
Total Drug Evidence	KG	15,231	2,075	931	(623)	17,614

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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, 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	(57)	381
	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	(146)	5,760
Heroin	KG	355	113	14	(9)	473
Marijuana	KG	1,032	91	11	(139)	995
Methamphetamine	KG	5,702	979	1,110	(171)	7,620
Other	KG	264	50	90	(21)	383
Total Drug Evidence	KG	12,829	1,411	1,477	(486)	15,231

*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 2022 and 2021, \$3,154 and \$3,376, respectively, were returned to parties with a bona fide interest, and \$4,473 and \$9,249, 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, 2022				
	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 7,834	\$ -	\$ 7,834	N/A
Construction in Progress	239,169	-	239,169	N/A
Buildings, Improvements, and Renovations	1,847,441	(600,308)	1,247,133	2-50 years
Other Structures and Facilities	411,066	(111,021)	300,045	10-50 years
Aircraft	436,883	(169,458)	267,425	5-30 years
Boats	9,283	(3,487)	5,796	5-25 years
Vehicles	148,648	(81,733)	66,915	5-10 years
Equipment	753,863	(485,097)	268,766	5-12 years
Leasehold Improvements	944,646	(606,441)	338,205	2-20 years
Internal Use Software	1,922,149	(1,748,243)	173,906	2-10 years
Internal Use Software in Development	30,116	-	30,116	N/A
Total	\$ 6,751,098	\$ (3,805,788)	\$ 2,945,310	

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	2-50 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	5-10 years
Equipment	1,009,357	(624,221)	385,136	5-12 years
Leasehold Improvements	1,101,521	(690,435)	411,086	2-20 years
Internal Use Software	1,883,630	(1,738,072)	145,558	2-10 years
Internal Use Software in Development	60,648	-	60,648	N/A
Total	\$ 7,088,756	\$ (3,993,497)	\$ 3,095,259	

	2022 Net PP&E	2021 Net PP&E
Balance Beginning of Year	\$ 3,095,259	\$ 3,003,056
Capitalized Acquisitions	329,765	488,096
Dispositions	(17,044)	(28,185)
Transfers In/Out Without Reimbursements	37	(226)
Revaluations	10,170	(5,104)
Depreciation Expense	(274,682)	(362,378)
Other	(198,195)	-
Balance at End of Year	\$ 2,945,310	\$ 3,095,259

The Other balance of \$198,195 as of September 30, 2022, is attributed to the policy change for capitalization thresholds (see Note 21).

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 Other than Intragovernmental consist of cancelled or unconfirmed Treasury disbursements awaiting reissuance, cancellation, or confirmation by the FBI. Other Assets Other than Intragovernmental as of September 30, 2022, and 2021 are \$1 and \$0, respectively.

9. Liabilities Not Covered by Budgetary Resources

As of September 30, 2022 and 2021		
	2022	2021
Intragovernmental		
Other Liabilities		
Accrued FECA Liabilities	\$ 36,768	\$ 35,513
Other Unfunded Employment Related Liabilities	187	141
Total Intragovernmental	<u>36,955</u>	<u>35,654</u>
Other than Intragovernmental		
Federal Employee Benefits Payable	570,974	613,471
Environmental and Disposal Liabilities (Note 10)	4,875	4,825
Other Liabilities		
Contingent Liabilities (Note 14)	40,400	23,475
Total Other than Intragovernmental	<u>616,249</u>	<u>641,771</u>
Total Liabilities Not Covered by Budgetary Resources	653,204	677,425
Total Liabilities Covered by Budgetary Resources	1,072,346	993,138
Total Liabilities Not Requiring Budgetary Resources	4,352	4,861
Total Liabilities	<u>\$ 1,729,902</u>	<u>\$ 1,675,424</u>

Federal Employee Benefits Payable primarily includes Unfunded Leave Liability and Actuarial FECA Liability. As of September 30, 2022, and 2021, the Unfunded Leave Liability are \$368,953 and \$398,593, respectively, and the Actuarial FECA Liability are \$202,021 and \$214,878, 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, 2022 and 2021	2022	2021
Firing Ranges		
Beginning Balance, Brought Forward	\$ 2,303	\$ 2,303
Asbestos		
Beginning Balance, Brought Forward	2,522	2,474
Inflation Adjustment	2	1
Future Funded Expenses	48	47
Total Asbestos Liability	<u>2,572</u>	<u>2,522</u>
Total Environmental and Disposal Liabilities	<u>\$ 4,875</u>	<u>\$ 4,825</u>

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 \$2,572 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, 2022, and 2021, the FBI reported the estimated asbestos cleanup liability of \$2,572 and \$2,522, respectively.

