



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

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the
U.S. Department of Justice
Annual Financial Statements
Fiscal Year 2018



Commentary and Summary

*Audit of the U.S. Department of Justice Annual Financial Statements
Fiscal Year 2018*

Objective

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

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

Results in Brief

KPMG LLP (KPMG) found that the Department's financial statements are fairly presented as of and for the year ended September 30, 2018. An unmodified opinion was issued. KPMG reported one significant deficiency in the Independent Auditors' Report. The Independent Auditors' Report 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 Department's financial statements, conclusions about the effectiveness of internal control, conclusions on whether the Department's financial management systems substantially complied with FFMIA, or conclusions on compliance and other matters. KPMG is responsible for the attached auditors' report dated November 14, 2018, and the conclusions expressed in the report. However, our review disclosed no instances where KPMG did not comply, in all material respects, with auditing standards generally accepted in the United States of America.

Recommendations

KPMG provided the Department five recommendations to improve its monitoring activities of financial statement preparation and review controls.

Audit Results

Under the direction of the OIG, KPMG performed the Department's audit in accordance with auditing standards generally accepted in the United States of America. The fiscal year (FY) 2018 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 2017, the Department also received an unmodified opinion on its financial statements (OIG Audit Division Report No. 18-02).

KPMG reported one significant deficiency in the FY 2018 Independent Auditors' Report related to inadequate financial statement preparation and review controls. KPMG noted that the emphasis placed on the Department's financial statement preparation and review processes had not achieved the level of rigor that is necessary to prepare timely and accurate financial statements in accordance with generally accepted accounting principles, and OMB Circular No. A-136, *Financial Reporting Requirements*. Specifically, errors were reported related to the reconciliation of Fund Balance with Treasury, configuration of certain funds in Unified Financial Management System (UFMS), elimination of intra-component organization activity, and accounting for and reporting of downward adjustments of prior year obligations.

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

The Department's financial statements are comprised of nine reporting entities as described in Note 1.A. to the financial statements. Four of these entities (Assets Forfeiture Fund and Seized Asset Deposit Fund, Federal Bureau of Investigation, Federal Bureau of Prisons, and Federal Prison Industries, Inc.) also prepare separate



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

Beginning in 2009, the Department has made significant progress toward implementing the UFMS. The Department has two final implementations scheduled in October 2019 and 2020, after which the UFMS implementation will be complete and the Department will have a fully unified financial management system. Until that time, the Department does not yet have a fully unified financial management system to readily support ongoing accounting operations and the preparation of financial statements, in order to achieve the economies of scale that it envisions. As discussed in past years, we believe the most important challenge facing the Department in its financial management is to fully implement an integrated financial management system to replace the remaining major non-integrated legacy accounting system currently being used by three of the Department's nine reporting components.

**AUDIT OF THE
U.S. DEPARTMENT OF JUSTICE
ANNUAL FINANCIAL STATEMENTS
FISCAL YEAR 2018**

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U.S. DEPARTMENT OF JUSTICE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)



Management's Discussion and Analysis (Unaudited)

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

Mission

The mission of the Department of Justice, as reflected in the Strategic Plan for fiscal years (FY) 2018-2022 is as follows:

To enforce the law and defend the interests of the United States according to the law; to ensure public safety against threats foreign and domestic; to provide federal leadership in preventing and controlling crime; to seek just punishment for those guilty of unlawful behavior; and to ensure fair and impartial administration of justice for all Americans.

In carrying out the Department's mission, we are guided by the following core values:

Equal Justice Under Law. Upholding the laws of the United States is the solemn responsibility entrusted to DOJ by the American people. The Department enforces these laws fairly and uniformly to ensure that all Americans receive equal protection and justice.

Honesty and Integrity. DOJ adheres to the highest standards of ethical behavior, cognizant that, as custodians of public safety, its motives and actions must be above reproach.

Commitment to Excellence. The Department seeks to provide the highest levels of service to the American people. DOJ is an effective and responsible steward of taxpayers' dollars.

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

Strategic Goals and Objectives

From our mission and core values stem the Department’s strategic and annual planning processes. The Department embraces the concepts of performance-based management. At the heart of these concepts is the understanding that improved performance is realized through greater focus on mission, agreement on goals and objectives, and timely reporting of results. In the Department, strategic planning is the first step in an iterative planning and implementation cycle.

This cycle, which is the center of the Department’s efforts to implement performance-based management, involves setting long-term goals and objectives, translating these goals and objectives into budgets and program plans, implementing programs, monitoring performance, and evaluating results. In this cycle, the Department’s FY 2018 – 2022 Strategic Plan provides the overarching framework for component and function-specific plans as well as annual performance plans, budgets, and reports. The Strategic Plan is available electronically on the Department’s website at: <https://www.justice.gov/jmd/page/file/1071066/download>.

The table below provides an overview of the Department’s FY 2018 - 2022 strategic goals and objectives.

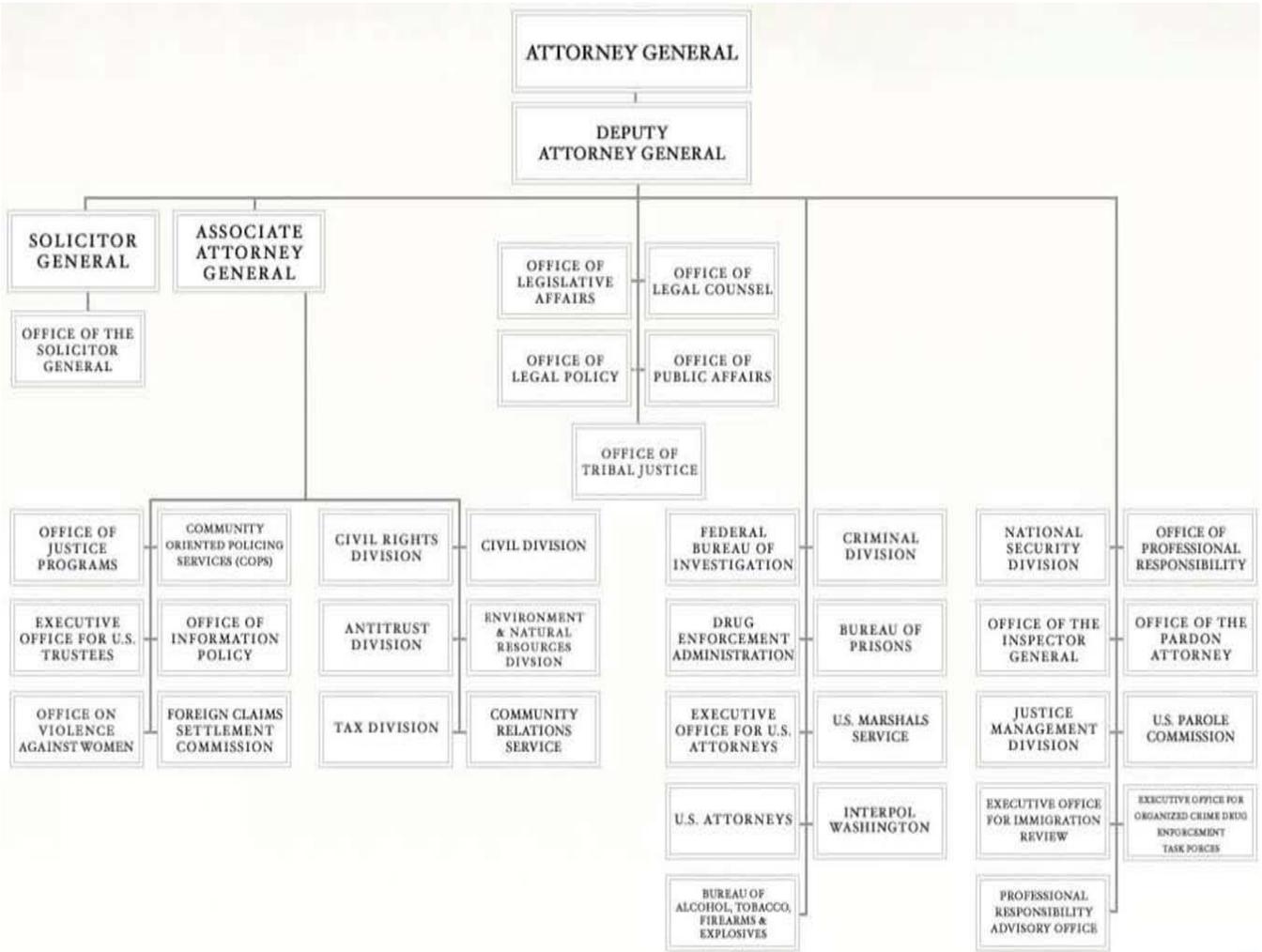
Strategic Goal		Strategic Objectives
1	Enhance National Security and Counter the Threat of Terrorism	1.1 Disrupt and defeat terrorist operations 1.2 Combat cyber-based threats and attacks 1.3 Combat unauthorized disclosures, insider threats, and hostile intelligence activities
2	Secure the Borders and Enhance Immigration Enforcement and Adjudication	2.1 Prioritize criminal immigration enforcement 2.2 Ensure an immigration system that respects the rule of law, protects the safety of U.S. Citizens and serves the national interest
3	Reduce Violent Crime and Promote Public Safety	3.1 Combat violent crime, promote safe communities, and uphold the rights of victims of crime 3.2 Disrupt and dismantle drug trafficking organizations to curb opioid and other illicit drug use in our nation
4	Promote Rule of Law, Integrity, and Good Government	4.1 Uphold the rule of law and integrity in the proper administration of justice 4.2 Defend first amendment rights to exercise religion and free speech 4.3 Pursue regulatory reform initiatives 4.4 Achieve management excellence

Organizational Structure

Led by the Attorney General, the Department is comprised of 39 separate component organizations. There are over 113,000 employees who ensure that the individual component missions, and the overarching Department goals, are carried out. These include the U.S. Attorneys (USAs) who prosecute offenders and represent the United States government in court; the major investigative agencies – the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), which deter and investigate crimes and arrest criminal suspects; the U.S. Marshals Service (USMS), which protects the federal judiciary, apprehends fugitives, and detains persons in federal custody; the Federal Bureau of Prisons (BOP), which confines convicted offenders; and the National Security Division (NSD), which brings together national security, counterterrorism, counterintelligence, and foreign intelligence surveillance operations under a single authority.

The Department's litigating divisions represent the rights and interests of the American people and enforce federal criminal and civil laws. The litigating divisions are comprised of the Antitrust (ATR), Civil (CIV), Civil Rights (CRT), Criminal (CRM), Environment and Natural Resources (ENRD), and Tax (TAX) Divisions. The Office of Justice Programs (OJP), the Office on Violence Against Women (OVW), and the Office of Community Oriented Policing Services (COPS) provide leadership and assistance to state, local, and tribal governments. Other major Departmental components include the Executive Office for U.S. Trustees (UST), the Justice Management Division (JMD), the Executive Office for Immigration Review (EOIR), the Community Relations Service (CRS), the Office of the Inspector General (OIG), and several offices that advise the Attorney General on policy, law, legislation, tribal justice matters, external affairs, and oversight. Headquartered in Washington, D.C., the Department conducts its work in offices located throughout the country and overseas.

U.S. DEPARTMENT OF JUSTICE



Approved by: 
 JEFFERSON B. SESSIONS III
 Attorney General

Date: 2-5-18

Financial Structure

The Department's financial reporting structure is comprised of nine principal components.

Components:

- Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Federal Bureau of Prisons (BOP)
- Drug Enforcement Administration (DEA)
- Federal Bureau of Investigation (FBI)
- Federal Prison Industries, Inc. (FPI)
- Office of Justice Programs (OJP)
- Offices, Boards and Divisions (OBDs)*
- U.S. Marshals Service (USMS)

*OBDs

Offices

Office of the Attorney General
Office of the Deputy Attorney General
Office of the Associate Attorney General
Community Relations Service
Executive Office for Immigration Review
Executive Office for U.S. Attorneys
Executive Office for U.S. Trustees
Executive Office for Organized Crime
Drug Enforcement Task Forces
INTERPOL Washington
Office of Community Oriented Policing Services
Office of Information Policy
Office of Legal Counsel
Office of Legal Policy
Office of Legislative Affairs
Office of Professional Responsibility
Office of Public Affairs
Office of the Inspector General
Office of the Pardon Attorney
Office of the Solicitor General
Office of Tribal Justice
Office on Violence Against Women
Professional Responsibility Advisory Office
U.S. Attorneys

Boards

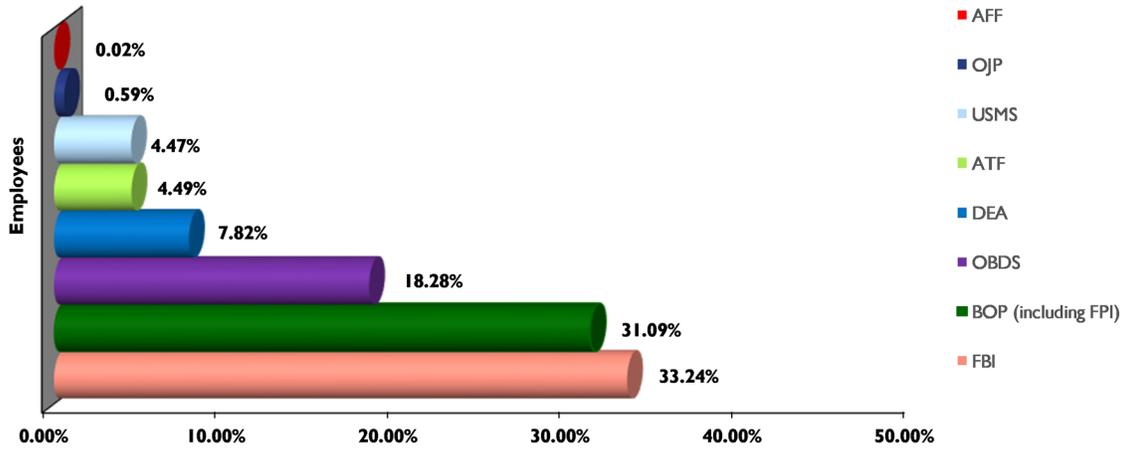
Foreign Claims Settlement Commission
U.S. Parole Commission

Divisions

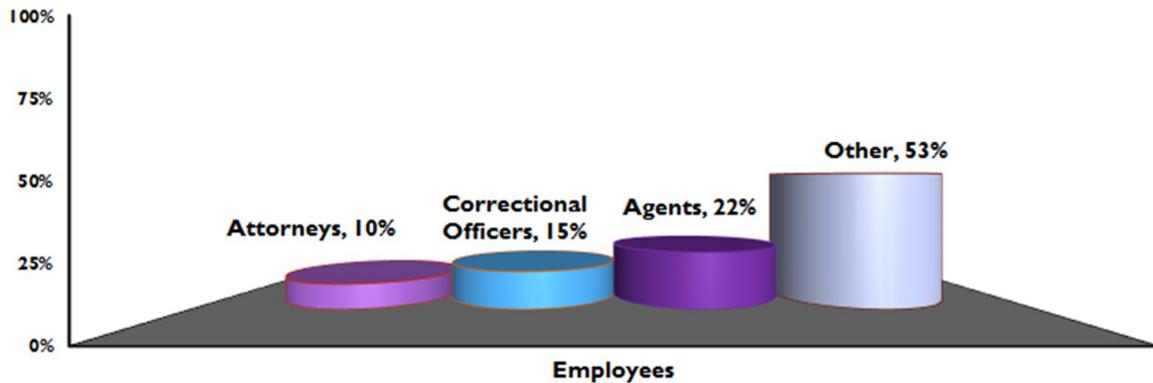
Antitrust Division
Civil Division
Civil Rights Division
Criminal Division
Environment and Natural Resources Division
Justice Management Division
National Security Division
Tax Division

FY 2018 Resource Information

**FY 2018 DOJ Employees On Board by Component
Over 113,000 Employees**



**FY 2018 DOJ Employees On Board by Category
Attorneys, Correctional Officers, Agents, and Other***



*"Other" includes pay class categories such as paralegals, intelligence analysts, financial managers, procurement officers, evidence technicians, and security specialists

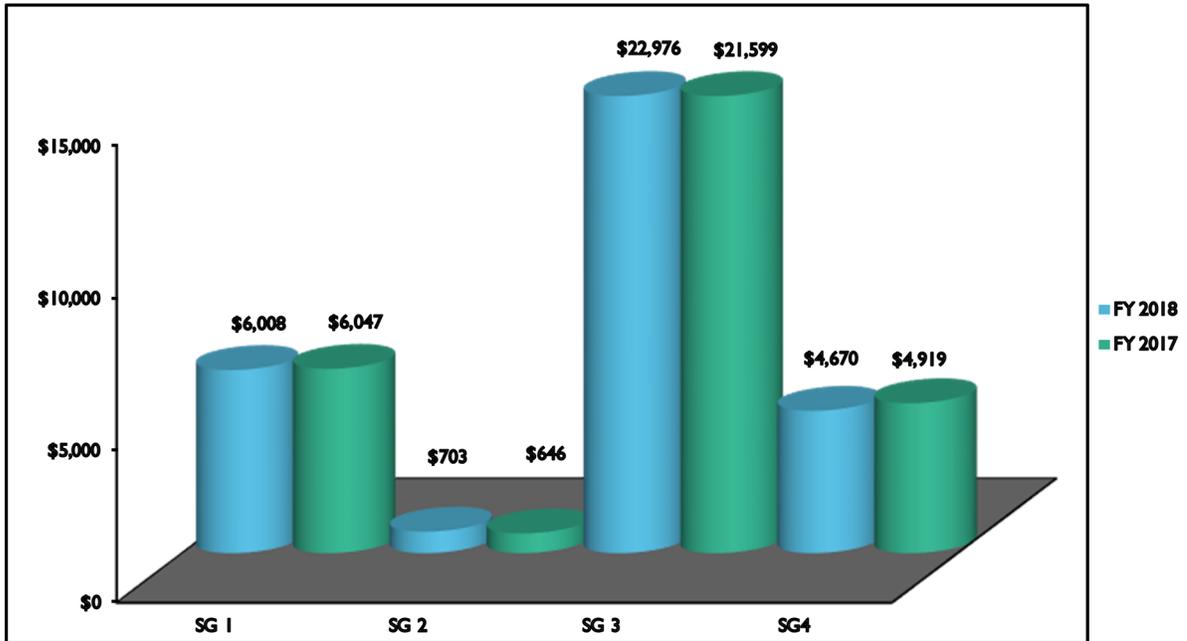
Table 1. Sources of DOJ Resources
(Dollars in Thousands)

Source	FY 2018	FY 2017	% Change
Earned Revenue:	\$ 3,312,187	\$ 2,834,883	16.84%
Budgetary Financing Sources:			
Appropriations Received	30,435,438	35,463,968	(14.18%)
Appropriations Transferred-In/Out	985,768	1,250,532	(21.17%)
Nonexchange Revenues	993,117	7,157,288	(86.12%)
Donations and Forfeitures of Cash and Cash Equivalents	1,081,763	1,378,432	(21.52%)
Transfers-In/Out Without Reimbursement	(225,796)	(496,397)	(54.51%)
Other Adjustments	(674,300)	(818,319)	(17.60%)
Other Financing Sources:			
Donations and Forfeitures of Property	203,683	370,007	(44.95%)
Transfers-In/Out Without Reimbursement	9,025	21,168	(57.36%)
Imputed Financing	873,536	725,702	20.37%
Other Financing Sources	(9,077)	(8,156)	11.29%
Total DOJ Resources	\$ 36,985,344	\$ 47,879,108	(22.75%)

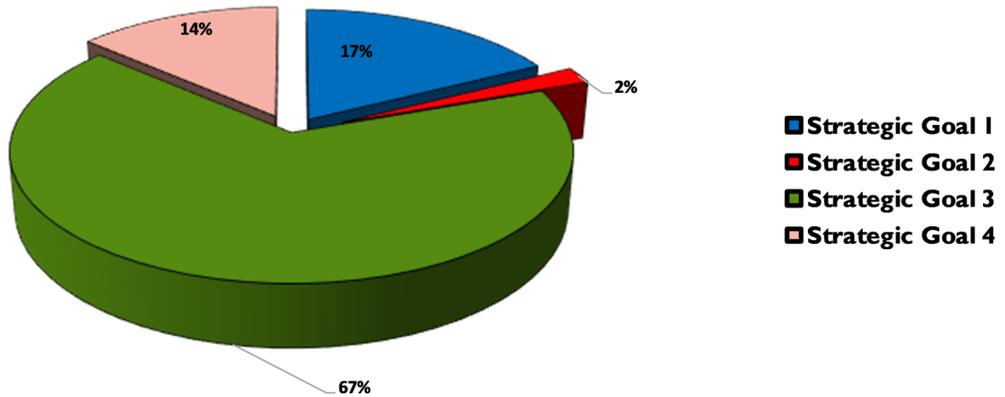
Table 2. How DOJ Resources Are Spent
(Dollars in Thousands)

Strategic Goal	FY 2018	FY 2017	% Change
1 Enhance National Security and Counter the Threat of Terrorism			
Gross Cost	\$ 6,293,963	\$ 6,336,332	
Less: Earned Revenue	285,573	289,449	
<i>Net Cost</i>	6,008,390	6,046,883	(0.64%)
2 Secure the Borders and Enhance Immigration Enforcement and Adjudication			
Gross Cost	714,753	672,068	
Less: Earned Revenue	11,779	26,409	
<i>Net Cost</i>	702,974	645,659	8.88%
3 Reduce Violent Crime and Promote Public Safety			
Gross Cost	25,016,996	23,304,446	
Less: Earned Revenue	2,041,288	1,705,029	
<i>Net Cost</i>	22,975,708	21,599,417	6.37%
4 Promote Rule of Law, Integrity, and Good Government			
Gross Cost	5,643,333	5,732,907	
Less: Earned Revenue	973,547	813,996	
<i>Net Cost</i>	4,669,786	4,918,911	(5.06%)
Total Gross Cost	37,669,045	36,045,753	
Less: Total Earned Revenue	3,312,187	2,834,883	
<i>Total Net Cost of Operations</i>	\$ 34,356,858	\$ 33,210,870	3.45%

Comparison of Net Costs by Strategic Goal (SG) - FY 2018 and 2017
 (Dollars in Millions)



FY 2018 Percentage of Net Costs by Strategic Goal



- Goal 1: Enhance National Security and Counter the Threat of Terrorism
- Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication
- Goal 3: Reduce Violent Crime and Promote Public Safety
- Goal 4: Promote Rule of Law, Integrity, and Good Government

Analysis of Financial Statements

The Department's financial statements, which are provided in Section II of this document, received an unmodified audit opinion for the fiscal years ended September 30, 2018 and 2017. These statements were prepared from the accounting records of the Department in accordance with the accounting principles generally accepted in the United States and Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These principles are the standards promulgated by the Federal Accounting Standards Advisory Board (FASAB).