EPA's Statement on National Guidance EPA-902-B-01-001, *Best Management Practices for Lead at Outdoor Shooting Ranges* 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 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.

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)

The estimated total firing range liability of \$2,303 is based on the estimated costs for contamination remediation. As of September 30, 2022, and 2021, 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, 2022.

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.

Lease terms are typically between 15 to 20 years for field offices and 10 to 15 years for RAs. Some leases for field offices and RAs are non-cancelable.

The FBI has numerous Field Offices expiring within FY 2023 through FY 2027, which include the Albuquerque, Anchorage, Buffalo, Charlotte, Cleveland, Columbia, Indianapolis, Jackson, Jacksonville, Kansas City, Knoxville, Louisville, Memphis, Oklahoma City, Omaha, Pittsburgh, San Antonio, and Washington field offices. Of the 18 Field Offices identified: seven are relocating, three will potentially relocate, and eight are remaining in place. The FBI is currently preparing packages for the Buffalo, Knoxville, and Pittsburgh field offices.

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, 2022			
Future Noncancelable Operating Lease Payments Due			
Intragovernmental			
<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2023	290,533	-	290,533
2024	302,997	-	302,997
2025	301,577	-	301,577
2026	293,202	-	293,202
2027	284,454	-	284,454
After 2027	2,773,045	-	2,773,045
Total Future Noncancelable Operating Lease Payments	<u>\$ 4,245,808</u>	<u>\$ -</u>	<u>\$ 4,245,808</u>
Other than Intragovernmental			
<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2023	5,020	4,221	9,241
2024	4,180	-	4,180
2025	2,254	-	2,254
2026	1,708	-	1,708
2027	1,257	-	1,257
After 2027	1,318	-	1,318
Total Future Noncancelable Operating Lease Payments	<u>\$ 15,737</u>	<u>\$ 4,221</u>	<u>\$ 19,958</u>

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, 2022, and 2021 are \$56,187 and \$63,004, respectively.



Notes to the Principal Financial Statements

13. Other Liabilities

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

As of September 30, 2022 and 2021		
	2022	2021
Intragovernmental		
Benefit Program Contributions Payable	\$ 122,805	\$ 111,077
Employer Contributions and Payroll Taxes Payable	18,891	17,031
Liability for Clearing Accounts	(674)	(757)
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	1,472	1,191
Total Intragovernmental	142,494	128,542
Other than Intragovernmental		
Accrued Funded Payroll and Leave	255,198	227,052
Other Liabilities without Related Budgetary Obligations	34,662	26,078
Liability for Clearing Accounts	153	61
Contingent Liabilities	40,400	23,475
Other Liabilities	441	(5)
Total Other than Intragovernmental	330,854	276,661
Total Other Liabilities	\$ 473,348	\$ 405,203
Portion of Total Other Liabilities not covered by Budgetary Resources	\$ 77,355	\$ 59,129

Other than Intragovernmental 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, 2022	Accrued Liabilities	Estimated Range of Loss	
		Lower	Upper
Legal Contingencies:			
Probable	\$ 40,400	\$ 40,400	\$ 288,750
Reasonably Possible	-	25,856	52,944

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

15. Suborganization Program Costs

The tables below break out costs and revenue across the reported DOJ Major Program.

For the Fiscal Year Ended September 30, 2022			
	Suborganizations		
	CNST	S&E	Consolidated
Major Program 1: Law Enforcement			
Gross Cost	\$ 86,617	\$ 11,931,687	\$ 12,018,304
Less: Earned Revenue	-	1,034,941	1,034,941
Net Cost of Operations	\$ 86,617	\$ 10,896,746	\$ 10,983,363

For the Fiscal Year Ended September 30, 2021			
	Suborganizations		
	CNST	S&E	Consolidated
Major 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

16. Imputed Financing

Imputed Inter-Departmental Financing Sources are the unreimbursed (i.e., non-reimbursed and under-reimbursed) portion of the full costs of goods and services received by the FBI from a providing federal entity that is not part of the DOJ. In accordance with SFFAS No. 55, *Amending Inter-entity Cost Provisions*, SFFAS No. 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, the material Imputed Inter-Departmental Financing Sources recognized by the FBI are the cost of benefits for the Federal Employees Health Benefits Program (FEHB), the Federal Employees Group Life Insurance Program (FEGLI), the Federal Pension plans that are paid by other federal entities, and any unreimbursed payments made from the Treasury Judgment Fund on behalf of the FBI. The Treasury Judgment Fund was established by Congress and funded at 31.U.S. Code 1304 to pay in whole or in part the court judgments and settlement agreements negotiated by the Department on behalf of agencies, as well as certain types of administrative awards. Interpretation of Federal Financial Accounting Standards No. 2, *Accounting for Treasury Judgment Fund Transactions*, requires agencies to recognize liabilities and expense when unfavorable litigation outcomes are probable and the amount can be estimated and will be paid by the Treasury Judgment Fund.

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

Federal Bureau of Investigation

These notes are an integral part of the financial statements.



Notes to the Principal Financial Statements

16. Imputed Financing (continued)

	Category	Cost Factor (%)
Civil Service	Regular Employees	46.2
	Regular Employees Offset	34.4
Retirement System (CSRS)	Law Enforcement Officers	75.2
	Law Enforcement Officers Offset	63.9
Federal Employees Retirement System (FERS)	Regular Employees	19.7
	Regular Employees - Revised Annuity Employees (RAE)	20.2
	Regular Employees - Further Revised Annuity Employees (FRAE)	20.4
	Law Enforcement Officers	40.8
	Law Enforcement Officers Offset - RAE	41.4
	Law Enforcement Officers Offset - FRAE	41.5

The cost to be paid by other agencies is the total calculated future costs, less employee and employer contributions. In addition, the cost of other retirement benefits, which include health and life insurance that are paid by other federal entities, must also be recorded.

Imputed Intra-Departmental Financing Sources as defined in SFFAS No. 4, *Managerial Cost Accounting 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, 2022 and 2021		
	2022	2021
Imputed Inter-Departmental Financing		
Treasury Judgment Fund	\$ 224,632	\$ 15,630
Health Insurance	281,370	265,313
Life Insurance	848	821
Pension	45,971	25,872
Total Imputed Financing	<u>\$ 552,821</u>	<u>\$ 307,636</u>



Notes to the Principal Financial Statements

17. Information Related to the Statement of Budgetary Resources

Net Adjustments to Unobligated Balance, Brought Forward, October 1

As of September 30, 2022 and 2021		
	2022	2021
Unobligated Balance Brought Forward from Prior Year	\$ 2,465,672	\$ 2,105,930
Adjustments to Budgetary Resources Made During Current Year		
Downward Adjustments of Prior Year Undelivered Orders	\$ 271,035	\$ 223,035
Downward Adjustments of Prior Year Delivered Orders	15,002	16,490
Other Adjustments	(4,344)	(47,110)
Total Adjustments	281,693	192,415
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	\$ 2,747,365	\$ 2,298,345

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.

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, 2022 and 2021		
	2022	2021
Intragovernmental		
UDO Obligations Unpaid	\$ 434,804	\$ 362,484
UDO Obligations Prepaid/Advanced	7,318	14,046
Total Intragovernmental	442,122	376,530
Other than Intragovernmental		
UDO Obligations Unpaid	2,328,879	2,225,649
UDO Obligations Prepaid/Advanced	141,979	143,321
Total Other than Intragovernmental	2,470,858	2,368,970
Total UDO	\$ 2,912,980	\$ 2,745,500

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

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These notes are an integral part of the financial statements.



Notes to the Principal Financial Statements

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

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, 2021, is presented below.