The following information highlights the Department's financial position and results of operations in FY 2018. The complete set of financial statements, related notes, and the opinion of the Department's auditors are provided in Section II of this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2018, shows \$57.5 billion in total assets, a decrease of \$3.2 billion over the previous year's total assets of \$60.7 billion. The decrease is primarily payment made to Madoff victims and the Victim Compensation Fund (VCF) claimants. Fund Balance with U.S. Treasury (FBWT) was \$39.4 billion, which represented 68.5% percent of total assets.

Liabilities: Total Department liabilities were \$18.9 billion as of September 30, 2018, a decrease of \$2.5 billion from the previous year's total liabilities of \$21.4 billion. The decrease is primarily related to prior year accounts payable disbursed to Madoff victims and VCF claimants in FY 2018.

Net Cost of Operations: The Consolidated Statement of Net Cost presents Department's gross and net cost by strategic goal. The net cost of the Department's operations totaled \$34.4 billion for the fiscal year ended September 30, 2018, an increase of \$1.2 billion from the previous year's net cost of operations of \$33.2 billion. The increase was primarily due to appropriation and cost increases for the Crime Victims Fund.

Budgetary Resources: The Department's FY 2018 Combined Statement of Budgetary Resources shows \$56.2 billion in total budgetary resources, an increase of \$2.2 billion from the previous year's total budgetary resources of \$54.0 billion. The increase was primarily due to appropriation increase for the Crime Victims Fund.

Agency Outlays, Net: The Department's FY 2018 Combined Statement of Budgetary Resources shows \$34.6 billion in agency outlay, net, an increase of \$0.8 billion from the previous year's agency outlays, net amount of \$33.8 billion. The increase is primarily due to payments disbursed to Madoff victims and VCF claimants in FY 2018.

Summary of Performance Information

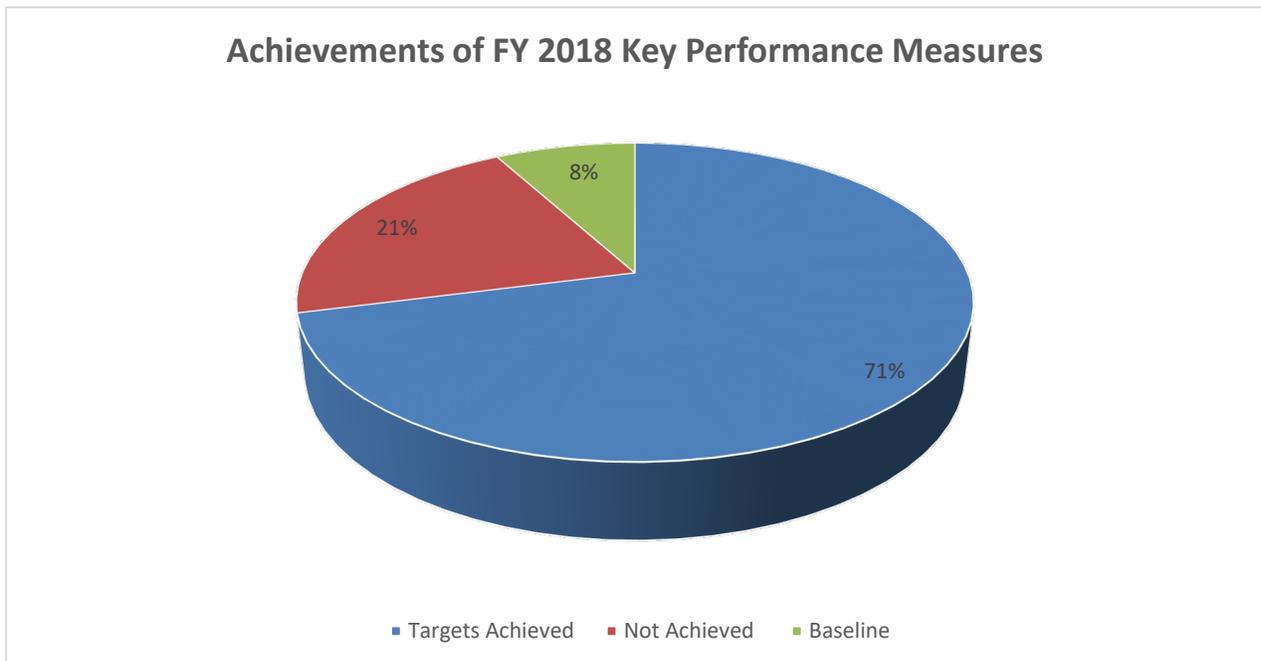
The Government Performance and Results Act Modernization Act of 2010 (GPRAMA) requires an agency's Strategic Plan to be updated every four years and cover a period of not less than four years forward from the fiscal year in which it is submitted.

The Department's FY 2018-2022 Strategic Plan, which contains four strategic goals, is used for this report. The Department's Plan includes 36 key performance measures – of those, five are currently under development – addressing DOJ's priorities toward achieving its long-term outcome goals. The performance measures are summarized in this document. The Department's full Performance Report for these measures will be discussed in the Department's FY 2018 Annual Performance Report/FY 2020 Annual Performance Plan and submitted with the President's Budget in February 2019. The Department strives to present the highest-level outcome-oriented measures available.

During FY 2018, Departmental leadership continued to display a clear commitment to performance management through the reliance on formal quarterly status reviews. Additionally, Departmental components have worked to improve the quality and timeliness of financial and performance information that inform quarterly status reporting and operating plans.

For this summary report, 77 percent of the established performance measures have actual data for FY 2018. The Department achieved 71 percent of its key measures that had data available as of September 30, 2018. For some of the performance measures, the actual data will not be available until later in calendar year 2018 or 2019. The Department continues to emphasize long-term and annual performance measure development, placement of key performance indicators on cascading employee work plans, and Department-wide quarterly status reporting.

The chart below and the table that follows summarize the Department's achievement of its FY 2018 long-term outcome goals (key performance measures).



U.S. Department of Justice Key Performance Measures by Strategic Goal [] Designates the reporting entity		FY 2018 Target	FY 2018 Actual	Target Achieved/ Not Achieved
Strategic Objective	Strategic Goal 1: Enhance National Security and Counter the Threat of Terrorism			
1.1	Number of terrorism disruptions effected through investigations [FBI]	200	540	Target Achieved
1.1	Number of incidents reported to the United States Bomb Data Center via the Bomb and Arson Tracking System [ATF]	40,000	37,545	Not Achieved
1.1	Percentage of counterterrorism defendants whose cases were favorably resolved [NSD]	90%	91%	Target Achieved
1.1	Number of activities conducted with the goal of building the capacity of foreign law enforcement, prosecutors, and judicial systems to disrupt and dismantle terrorist actions and organizations [CRM]	541	958	Target Achieved
1.2	Number of computer intrusion program deterrences, detections, disruptions and dismantlements [FBI]	4,200	11,540	Target Achieved
1.2	Percentage of cyber defendants whose cases were favorably resolved [NSD, USA, CRM]	90%	81%	Not Achieved
1.3	Number of counterintelligence program disruptions and dismantlements [FBI]	400	698	Target Achieved
1.3	Percentage of espionage defendants whose cases are favorably resolved [NSD]	90%	100%	Target Achieved
Strategic Objective	Strategic Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication			
2.1	Percentage of criminal immigration dispositions that are successfully resolved [USA]	90%	100%	Target Achieved
2.1	Percentage of federal denaturalization of dispositions that are successfully resolved [USA, CIV]	80%	91%	Target Achieved
2.2	Percentage of criminal immigration-related benefits fraud dispositions that are successfully resolved [USA]	90%	99%	Target Achieved
2.2	Percentage of employer sanctions, immigration-related unfair employment practices, and immigration-related document fraud cases completed within the established timeframe [EOIR]	90%	97%	Target Achieved
2.2	Percentage of Immigration and Nationality Act (INA) Section 274B Protecting U.S. Workers Initiative discriminatory or unlawful hiring practice enforcement actions resolved [CRT]	90%	100%	Target Achieved
2.2	Clearance rate for detained and non-detained cases [EOIR]	Baseline	62%	N/A

*Final actual figure will be provided at a later date.

U.S. Department of Justice Key Performance Measures by Strategic Goal [] Designates the reporting entity		FY 2018 Target	FY 2018 Actual	Target Achieved/ Not Achieved
Strategic Objective	Strategic Goal 3: Reduce Violent Crime and Promote Public Safety			
3.1	Percentage of federal violent crime defendants whose cases were favorably resolved [USA, CRM]	90%	93%	Target Achieved
3.1	Number of National Integrated Ballistic Information Network (NIBIN) "hits/leads," that is the linkage of two or more shootings to the same firearm, based upon comparisons of 3D digital ballistic images of spent shell casings recovered from crime scenes and from gun test-fires [ATF]	50,000	54,686	Target Achieved
3.1	Number of victims of a violent crime that receive services through the Victim Assistance Program [OJP]	3,030,000	TBD*	TBD
3.1	Percentage of extraditions received related to violent criminals [CRM]	Baseline	18.4%	N/A
3.1	Percent of gang/criminal enterprise dismantlements non-Consolidated Priority Organization Targets (non-CPOTs) [FBI]	15%	29%	Target Achieved
3.1	New performance measure under development	TBD	TBD	TBD
3.1	New performance measure under development	TBD	TBD	TBD
3.1	New performance measure under development	TBD	TBD	TBD
3.1	New performance measure under development	TBD	TBD	TBD
3.2	Number of disruptions and dismantlements of Drug Trafficking Organizations (DTOs) linked to CPOTs [OCDETF, DEA, FBI]	245	TBD*	TBD
3.2	Number of disruptions and dismantlements of Priority Threat Organizations (PTOs) not linked to CPOTs [DEA]	1,475	1,381	Not Achieved
3.2	Number of Scheduled Diversion Investigations completed [DEA]	2,775	2,414	Not Achieved
3.2	Number of CPOT-linked investigations with one or more defendants convicted [OCDETF]	344	TBD*	TBD

*Final actual figure will be provided at a later date.

U.S. Department of Justice Key Performance Measures by Strategic Goal Designates the reporting entity		FY 2018 Target	FY 2018 Actual	Target Achieved/ Not Achieved
Strategic Objective	Strategic Goal 4: Promote Rule of Law, Integrity, and Good Government			
4.1	Percentage of illicit market defendants whose cases were favorably resolved [CRM, USA]	85%	92%	Target Achieved
4.1	Percentage of Office of Professional Responsibility (OPR) inquiries resolved within one year, and investigations within two years [OPR]	50%/50%	89%/100%	Target Achieved
4.2	New performance measure under development [CRT]	TBD	TBD	TBD
4.3	Ratio of deregulatory actions to regulatory actions [OLP]	2:01	TBD*	TBD
4.3	Cost of regulations per fiscal year is below cap [OLP]	TBD	TBD*	TBD
4.4	Ethics training for DOJ employees conducted by the Departmental Ethics Office (DEO) and ensure all financial disclosures are reviewed timely [JMD/DEO]	100%	95%	Not Achieved
4.4	Time-to-hire Mission Critical Occupations (MCOs) (average number of days) [JMD/HRA]	2%	TBD*	TBD
4.4	Unmodified audit opinion [JMD/Controller]	100%	TBD*	TBD
4.4	Number of systems moved to the Cloud [JMD/OCIO]	12	129	Target Achieved

*Final actual figure will be provided at a later date.