The reconciliation as of September 30, 2022, is not presented, because the submission of the Budget of the U.S. Government for FY 2024, which presents the execution of the FY 2022 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 2023.

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

For the Fiscal Year Ended September 30, 2021 (Dollars in Millions)				
	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	\$ 13,812	\$ 11,347	\$ (1)	\$ 10,133
Funds not Reported in the Budget				
Expired Funds	(308)	(89)	-	-
Distributed Offsetting Receipts	-	-	1	(1)
Other	-	(1)	-	1
Budget of the United States Government	\$ 13,504	\$ 11,257	\$ -	\$ 10,133

18. Custodial Revenues

For the Fiscal Years ended September 30, 2022, and 2021, the FBI collected \$3,082 and \$1,391, 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, 2022, and 2021, the FBI had Custodial Liabilities of \$3,401 and \$4,367 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.



Notes to the Principal Financial Statements

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

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.

For the Fiscal Year Ended September 30, 2022			
	Intra- governmental	Other than Intra- governmental	Total FY 2022
NET COST	\$ 2,960,348	\$ 8,023,015	\$ 10,983,363
Components of Net Cost That Are Not Part of Budgetary Outlays:			
Property, Plant, and Equipment Depreciation Expense	-	(274,682)	(274,682)
Property, Plant, and Equipment Disposals and Revaluations	-	(17,044)	(17,044)
Increase/(Decrease) in Assets			
Accounts Receivable, Net	6,771	3,523	10,294
Other Assets	10,751	(17,053)	(6,302)
(Increase)/Decrease in Liabilities			
Accounts Payable	(4,142)	(33,588)	(37,730)
Environmental and Disposal Liabilities	-	(50)	(50)
Federal Employee Benefits Payable	-	41,423	41,423
Other Liabilities	(10,868)	(47,763)	(58,631)
Financing Sources			
Imputed Costs	(552,821)	-	(552,821)
Total Components of Net Cost That are Not Part of Budgetary Outlays	<u>(550,309)</u>	<u>(345,234)</u>	<u>(895,543)</u>
Component of Budgetary Outlays That Are Not Part of Net Cost:			
Acquisition of Capital Assets	22,043	295,199	317,242
Acquisition of Other Assets	8	22,685	22,693
Financing Sources			
Transfers Out (In) Without Reimbursement	(163,758)	-	(163,758)
Total Component of Budgetary Outlays That Are Not Part of Net Cost	<u>(141,707)</u>	<u>317,884</u>	<u>176,177</u>
Misc Items			
Distributed Offsetting Receipts	(82)	(93)	(175)
Custodial/Non-Exchange revenue	-	11,900	11,900
Total Other Reconciling Items	<u>(82)</u>	<u>11,807</u>	<u>11,725</u>
TOTAL NET OUTLAYS	<u>\$ 2,268,250</u>	<u>\$ 8,007,472</u>	<u>\$ 10,275,722</u>
Budgetary Agency Outlays, Net (SBR 4210)			<u>\$ 10,275,722</u>
Budgetary Agency Outlays, Net			<u>\$ 10,275,722</u>



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	Other than Intra- governmental	Total FY 2021
NET COST	\$ 2,684,561	\$ 7,806,848	\$ 10,491,409
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)			<u>\$ 10,133,224</u>
Budgetary Agency Outlays, Net			<u>\$ 10,133,224</u>



Notes to the Principal Financial Statements

20. COVID-19 Activity

As of September 30, 2022 and 2021		
	2022	2021
Budgetary Activities		
Unobligated Balance Carried Forward	\$ 95,063	\$ 164
Adjustments to Budgetary Resources made during the Year		
Downward Adjustments of Prior Year Undelivered Orders	\$ 10,628	\$ 132
Downward Adjustments of Prior Year Delivered Orders	-	10
Unobligated Balance from Prior Year Budget Authority, Net	\$ 105,691	\$ 306
Supplemental/Annual Appropriated Funds Received		
Other COVID-19 Budgetary Resources	(1,105)	3,148
Total Budgetary Resources	(1,105)	182,148
Less: Obligations Incurred	104,207	87,391
Unobligated Balance - End of Year	\$ 379	\$ 95,063