FY 2018 – 2019 Priority Goals

Federal agencies are required to identify a limited number of Priority Goals that are considered priorities for both the Administration and the agency, have high relevance to the public or reflect the achievement of key agency missions, and would produce significant results over a 12 to 24 month timeframe. The Priority Goals represent critical elements of a federal agency's strategic plan and are linked to the larger DOJ policy framework and strategic plan goals.

The Priority Goals align with the FY 2018-2022 Strategic Plan, and are reported on a quarterly basis via OMB MAX Performance Page. The FY 2018-2019 Priority Goals are:

Priority Goal 1, Combat Cyber-Enabled Threats and Attacks:

Cybercrime is one of the greatest threats facing our country, and has enormous implications for our national security, economic prosperity, and public safety. The range of threats and challenges cybercrime presents for law enforcement expands just as rapidly as technology evolves. By September 30, 2019, the Department of Justice will combat cyber-enabled threats and attacks by conducting 8,400 computer intrusion program deterrences, detections, disruptions and dismantlements, while successfully resolving 90 percent of its cyber defendant cases.

Status: The Department exceeded one of its FY 2018 targets for the two performance measures for the Combat Cyber-Enabled Threats and Attacks Priority Goal. For FY 2018, FBI exceeded its annual target of 4,200, by 7,340 for the number of computer intrusion programs deterred, detected, disrupted and dismantled. Throughout the year, FBI had greatly exceeded its quarterly targets. By the end of FY 2018, the total number of computer programs affected was 11,540 – more than double the annual target for FY 2018.

For FY 2018, the Department favorably resolved 329 of 404 cyber cases (81%), short of achieving the annual target (90%). As with all cases handled by the Department, each was individually evaluated throughout the judicial process, including the decision to initiate charges. Depending upon the total number of cases resolved, a one case differential can significantly impact the favorable percentage. Many cases concerning "cybercrime" may not necessarily be captured under this number, as there is not a single statute to prosecute criminal cyber conduct. Cyber cases tend to involve other related criminal conduct under which the matter could be coded in the Executive Office of the U.S. Attorneys' case management database. U.S. Attorneys will continue to individually assess each case brought for criminal prosecution in a manner that promotes the ends of justice.

Priority Goal 2, Violent Crime Reduction:

By September 30, 2019, the Department of Justice will increase the percentage of non-Consolidated Priority Organization Target (non-CPOT) gang/criminal enterprise dismantlements by 30%; increase the number of National Integrated Ballistic Information (NIBIN) "hits/leads," that is the linkage of two or more shootings to the same firearm, based upon comparisons of 3D digital ballistic images of spent shell casings recovered from crime scenes and from crime gun test-fires by 55,000; and favorably resolve 90% of federal "violent crime" cases.

Milestones: As part of the enhanced Project Safe Neighborhoods program, the United States Attorney's Offices will develop and implement a district-specific violent crime reduction strategy. By 2018, 75% of districts would have implemented violent crime reduction strategies. By 2019, 100% of districts would have implemented violent crime reduction strategies.

Status: The Department exceeded its FY 2018 targets for the three performance measures for the Violent Crime Reduction Priority Goal. For FY 2018, the FBI increased the percentage of non-Consolidated Priority Organization Targets (CPOs) gang/criminal enterprise dismantlements by 19%. Collectively the total number of dismantlements reported in FY 2018 was 206, which exceeded the annual target of a 15% increase, or 173 dismantlements. Also for FY 2018, ATF reported 54,686 for the total number of National Integrated Ballistic Information (NIBIN) “hits/leads,” that is the linkage of two or more shootings to the same firearm, based upon comparisons of 3D digital ballistic images of spent shell casings recovered from scenes and from crime gun test fires. ATF exceeded its annual target of 50,000 by nearly 5,000, or 9.4%. The Department continues to favorably resolve more than 90% of its federal violent crime cases. For FY 2018, the Department handled 35,895 cases, of which 93% were favorably resolved. Throughout the year, the Department had exceeded its quarterly target of 90%, by more than 2%, for federal violent crime defendant cases.

As part of the Project Safe Neighborhoods Program (PSN), the U.S. Attorney’s Offices (USAOs) developed and implemented district specific violent crime strategies. By the end of FY 2018, all 93 USAOs completed each of the key milestone activities.

1. Selected a PSN Coordinator
2. Reviewed their anti-violence strategies
3. Submitted an initial assessment of their data collection capacity
4. Submitted a six-month data report on PSN implementation

Priority Goal 3, Disrupt Drug Trafficking to Curb Illicit Drug Use:

By September 30, 2019, the Department of Justice will increase the number of disruptions and dismantlements of Transnational Criminal Organizations (TCOs) to 402; complete 2,785 scheduled diversion investigations; and increase the number of diversion criminal cases initiated to 1,725.

Milestones: The Drug Enforcement Administration (DEA) will continue ongoing efforts to implement its Threat Enforcement Prioritization Process (TEPP). The TEPP proactively manages enforcement performance (activities, outcomes and resources) allowing for greater accountability. TEPP enhances DEA’s ability to identify evolving threats, prioritize its response, evaluate success, and report on its effectiveness in a more timely manner. TEPP shifts DEA’s performance from a more quantitative approach to a more qualitative, results oriented approach that focuses and reports on community-based, environmental outcomes.

- By 2018, 33% of DEA Field Division fully transitioned to TEPP
- By 2019, 66% of DEA Field Division fully transitioned to TEPP

Status: The Department exceeded its FY 2018 target for one of the three performance measures for the Disrupt Drug Trafficking to Curb Illicit Drug Use Priority Goal. The number of disruptions and dismantlements of TCOs is a new performance measures. Due to the newness and complexity of the measure, the Department has set only annual targets. The Department will provide its annual results for this measure in November 2018.

For FY 2018, DEA achieved 2,414, or 87%, of its FY 2018 target (2,775) for number of Scheduled Diversion Investigations. Although DEA’s Diversion Control Division anticipated meeting its FY 2018 target, at times higher priority investigations involving criminal and regulatory violators took precedence over Scheduled Investigations. In response to the opioid epidemic and decline in Diversion Investigator Agent FTEs, the Diversion Control Division adjusted its Scheduled Work Plan in order to better align resources and maximize its investigative resources which changed the frequency/cycle for Data Waived Practitioners/Narcotic Treatment Practitioners, from five years to 15 years. The change resulted in a significant reduction in the number of Scheduled Diversion Investigations conducted.

For FY 2018, DEA exceeded its annual target of 1,700, by 9% for number of Diversion Criminal Cases Initiated. DEA initiated a total of 1,853 cases, in FY 2018.

For FY 2018, DEA achieved 98% of its target for TEPP Implementation (of the target of 33% of total DEA Field Offices fully transitioned to TEPP, DEA achieved 32.3%). In the fourth quarter of FY 2018, all of the Field Offices provided their Biannual Impact Statements (End-of-Year) on time, including the Louisville Division which came on line in January 2018. Although the Omaha Division – a new division, officially dedicated on July 8, 2018 – did not fully implement TEPP in FY 2018, it is now on track to be fully TEPP compliant by the end of the first quarter in FY 2019. As such, DEA will be able to meet all of the TEPP requirements for FY 2019.

Analysis of Systems, Controls, and Legal Compliance

Internal Control and Risk Management in the Department of Justice

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

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

The Department identifies emerging risks and issues through a strong governance framework that consists of a network of oversight councils and internal review teams. These include the Department's Senior Assessment Team, Risk Management Committee, Chief Information Officers' Council, Justice Management Division's Internal Review and Evaluation Office and Quality Control and Compliance Group, and DOJ component internal review and inspection offices. In addition, the Department considers reports issued by the Office of the Inspector General and Government Accountability Office when assessing risks and internal control.

In FY 2018, the Department made significant strides in expanding its Enterprise Risk Management (ERM) program with the goal of continuing the integration of ERM with strategic planning and internal control processes to foster better performance-based management and decision-making. For the second year, the Department's Risk Management Committee identified and prioritized enterprise-wide risks associated with mission and mission-support operations across the Department. The Committee included representatives from material reporting components (e.g., the FBI, DEA, and ATF); seven litigating divisions; the National Security Division; the Executive Office for Immigration Review; the Executive Office for United States Trustees; and Justice Management Division (JMD) offices with oversight responsibilities for strategic planning, financial management, human resources, and information systems. Through discussions of the risks, and existing and planned management controls associated with the risks, the Committee developed the FY 2018 ERM Risk Profile.²

Efforts will continue in FY 2019 to further expand the Department's ERM program, to include implementing a framework for integrating ERM practices with strategy setting and performance management initiatives, consistent with the framework provided in OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, and the Government Performance and Results Modernization Act of 2010. The ERM governance structure will continue to evolve as representatives from other DOJ components are added to the Risk Management Committee and additional Management Working Groups are established to support detailed analyses of risks, risk responses, and internal control and performance monitoring. Communication, training, and awareness-building continue to be key areas of focus to leverage existing ERM practices and gain further integration between strategic planning, internal control monitoring, and performance assessment.

² The DOJ components contributing to the FY 2018 ERM Risk Profile included ATF; BOP; DEA; FBI; OJP; USMS; the Antitrust, Civil, Civil Rights, Criminal, Environment and Natural Resources, National Security, and Tax Divisions; the Executive Office for Immigration Review; the Executive Office for United States Trustees; and the following JMD offices – Budget Staff, Finance Staff, Human Resources Staff, Internal Review and Evaluation Office, and the Office of the Chief Information Officer.

The Department's internal control system continues to improve through ongoing assessments and corrective actions implemented by management. The Department's commitment to management excellence, accountability, and compliance with applicable laws and regulations is evidenced by continuing actions to establish effective controls, make sound determinations on corrective actions, and verify and validate the results. This commitment is further evidenced by the many control improvements and actions taken by Department management in response to new legislation, OMB initiatives, and Office of the Inspector General and Government Accountability Office recommendations.

Management Assurances

Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (FMFIA or Integrity Act) provides the statutory basis for management's responsibility for and assessment of internal control. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The Integrity Act requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable laws; 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 assets. The Integrity Act also requires agencies to annually assess and report on the internal control that protects the integrity of federal programs (FMFIA § 2) and whether financial management systems comply with government-wide requirements (FMFIA § 4).

FMFIA Assurance Statement

Department of Justice management is responsible for managing risks and maintaining effective internal control to meet the objectives of FMFIA § 2 and § 4. In accordance with OMB Circular A-123, the Department conducted its assessment of risk and internal control. Based on the results of the assessment, we can provide reasonable assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2018.

The Department of Justice is committed to maintaining strong program and financial management as we continue our mission of fighting terrorism and protecting our communities from crime. We take our program and financial accountability seriously and are dedicated to ensuring that the funds we receive are used in a responsible and transparent manner. We will continue to strengthen our controls in areas identified through the Department's internal review activities and by the Office of the Inspector General and Government Accountability Office. We look forward in FY 2019 to building on our achievements as we continue the important work of the Department.



Matthew G. Whitaker
Acting Attorney General
November 14, 2018

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) was designed to advance federal financial management by ensuring that federal financial management systems provide accurate, reliable, and timely financial management information to the government's managers. Compliance with the FFMIA provides the basis for the continuing use of reliable financial management information by program managers, as well as by the President, Congress, and public. The FFMIA requires agencies to have financial management systems that substantially comply with federal financial management system requirements, applicable federal accounting standards, and the application of the U.S. Government Standard General Ledger (USSGL) at the transaction level. Furthermore, the Act requires independent auditors to report on agency compliance with the three requirements in the financial statement audit report. Guidance for implementing the FFMIA is provided through OMB Circular A-123, Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996*.

FFMIA Compliance Determination

During FY 2018, the Department assessed its financial management systems for compliance with the FFMIA and determined that, when taken as a whole, they substantially comply with the FFMIA. This determination is based on the results of reviews conducted pursuant to the Federal Information Security Management Act and testing performed for OMB Circular A-123, Appendix A. Consideration was also given to issues identified during the Department's financial statement audit. A summary of the Department's compliance with the specific requirements of the FFMIA is provided at the end of this section.

Financial Management Systems Strategy, Goals, and Framework

The Department's financial management systems strategy is to ultimately replace the one remaining major non-integrated legacy accounting system in use in the Department with the single, integrated financial management system the Department is deploying – the Unified Financial Management System (UFMS). UFMS delivers standard, core accounting and acquisition processes, as well as the data needed for effective financial and budget management. In FYs 2009 through 2018, the Department made measurable progress in implementing UFMS. In FY 2009, the DEA successfully migrated to UFMS and, importantly, obtained an unqualified audit opinion on its financial statements produced from UFMS. As expected, the DEA project was a large, complex, and difficult migration, but one that helped to lay the foundation for the migrations of the ATF, USMS, AFMS, and FBI that occurred in FYs 2011 through 2014. In FYs 2015 through 2017, the Department continued its planning efforts to ensure the smooth migrations of three components in October 2015, four components and 10 United States Attorneys' Offices in October 2016, and eight components and the remaining United States Attorneys' Offices in October 2017.³ In FY 2018, the Department continued its planning efforts for the FY 2019 migrations of five components.⁴ The UFMS implementation goals leverage lessons learned from previous migrations and are based on and aligned with operational risks and requirements unique to each component.

³ The three components migrated to UFMS in October 2015 were the Executive Office for Immigration Review, Office of the Inspector General, and Office of the Pardon Attorney. The four components migrated in October 2016 were the Community Relations Service, Foreign Claims Settlement Commission, National Security Division, and United States Parole Commission. The eight components migrated in FY 2018 were the Civil Division, Criminal Division, Civil Rights Division, Environment and Natural Resources Division, INTERPOL, Office of Legal Counsel, Office of the Solicitor General, and Tax Division.

⁴ The five components to be migrated in FY 2019 are the Antitrust Division, Justice Management Division, Organized Crime Drug Enforcement Task Forces, Senior Management Offices, and the Executive Office for United States Trustees.

The Department’s UFMS implementation has enabled components to improve financial and budget management and realize increased efficiencies. For example, UFMS has standardized and integrated financial processes to more effectively support accounting operations, provide accurate and timely financial information throughout the year, facilitate preparation of financial statements, and streamline audit processes.

Summary of Financial Statement Audit and Management Assurances

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

Table 3. Summary of Financial Statement Audit

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

Table 4. Summary of Management Assurances

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

Analysis of Legal Compliance

Department of Justice management is committed to ensuring compliance with applicable laws and regulations, including data standards and appropriations and employment laws and regulations. Compliance is addressed through the financial statement audit and internal audits, reviews, and inspections. The audits, reviews, and inspections performed in FY 2018 identified isolated instances of noncompliance, none of which was material to the Department's system of internal control or financial statements.

Forward Looking Information

The Department's leadership is committed to ensuring its programs and activities will continue to be focused on meeting the dynamic demands of the changing legal, economic, and technological environments of the future.

National Security

- Going Dark: Criminals and terrorists are using encryption and other anonymous or hidden services to avoid detection, identification and capture. Conducting court-approved intercepts has become more challenging. Providers offer encryption as a selling point. Even when legal authority exists, technical ability is lacking, as are storage and data retention policies. A coordinated strategic response is urgently needed.
- Foreign Intelligence and Insider Threat: Both international and domestic terrorists threaten Americans at home and abroad. Foreign governments and state-sponsored actors threaten U.S. national security through foreign operations and espionage.
- Cyber Threat: Cyber issues straddle both national security and criminal areas, with the United States facing daily telecommunications network attacks from a range of nations, criminals and terrorists, all with potentially devastating consequences. The Department of Justice itself is under constant cyber-attack. The threat is pervasive and persistent and the methods of adversaries are always evolving.

Law Enforcement

- Opioid Epidemic: More than 72,300 Americans died from drug overdoses in 2017, of which 68% were caused by opioids.
- Transnational Organized Crime: Transnational criminal organizations pose the greatest threat to national security and the safety of American citizens.
- State, Local and Tribal: Federal law enforcement officers constitute only 15 percent of the total number of law enforcement officers nationwide; therefore, 85 percent of the officer support relies upon strong partnership in state and local law enforcement, who have critical intelligence about violent crime in their communities, and whose actions are crucial in the fight against violent crime and the opioid epidemic.

Immigration

- Increasing Workload: At the beginning of FY 2018, there were nearly 650,000 cases pending in immigration courts nationwide, by far the largest pending caseload before the agency, marking the eleventh consecutive year of increased backlogs.
- Illegal Aliens: An increase in the Department of Homeland Security (DHS) apprehensions will result in more fugitive investigations for individuals with immigration warrants; more protective investigations and details for members of the judiciary; and more prisoners to receive, process, and detain.
- Immigration Enforcement Prosecutors: Federal prosecution of border crime is an essential part of the nation's defense and security and critical to public safety. U.S. Attorneys' Offices address the criminal and civil caseloads generated by law enforcement activities to ensure aggressive enforcement of all immigration statutes.

Hiring and Staffing

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

Budget Constraints and Uncertainties

- From 2001 to 2010, the Department's discretionary budget rose steadily, from \$18 billion to \$28 billion, an increase of 55%. However, since then, the discretionary budget has been largely flat or lower, with components absorbing inflationary costs. The 2018 enacted budget was \$29.7 billion, an increase of 7% when compared to 2010.

Unpredictable

- Responses to unanticipated natural disasters and their aftermath, such as the major hurricanes the United States endured in 2018, require the Department to divert resources to deter, investigate, and prosecute disaster-related federal crimes, such as charity fraud, insurance fraud and other crimes.
- Changes in federal laws may affect responsibilities and workload.
- Much of the litigation caseload is defensive. The Department has little control over the number, size, and complexity of the civil lawsuits it must defend.

Limitations of the Financial Statements

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

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

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

U.S. DEPARTMENT OF JUSTICE

INDEPENDENT AUDITORS' REPORT





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

Independent Auditors' Report

Inspector General
U.S. Department of Justice

United States Acting Attorney General
U.S. Department of Justice

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2018 and 2017, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources and custodial activity for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the Federal Bureau of Prisons (BOP), of which statements reflect total assets constituting 11% of consolidated total assets as of September 30, 2017 and total net costs constituting 22% of consolidated total net costs for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-01 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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



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

Opinion

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2018 and 2017, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Interactive Data

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

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The information in the Department Overview, Message from the Attorney General, Introduction, Other Information, Management Section, and Appendices is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

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, 2018, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the



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

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in Exhibit I that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-01.

Management is currently reviewing two matters regarding potential violations of the *Antideficiency Act* (ADA) as follows:

- The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) is evaluating a potential ADA violation related to whether congressional notification was necessary prior to funding the relocation of four ATF employees to the Caribbean in fiscal year 2016.
- The Office of Justice Programs is evaluating a potential ADA violation related to the period of availability of funds awarded under the *Victims of Crime Act of 1984*.

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

We also performed tests of the Department's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the Department'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.



Independent Auditors' Report
Page 4

Department's Response to Findings

The Department's response to the significant deficiency identified in our audit is described in Exhibit I. The Department's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

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

KPMG LLP

Washington, D.C.
November 14, 2018

SIGNIFICANT DEFICIENCY

Improvements Needed in Financial Statement Preparation and Review Controls

The Department and its components make investments in the people, processes, and technology that enable the timely and accurate accounting of the Department's daily activities. These activities include the personnel, payroll, procurement, grants, budgetary, and funds management activities of the Department and its components. To facilitate its accounting of the Department's daily activities, during fiscal year (FY) 2018 the DOJ continued the multi-year implementation of its new Unified Financial Management System (UFMS). Due to competing priorities faced by DOJ personnel in supporting the conversion of nine component organizations within the Offices, Boards, and Divisions (OBDs) reporting component to UFMS and planning for the conversion of the remaining five OBD component organizations in FYs 2019 and 2020, we noted that the emphasis placed on the Department's financial statement preparation and review processes had not achieved the full level of rigor that is necessary to prepare timely and accurate financial statements in accordance with generally accepted accounting principles, and OMB Circular No. A-136, *Financial Reporting Requirements*.

During our FY 2018 audit, the Department detected or we brought to the attention of the Department the following errors, for which the underlying causes were similar and pervasive.

- Reconciliation of Fund Balance with Treasury (FBWT): For certain funds converted to UFMS in FY 2018, DOJ personnel did not perform timely reconciliations of its accounting records with the U.S. Treasury, which resulted in unreconciled variances of \$454 million. These amounts were not reconciled until the last quarter of the fiscal year, but were recorded and reported properly in the FY 2018 financial statements.
- Configuration of certain funds in UFMS: Two of the DOJ's funds were not properly configured as appropriated funds when converted to UFMS. This resulted in the understatement of both Unexpended Appropriations – Used and Expended Appropriations by \$623 million as of March 31, 2018. DOJ personnel corrected this matter in its June 30, 2018 interim financial statements.
- Elimination of intra-component organization activity: When reporting the activity of intra-component activity for a reporting component that was partially converted to UFMS in FY 2018, DOJ personnel generated a report that did not capture \$180 million of intra-component activity for elimination in its June 30, 2018 interim financial statements. DOJ personnel corrected this matter in its FY 2018 financial statements.
- Accounting for and reporting of downward adjustments of prior year obligations: Due to a configuration issue in FY 2018, UFMS recorded invalid downward adjustments to prior year obligations related to certain payroll transactions. DOJ personnel attempted to correct these transactions in its June 30, 2018 interim financial statements, but recorded the correcting entry in error, which misstated the DOJ's recoveries by \$104 million. DOJ personnel corrected this matter in its FY 2018 financial statements.

Our observations indicate that the Department needs to enhance its monitoring activities of its financial statement preparation and review controls. As a result, transactions and processes at certain component organizations affected by the conversion to UFMS are not receiving an appropriate level of attention, on a proactive basis, to enable the proper and consistent reporting of the Department's daily activities. Consequently, errors or a combination of errors in the financial statements could go undetected.