The FBI received \$179 million, available for two years, in the Consolidated Appropriations Act, 2021 to prevent, prepare for, and respond to the coronavirus, domestically or internationally, including the impact of coronavirus on the work of the DOJ. Those funds also supported necessary improvements to the FBI’s National Instant Criminal Background Check System. In addition to the supplemental funding received, the FBI identified additional 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. Changes in Accounting Principles

DOJ Policy Statement 1400.06 establishes Department policy to account for General Property, Plant and Equipment (PP&E), and Internal Use Software. DOJ amended the policy statement for accounting periods after September 30, 2021 and required Components to apply revised increases to capitalization thresholds for General PP&E. The application of this policy increases efficiency and cost effectiveness of DOJ’s property management efforts while maintaining a system of internal controls.

For financial statement purposes, FBI recognized adjustments relating to the change in capitalization thresholds as changes to the General PP&E’s Net Book Value primarily for real property; including leasehold improvements; and personal property. FBI reported the offsetting change as “Changes in Accounting Principles” in the Statement of Changes in Net Position. As of September 30, 2022, FBI has determined the adjustment to the beginning balance in the amount of \$198,195.

The adjustment by component is illustrated in the table below.

Type of Property	Net Book Value Adjustment
Real Property	\$ 84,538
Personal Property	113,657
Total	\$ 198,195

Federal Bureau of Investigation

These notes are an integral part of the financial statements.

U.S. DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)





**U.S. Department of Justice
Federal Bureau of Investigation
Combining Statement of Budgetary Resources
By Major Appropriation
For the Fiscal Year Ended September 30, 2022**

Dollars in Thousands	2022		
	<u>CNST</u>	<u>S&E</u>	<u>TOTAL</u>
Budgetary Resources:			
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	\$ 1,331,167	\$ 1,416,198	\$ 2,747,365
Appropriations (discretionary and mandatory)	632,000	10,373,926	11,005,926
Spending Authority from Offsetting Collections (discretionary and mandatory)	-	1,168,540	1,168,540
Total Budgetary Resources	<u>\$ 1,963,167</u>	<u>\$ 12,958,664</u>	<u>\$ 14,921,831</u>
Status of Budgetary Resources:			
New Obligations and Upward Adjustments (Total)	\$ 167,265	\$ 11,823,967	\$ 11,991,232
Unobligated Balance, End of Year:			
Apportioned, Unexpired Accounts	1,794,518	823,633	2,618,151
Unapportioned, Unexpired Accounts	1,384	7,438	8,821
Unexpired Unobligated Balance, End of Year	1,795,902	831,071	2,626,972
Expired Unobligated Balance, End of Year	-	303,627	303,627
Unobligated Balance - End of Year (Total)	1,795,902	1,134,698	2,930,599
Total Status of Budgetary Resources	<u>\$ 1,963,167</u>	<u>\$ 12,958,664</u>	<u>\$ 14,921,831</u>
Outlays, Net:			
Outlays, Net (Total) (discretionary and mandatory)	\$ 239,708	\$ 10,036,189	\$ 10,275,897
Less: Distributed Offsetting Receipts	-	175	175
Agency Outlays, Net (discretionary and mandatory)	<u>\$ 239,708</u>	<u>\$ 10,036,014</u>	<u>\$ 10,275,722</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, 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
Land Acreage
For the Fiscal Year Ended September 30, 2022

The FBI owns and maintains land for operational mission specific purposes. The land procured is used for constructing buildings, ranges, and other structures. All FBI owned land is subject to capitalization and is recorded at acquisition cost. Land is not subject to depreciation. As of September 30, 2022, the FBI owns 1,976 acres of Operational Use Land.

The FBI does not own Conservation and Preservation or Commercial Use Land.

	Conservation and Preservation	Operational	Commercial Use	Total Estimated Land Acres
Beginning Estimated Acres	-	1,902	-	1,902
Ending Estimated Acres	-	1,976	-	1,976
Held for Disposal or Exchange				
Beginning Estimated Acres	-	-	-	-
Ending Estimated Acres	-	-	-	-