Recommendations:

We recommend that the Department:

1. Establish and document Fund Balance with Treasury reconciliation policies and procedures to ensure that reconciliations are properly completed and supported in a timely manner. *(New)*

Management Response:

Management concurs with the recommendation and is in the process of implementing key organizational and process changes to enhance internal controls over the Fund Balance with Treasury (FBWT) reconciliation process. These changes include additional resources, implementation of and updates to an automated reconciliation tool; as well as enhanced preparation, review and monitoring processes. We will continue to document our FBWT policy and procedures to ensure that all reconciliations are properly completed and supported in a timely manner.

2. Enhance controls over the review and approval of fund designations for converted funds in UFMS. *(New)*

Management Response:

Management concurs with the recommendation and will continue to enhance and document our processes and procedures; ensure that the reconciliation, review, and approval process for the conversion of funds in UFMS is complete, accurate and timely. We will continue to ensure that the correct designation is applied to the converted funds in UFMS and all discrepancies are identified, researched and resolved timely.

3. Revise its training processes associated with the generation of reports and queries in UFMS. *(New)*

Management Response:

Management concurs with this recommendation. Process based UFMS production training is an integral part of our UFMS business transformation process. As such we provide pre-implementation training such as UFMS learning labs, UFMS familiarization sessions and specific process based training at 3, 6, and 9 month marks prior to implementation. Ongoing process based training is provided on a monthly basis for new and current users. Generation and application of UFMS reports and queries is included in every UFMS process based training. Additionally, we will continue offering a separate UFMS reports and queries course throughout the year.

An additional method for obtaining reports on UFMS data is the Justice Enterprise Data Integration (JEDI) tool. We will further develop and enhance accounting reports to facilitate monitoring and reconciliations. We will also continue to provide JEDI training on obtaining financial management reports for OBDs accounting staff.

4. Enhance the DOJ's level of supervisory review over journal entries, with an emphasis on a more robust review of underlying data and the general ledger accounts affected by the journal entry. *(New)*

Management Response:

Management concurs with the recommendation and we are in the process of adding senior manager positions to perform additional monitoring and oversight. We will also enhance our review process to include analyzing related general ledger accounts.

5. Assess reconciliation, financial reporting review, and other monitoring controls at certain OBD components, and identify those areas where the component management could increase the rigor and precision of those controls. *(New)*

Management Response:

Management concurs with the finding and will enhance our internal control review and assessment process to identify areas where OBD component management can increase the rigor and precision of financial management and reporting controls. We will review, assess, and monitor controls in place at certain OBD components to ensure OBD management is performing adequate oversight.

U.S. DEPARTMENT OF JUSTICE

PRINCIPAL FINANCIAL STATEMENTS AND RELATED NOTES

SEE INDEPENDENT AUDITORS' REPORT



U. S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2018 and 2017

Dollars in Thousands	2018	2017
ASSETS (Note 2)		
Intragovernmental		
Fund Balance with Treasury (Note 3)	\$ 39,381,023	\$ 42,967,217
Investments (Note 5)	7,720,266	6,707,819
Accounts Receivable (Note 6)	720,357	633,814
Other Assets (Note 10)	196,702	167,638
Total Intragovernmental	<u>48,018,348</u>	<u>50,476,488</u>
Cash and Other Monetary Assets (Note 4)	188,960	498,093
Accounts Receivable, Net (Note 6)	181,729	297,074
Inventory and Related Property, Net (Note 7)	150,809	145,786
Forfeited Property, Net (Note 8)	146,296	112,178
General Property, Plant and Equipment, Net (Note 9)	8,586,026	8,765,528
Advances and Prepayments	256,973	355,143
Other Assets (Note 10)	1,910	3,512
Total Assets	<u>\$ 57,531,051</u>	<u>\$ 60,653,802</u>
LIABILITIES (Note 11)		
Intragovernmental		
Accounts Payable	\$ 243,959	\$ 360,858
Accrued Federal Employees' Compensation Act Liabilities	276,690	278,407
Custodial Liabilities (Note 21)	1,727,417	2,561,643
Other Liabilities (Note 15)	353,454	376,419
Total Intragovernmental	<u>2,601,520</u>	<u>3,577,327</u>
Accounts Payable	5,105,977	5,996,230
Accrued Grant Liabilities	540,400	414,286
Actuarial Federal Employees' Compensation Act Liabilities	1,835,943	1,785,919
Accrued Payroll and Benefits	469,750	468,990
Accrued Annual and Compensatory Leave Liabilities	896,885	872,085
Environmental and Disposal Liabilities (Note 12)	76,789	75,361
Deferred Revenue	750,518	698,594
Seized Cash and Monetary Instruments (Note 14)	1,440,444	1,544,366
Contingent Liabilities (Note 16)	88,953	50,338
Radiation Exposure Compensation Act Liabilities (Note 25)	250,421	252,401
September 11 th Victim Compensation Fund Liabilities (Note 25)	3,174,391	4,419,221
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)	1,192,751	738,182
Other Liabilities (Note 15)	512,041	482,533
Total Liabilities	<u>\$ 18,936,783</u>	<u>\$ 21,375,833</u>
NET POSITION		
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	\$ 72,459	\$ 74,314
Unexpended Appropriations - All Other Funds	16,265,939	15,483,266
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	17,733,869	20,038,128
Cumulative Results of Operations - All Other Funds	4,522,001	3,682,261
Total Net Position	<u>\$ 38,594,268</u>	<u>\$ 39,277,969</u>
Total Liabilities and Net Position	<u>\$ 57,531,051</u>	<u>\$ 60,653,802</u>

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

U. S. Department of Justice
Consolidated Statements of Net Cost
For the Fiscal Years Ended September 30, 2018 and 2017

Dollars in Thousands

	FY	Gross Costs			Less: Earned Revenues			Net Cost of Operations (Note 18)
		Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	
Goal 1	2018	\$ 1,705,356	\$ 4,588,607	\$ 6,293,963	\$ 274,870	\$ 10,703	\$ 285,573	\$ 6,008,390
	2017	\$ 1,638,689	\$ 4,697,643	\$ 6,336,332	\$ 280,191	\$ 9,258	\$ 289,449	\$ 6,046,883
Goal 2	2018	185,557	529,196	714,753	11,277	502	11,779	702,974
	2017	251,910	420,158	672,068	26,409	-	26,409	645,659
Goal 3	2018	5,414,347	19,602,649	25,016,996	1,027,121	1,014,167	2,041,288	22,975,708
	2017	5,122,133	18,182,313	23,304,446	748,541	956,488	1,705,029	21,599,417
Goal 4	2018	1,070,997	4,572,336	5,643,333	90,233	883,314	973,547	4,669,786
	2017	1,250,780	4,482,127	5,732,907	181,396	632,600	813,996	4,918,911
Total	2018	<u>\$ 8,376,257</u>	<u>\$ 29,292,788</u>	<u>\$ 37,669,045</u>	<u>\$ 1,403,501</u>	<u>\$ 1,908,686</u>	<u>\$ 3,312,187</u>	<u>\$ 34,356,858</u>
	2017	<u>\$ 8,263,512</u>	<u>\$ 27,782,241</u>	<u>\$ 36,045,753</u>	<u>\$ 1,236,537</u>	<u>\$ 1,598,346</u>	<u>\$ 2,834,883</u>	<u>\$ 33,210,870</u>

- Goal 1 Enhance National Security and Counter the Threat of Terrorism
Goal 2 Secure the Borders and Enhance Immigration Enforcement and Adjudication
Goal 3 Reduce Violent Crime and Promote Public Safety
Goal 4 Promote Rule of Law, Integrity, and Good Government

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

U. S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Year Ended September 30, 2018

Dollars in Thousands

	2018			
	Funds from Dedicated Collections	All Other Funds	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	\$ 74,314	\$ 15,483,266	\$ -	\$ 15,557,580
Budgetary Financing Sources				
Appropriations Received	32,054	30,403,384	-	30,435,438
Appropriations Transferred-In/Out	-	985,768	-	985,768
Other Adjustments	-	(141,532)	-	(141,532)
Appropriations Used	(33,909)	(30,464,947)	-	(30,498,856)
Total Budgetary Financing Sources	(1,855)	782,673	-	780,818
Unexpended Appropriations	\$ 72,459	\$ 16,265,939	\$ -	\$ 16,338,398
Cumulative Results of Operations				
Beginning Balances	\$ 20,038,128	\$ 3,682,261	\$ -	\$ 23,720,389
Budgetary Financing Sources				
Other Adjustments	(304,000)	(228,768)	-	(532,768)
Appropriations Used	33,909	30,464,947	-	30,498,856
Nonexchange Revenues	549,017	444,100	-	993,117
Donations and Forfeitures of Cash and Cash Equivalents	1,072,488	9,275	-	1,081,763
Transfers-In/Out Without Reimbursement	(492,000)	266,204	-	(225,796)
Other Financing Sources				
Donations and Forfeitures of Property	203,682	1	-	203,683
Transfers-In/Out Without Reimbursement	(3,880)	12,905	-	9,025
Imputed Financing (Note 19)	33,803	858,173	(18,440)	873,536
Other Financing Sources	-	(9,077)	-	(9,077)
Total Financing Sources	1,093,019	31,817,760	(18,440)	32,892,339
Net Cost of Operations	(3,397,278)	(30,978,020)	18,440	(34,356,858)
Net Change	(2,304,259)	839,740	-	(1,464,519)
Cumulative Results of Operations	\$ 17,733,869	\$ 4,522,001	\$ -	\$ 22,255,870
Net Position	\$ 17,806,328	\$ 20,787,940	\$ -	\$ 38,594,268

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

U. S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Year Ended September 30, 2017

Dollars in Thousands

	2017			
	Funds from Dedicated Collections	All Other Funds	Eliminations	Total
Unexpended Appropriations				
Beginning Balances	\$ 19,512	\$ 10,234,782	\$ (383,748)	\$ 9,870,546
Budgetary Financing Sources				
Appropriations Received	104,820	35,359,148	-	35,463,968
Appropriations Transferred-In/Out	-	866,784	383,748	1,250,532
Other Adjustments	-	(177,123)	-	(177,123)
Appropriations Used	(50,018)	(30,800,325)	-	(30,850,343)
Total Budgetary Financing Sources	54,802	5,248,484	383,748	5,687,034
Unexpended Appropriations	\$ 74,314	\$ 15,483,266	\$ -	\$ 15,557,580
Cumulative Results of Operations				
Beginning Balances	\$ 14,788,764	\$ 2,401,556	\$ 383,748	\$ 17,574,068
Budgetary Financing Sources				
Other Adjustments	-	(641,196)	-	(641,196)
Appropriations Used	50,018	30,800,325	-	30,850,343
Nonexchange Revenues	6,642,025	515,263	-	7,157,288
Donations and Forfeitures of Cash and Cash Equivalents	1,216,430	162,002	-	1,378,432
Transfers-In/Out Without Reimbursement	(527,196)	414,547	(383,748)	(496,397)
Other Financing Sources				
Donations and Forfeitures of Property	369,992	15	-	370,007
Transfers-In/Out Without Reimbursement	(3,017)	24,185	-	21,168
Imputed Financing (Note 19)	24,380	719,829	(18,507)	725,702
Other Financing Sources	(2)	(8,154)	-	(8,156)
Total Financing Sources	7,772,630	31,986,816	(402,255)	39,357,191
Net Cost of Operations	(2,523,266)	(30,706,111)	18,507	(33,210,870)
Net Change	5,249,364	1,280,705	(383,748)	6,146,321
Cumulative Results of Operations	\$ 20,038,128	\$ 3,682,261	\$ -	\$ 23,720,389
Net Position	\$ 20,112,442	\$ 19,165,527	\$ -	\$ 39,277,969

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

U. S. Department of Justice
Combined Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2018 and 2017

Dollars in Thousands	2018	2017
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	\$ 13,028,302	\$ 7,651,774
Appropriations (discretionary and mandatory)	37,640,790	40,788,752
Spending Authority from Offsetting Collections (discretionary and mandatory)	5,543,646	5,527,517
Total Budgetary Resources	<u>\$ 56,212,738</u>	<u>\$ 53,968,043</u>
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total) (Note 20)	\$ 44,172,778	\$ 41,885,462
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	10,243,853	10,764,924
Exempt from Apportionment, Unexpired Accounts	226,832	216,924
Unapportioned, Unexpired Accounts	680,004	306,436
Unexpired Unobligated Balance, End of Year	11,150,689	11,288,284
Expired Unobligated Balance, End of Year	889,271	794,297
Unobligated Balance - End of Year (Total)	12,039,960	12,082,581
Total Status of Budgetary Resources	<u>\$ 56,212,738</u>	<u>\$ 53,968,043</u>
Outlays, Net		
Outlays, Net (Total) (discretionary and mandatory)	\$ 35,374,822	\$ 34,513,286
Less: Distributed Offsetting Receipts	795,707	668,308
Agency Outlays, Net (discretionary and mandatory)	<u>\$ 34,579,115</u>	<u>\$ 33,844,978</u>

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

U. S. Department of Justice
Combined Statements of Custodial Activity
For the Fiscal Years Ended September 30, 2018 and 2017

Dollars in Thousands	2018	2017
Revenue Activity		
Sources of Cash Collections		
Federal Debts, Fines, Penalties and Restitution	\$ 13,993,171	\$ 14,457,265
Fees and Licenses	61,371	49,670
Miscellaneous	413	621
Total Cash Collections	<u>14,054,955</u>	<u>14,507,556</u>
Accrual Adjustments	<u>2,913</u>	<u>1,309</u>
Total Custodial Revenue (Note 21)	<u>14,057,868</u>	<u>14,508,865</u>
Disposition of Collections		
Transferred to Federal Agencies		
Library of Congress	(94)	-
U.S. Department of Agriculture	(41,549)	(89,477)
U.S. Department of Commerce	(7,166)	(13,116)
U.S. Department of the Interior	(281,347)	(581,891)
U.S. Department of Justice	(26,335)	(43,576)
U.S. Department of Labor	(4,017)	(3,524)
U.S. Postal Service	(3,993)	(3,039)
U.S. Department of State	(2,538)	(954)
U.S. Department of the Treasury	(877,450)	(999,755)
Office of Personnel Management	(2,649)	(3,741)
National Credit Union Administration	-	(40)
Federal Communications Commission	(580)	(8,127)
Social Security Administration	(1,126)	(527)
U.S. Department of Veterans Affairs	(48,055)	(82,240)
Equal Employment Opportunity Commission	(3)	-
General Services Administration	(50,901)	(25,707)
Securities and Exchange Commission	(181)	(52)
Federal Deposit Insurance Corporation	(64)	(44)
Railroad Retirement Board	(419)	(525)
Tennessee Valley Authority	(3,526)	-
Environmental Protection Agency	(119,956)	(1,637,315)
U.S. Department of Transportation	(9,327)	(21,464)
U.S. Department of Homeland Security	(208,402)	(186,848)
Agency for International Development	(2,104)	(1,565)
Small Business Administration	(12,881)	(7,387)
U.S. Department of Health and Human Services	(807,686)	(1,083,580)
National Aeronautics and Space Administration	(556)	(908)
Export-Import Bank of the United States	(1,491)	(1,307)
U.S. Department of Housing and Urban Development	(271,315)	(204,517)
U.S. Department of Energy	(6,384)	(65,394)
U.S. Department of Education	(46,060)	(24,841)
Independent Agencies	(225,500)	(58,518)
Treasury General Fund	(11,008,533)	(6,796,992)
U.S. Department of Defense	(121,112)	(132,403)
Transferred to the Public	(306,206)	(416,983)
(Increase)/Decrease in Amounts Yet to be Transferred	871,079	(1,630,036)
Refunds and Other Payments	(6,807)	(30,604)
Retained by the Reporting Entity	<u>(422,634)</u>	<u>(351,868)</u>
Total Disposition Of Collections	<u>(14,057,868)</u>	<u>(14,508,865)</u>
Net Custodial Activity	<u>\$ -</u>	<u>\$ -</u>

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

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Department of Justice (Department) has a wide range of responsibilities which include: detecting, apprehending, prosecuting, and incarcerating criminal offenders; operating federal prison factories; upholding the civil rights of all Americans; enforcing laws to protect the environment; ensuring healthy competition of business in the United States' free enterprise system; safeguarding the consumer from fraudulent activity; carrying out the immigration laws of the United States; and representing the American people in all legal matters involving the U.S. Government. Under the direction of the Attorney General, these responsibilities are discharged by the components of the Department.

For purposes of these consolidated/combined financial statements, the following components comprise the Department's reporting entity:

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

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

B. Basis of Presentation

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

C. Basis of Consolidation

The consolidated/combined financial statements of the Department include the accounts of the AFF/SADF, ATF, BOP, DEA, FBI, FPI, OBDs, OJP and USMS. All significant proprietary intra-departmental transactions and balances have been eliminated in consolidation. The Statements of Budgetary Resources and Statements of Custodial Activity are combined statements for FYs 2018 and 2017, and as such, intra-departmental transactions have not been eliminated.

D. Basis of Accounting

Transactions are recorded on the accrual and budgetary bases of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the budgetary basis, however, funds availability is recorded based upon legal considerations and constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements. FPI is non-appropriated and is self sustaining. While FPI performs budgetary accounting in preparing its financial statements, FPI does not record budgetary information at the transaction level.

Custodial activity reported on the Combined Statements of Custodial Activity is prepared on the modified cash basis. Civil and Criminal Debt Collections are recorded when the Department receives payment from debtors. Accrual adjustments may be necessary to adjust cash collections and refund disbursements.

These notes are an integral part of the financial statements.

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

D. Basis of Accounting (continued)

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

E. Non-Entity Assets

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

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

Funds with the Department of the Treasury (Treasury) represent primarily appropriated, revolving, and trust funds available to pay current liabilities and finance future authorized purchases. The Treasury, as directed by authorized certifying officers, processes cash receipts and disbursements. The Department does not, for the most part, maintain cash in commercial bank accounts. Certain receipts, however, are processed by commercial banks for deposit into individual accounts maintained at the Treasury. The Department's cash and other monetary assets consist of undeposited collections, imprest funds, cash used in undercover operations, cash held as evidence, and seized cash.

G. Investments

Investments are market-based Treasury securities issued by the Bureau of Fiscal Service. When securities are purchased, the investment is recorded at face value (the value at maturity). The Department's intent is to hold investments to maturity, unless the invested funds are needed to sustain operations. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity. The market value of the investments is the current market value at the end of the reporting period. It is calculated by using the "End of Day" price listed in The FedInvest Price File, which can be found on the Bureau of Fiscal Service website. Investments are reported on the Consolidated Balance Sheets at their net value, the face value plus or minus any unamortized premium or discount. Premiums and discounts are amortized over the life of the Treasury security. The interest method is used for the amortization of premium and discount of Treasury notes and the straight-line method is used for Treasury bills. Amortization is based on the straight-line method over the term of the securities.

The AFF/SADF, the U.S. Trustee System Fund, and the Federal Prison Commissary Fund are three Funds from Dedicated Collections that invest in Treasury securities. The Treasury does not set aside assets to pay future expenditures associated with funds from dedicated collections. Instead, the cash generated from Funds from Dedicated Collections is used by the Treasury for general government purposes. When these funds redeem their Treasury securities to make expenditures, the Treasury will finance the expenditures in the same manner that it finances all other expenditures.

These notes are an integral part of the financial statements.

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

G. Investments (continued)

Treasury securities are issued to the funds as evidence of fund receipts and provide the funds with the authority to draw upon the U.S. Treasury for future authorized expenditures. Treasury securities held by funds from dedicated collections are an asset of the fund and a liability of the Treasury, so they are eliminated in consolidation for the U.S. Government-wide financial statements.

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

H. Accounts Receivable

Net accounts receivable includes reimbursement and refund receivables due from federal agencies and the public, less the allowance for doubtful accounts. All intragovernmental accounts receivable are considered fully collectible. The allowance for doubtful accounts for public receivables is estimated based on past collection experience and analysis of outstanding receivable balances at year-end.

I. Inventory and Related Property

Inventory is maintained primarily for the manufacture of goods for sale to customers. This inventory is composed of three categories: Raw Materials, Work in Process, and Finished Goods. Raw material inventory value is based upon moving average costs. Inventories are valued at the lower of average cost or market value (LCM) and include materials, labor and manufacturing overhead. Market value is calculated on the basis of the contractual or anticipated selling price, less allowance for administrative expenses. DOJ values its finished goods and sub-assembly items at a standard cost that is periodically adjusted to approximate actual cost. DOJ has established inventory allowances to account for LCM adjustments and obsolete items that may not be utilized in future periods.

Additional inventories consist of new and rehabilitated office furniture, equipment and supplies used for the repair of airplanes, administrative supplies and materials, commissary sales to inmates (sundry items), metals, plastics, electronics, graphics, and optics.

These notes are an integral part of the financial statements.

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

J. General Property, Plant and Equipment

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

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

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

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

K. Advances and Prepayments

Advances and prepayments, classified as assets on the Consolidated Balance Sheets, consist primarily of funds disbursed to grantees in excess of total expenditures made by those grantees to third parties, funds advanced to state and local participants in the DEA Domestic Cannabis Eradication and Suppression Program, and funds disbursed to finance operations that exceed the total expenditures incurred. Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of payment and are recognized as expenses when the goods and services are received.

L. Forfeited and Seized Property

Forfeited property is property for which the title has passed to the U.S. Government. The property is recorded at the estimated fair market value at the time of forfeiture and is adjusted at the time of disposal, or as needed by management. The value of the property is reduced by the estimated liens of record. The amount ultimately realized from the forfeiture and disposition of these assets could differ from the amounts initially reported. The proceeds from the sale of forfeited property are deposited in the AFF.

These notes are an integral part of the financial statements.

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

L. Forfeited and Seized Property (continued)

Fair market value of seized and forfeited property is determined by the following:

Asset Type	Valuation Documentation
Cash/Currency, Monetary Instruments	Copy of Check, Brinks Receipt, Electronic Funds Transfer, Wire Confirmation
Financial Instruments	Web-based, financial market, account statement, other source in accordance with DOJ policy
Vehicles	National Automobile Dealers Association or Kelly Blue Book value in accordance with DOJ policy
Real Property	Real Property Appraisal/Broker's Price Opinion
Other Valued Assets	Professional appraisal, Usedprice.com, other source in accordance with DOJ policy

Seized property is property that the government has taken possession of, in consequence of an alleged violation of public law. Seized property can include cash and monetary instruments, real property, and tangible personal property of others in the actual or constructive possession of the custodial agency. Most seized property is held by the USMS from the point of seizure until its disposition. In certain cases, the investigative agency will keep seized property in its custody if the intention is to place the property into official use after forfeiture or to use the property as evidence in a court proceeding. This property is valued at fair market value upon seizure, or, as soon as reasonably possible when market value could not be readily determined. Seized cash and monetary instruments are presented as assets with offsetting liabilities on the Consolidated Balance Sheets. Seized property other than cash and monetary instruments are only presented in the notes to the financial statements.

M. Liabilities

Liabilities represent the monies or other resources that are likely to be paid by the Department as the result of a transaction or event that has already occurred. However, no liability can be paid by the Department absent proper budget authority. Liabilities that are not funded by the current year appropriation are classified as liabilities not covered by budgetary resources in Note 11. Accrued payroll and benefits are accrued based on the number of days in a pay period earned but not paid to employees at the end of the fiscal year.

These notes are an integral part of the financial statements.

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

N. Accrued Grant Liabilities

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

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

O. Contingencies and Commitments

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

P. Annual, Sick, and Other Leave

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

Q. Interest on Late Payments

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

These notes are an integral part of the financial statements.

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

R. Retirement Plan

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

- 1) Employees hired before January 1, 1984, are covered by the Civil Service Retirement System (CSRS). The Department contributes 7% of the gross pay for regular employees and 7.5% for law enforcement officers.
- 2) Employees hired January 1, 1984 or later, are covered by the Federal Employees Retirement System (FERS).
 - a. Employees hired January 1, 1984 through December 31, 2012, are covered by the FERS. The Department contributes 13.7% of the gross pay for regular employees and 30.1% for law enforcement officers.
 - b. Employees hired January 1, 2013 through December 31, 2013, are covered by the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE). The Department contributes 11.9% of the gross pay for regular employees and 28.4% for law enforcement officers.
 - c. Employees hired January 1, 2014 or later are covered by the Federal Employees System-Further Revised Annuity Employees (FERS-FRAE). The Department contributes 11.9% of the gross pay for regular employees and 28.4% for law enforcement officers.

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

S. Federal Employee Compensation Benefits

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

These notes are an integral part of the financial statements.

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

S. Federal Employee Compensation Benefits (continued)

Actuarial Liability: The Department of Labor (DOL) calculates the liability of the federal government for future compensation benefits, which includes the expected liability for death, disability, medical, and other approved costs. This method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments are discounted to present value. The resulting federal government liability is then distributed by agency. The Department's portion of this liability includes the estimated future cost of death benefits, workers' compensation, medical, and miscellaneous cost for approved compensation cases for the Department employees. The Department liability is further allocated to component reporting entities on the basis of actual payments made to the FECA Special Benefits Fund (SBF) for the three prior years as compared to the total Department payments made over the same period.

The FECA actuarial liability is recorded for reporting purposes only. This liability constitutes an extended future estimate of cost, which will not be obligated against budgetary resources until the fiscal year in which the cost is actually billed to the Department. The cost associated with this liability cannot be met by the Department without further appropriation action.

Accrued Liability: The accrued FECA liability is the amount owed to the DOL for the benefits paid from the FECA SBF directly to Department employees.

T. Intragovernmental Activity

Intragovernmental costs and exchange revenue represent transactions made between two reporting entities within the federal government. Costs and earned revenues with the public represent exchange transactions made between the reporting entity and a non-federal entity. With the exception of certain accruals, the classification of revenue or cost as "intragovernmental" or "with the public" is defined on a transaction-by-transaction basis. The purpose of this classification is to enable the federal government to prepare consolidated financial statements, not to match public and intragovernmental revenue with the costs incurred to produce public and intragovernmental revenue.

U. Revenues and Other Financing Sources

The Department receives the majority of funding needed to support its programs through Congressional appropriations. The Department receives annual, multi-year, and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures.

Additional funding is obtained through exchange revenues, nonexchange revenues, and transfers-in. Appropriations Used are recognized as budgetary financing sources at the time the related program or administrative expenses are incurred. Exchange revenues are recognized when earned, for example, when goods have been delivered or services rendered.

These notes are an integral part of the financial statements.

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

U. Revenues and Other Financing Sources (continued)

Nonexchange revenues are resources that the Government demands or receives, for example, forfeiture revenue and fines and penalties.

The Department's exchange revenue consists of the following activities: licensing fees to manufacture and distribute controlled substances; services rendered for legal activities; space management; data processing services; sale of merchandise and telephone services to inmates; sale of manufactured goods and services to other federal agencies; fees for providing fingerprint-based and name-based Criminal History Record Information checks and other identification; and other services. Fees are set by law and are periodically evaluated in accordance with OMB guidance.

The Department's nonexchange revenue consists of forfeiture income resulting from the sale of forfeited property, penalties in lieu of forfeiture, recovery of returned asset management cost, judgment collections, and other miscellaneous income. Other nonexchange revenue includes the OJP Crime Victims Fund receipts and AFF/SADF interest on investments with the Treasury.

The Department's deferred revenue includes licenses with DEA that are valid for multiple years. These monies are recorded as liabilities in the financial statements. Deferred revenue also includes forfeited property held for sale. When the property is sold, deferred revenue is reversed and forfeiture revenue in the amount of the gross proceeds of the sale is recorded.

V. Funds from Dedicated Collections

SFFAS No. 27, *Identifying and Reporting Earmarked Funds*, as amended by SFFAS No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds* (SFFAS No. 27, as amended), defines 'Funds from Dedicated Collections' as being financed by specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the Government's general revenues. The three required criteria for a fund from dedicated collections are:

- 1) A statute committing the federal government to use specifically identified revenues and/or other financing sources that are originally provided to the federal government by a non-federal source only for designated activities, benefits or purposes;
- 2) Explicit authority for the funds to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and

These notes are an integral part of the financial statements.

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

V. Funds from Dedicated Collections (continued)

- 3) A requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the fund from the federal government's general revenues.

The following funds meet the definition of a fund from dedicated collections: AFF, U.S. Trustee System Fund, Antitrust Division, Crime Victims Fund, Domestic Trafficking Victims Fund, Diversion Control Fee Account, and Federal Prison Commissary Fund.

W. Allocation Transfer of Appropriation

The Department is a party to allocation transfers with other federal agencies as a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Two exceptions to this general rule affecting the Department include the funds transferred from the Judicial Branch to the USMS, and funds transferred from the Executive Office of the President to OJP. Per OMB's guidance, USMS and OJP report all activity relative to these allocation transfers in the respective financial statements.

The activity related to these transfers, included as part of these financial statements, is highlighted below:

OJP, as the parent, transfers funds from the Crime Victims Fund to the Department of Health and Human Services (HHS). This transfer is required by 42 U.S.C. §10603a {Sec. 14-4A} for *Child Abuse Prevention and Treatment Grants*. Amounts made available by section §10601(d) (2) of this title, for the purposes of this section, are to be obligated and expended by the Secretary of HHS for grants under section §5106c of this title.

OJP receives, as a child entity, allocation transfers of appropriations from the Executive Office of the President. This transfer is authorized by P.L. 111-117 and P.L. 112-74. Per OMB guidance, OJP reports all budgetary and proprietary activity for *Do Right by Youth Pilot* transferred from the Executive Office of the President to OJP.

The Department also allocated funds from BOP, as the parent, to the Public Health Service (PHS), a primary division of the HHS. PHS provides a portion of medical treatment for federal inmates. The money is designated and expended for current year obligations of PHS staff salaries, benefits, and applicable relocation expenses.

These notes are an integral part of the financial statements.

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

W. Allocation Transfer of Appropriation (continued)

USMS, as the child, receives allocation transfers of appropriation from the Administrative Office of the U.S. Courts (AOUSC). The allocation transfers are used for costs associated with protective guard services - Court Security Officers at United States courthouses and other facilities housing federal court operations. These costs include their salaries (paid through contracts), equipment, and supplies. This transfer is performed on a periodic basis.

Per OMB guidance, the USMS reports all budgetary and proprietary activity transferred from the Administrative Office of the U.S. Courts to the USMS.

X. Tax Exempt Status

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

Y. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Z. Reclassifications

The FY 2017 financial statements, related notes, and RSI were reclassified to conform to the Department's FY 2018 financial statement presentation. The Department has realigned its Statement of Net Cost and Note 18, Net Cost of Operations by Suborganization, to align to the revised goal structure in the Department's FY 2018 - 2022 Strategic Plan. In addition, changes to the presentation of the Combined and Combining Statements of Budgetary Resources were made in accordance with OMB Circular A-136. As such, activity and balances reported on the FY 2017 Combined and Combining Statements of Budgetary Resources have been reclassified to conform to the current year presentation.

These reclassifications have no effect on total assets, liabilities, net position, change in net position or budgetary resources, as previously reported.

AA. Subsequent Events

Subsequent events and transactions occurring after September 30, 2018 through the date of the auditors' opinion have been evaluated for potential recognition or disclosure in the financial statements. The date of the auditors' opinion also represents the date that the financial statements were available to be issued.

These notes are an integral part of the financial statements.

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

Note 2. Non-Entity Assets

As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Intragovernmental		
Fund Balance with Treasury	\$ 1,868,897	\$ 2,729,218
Investments	<u>1,323,500</u>	<u>1,123,000</u>
Total Intragovernmental	<u>3,192,397</u>	<u>3,852,218</u>
With the Public		
Cash and Other Monetary Assets	143,163	454,471
Accounts Receivable, Net	<u>7,949</u>	<u>5,273</u>
Total With the Public	<u>151,112</u>	<u>459,744</u>
Total Non-Entity Assets	3,343,509	4,311,962
Total Entity Assets	<u>54,187,542</u>	<u>56,341,840</u>
Total Assets	<u>\$ 57,531,051</u>	<u>\$ 60,653,802</u>

These notes are an integral part of the financial statements.

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

Note 3. Fund Balance with Treasury

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

As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Status of Fund Balances		
Unobligated Balance - Available	\$ 9,915,783	\$ 10,276,053
Unobligated Balance - Available in Subsequent Periods	554,902	705,795
Unobligated Balance - Unavailable	1,569,275	1,100,733
Obligated Balance not yet Disbursed	22,518,084	20,222,426
Non-Budgetary Fund Balance with Treasury	<u>4,818,293</u>	<u>10,657,311</u>
Total Status of Fund Balances	<u>\$ 39,376,337</u>	<u>\$ 42,962,318</u>

Annual and multi-year budget authority expires at the end of its period of availability. During the first through the fifth expired years, the unobligated balance is unavailable and may only be used to adjust obligations and disbursements that were recorded before the budgetary authority expired or to meet a legitimate or bona fide need arising in the fiscal year for which the appropriation was made. The unobligated balance for no-year budget authority may be used to incur obligations indefinitely for the purpose specified by the appropriation act. No-year budget authority unobligated balances are still subject to the annual apportionment and allotment process.

Unobligated Balance - Available in Subsequent Periods includes amounts apportioned for future fiscal years that are available for obligation in a subsequent period (apportioned as Category C).

Unobligated Balance - Unavailable includes amounts appropriated in prior fiscal years that are no longer available to fund new obligations, but can be used for upward adjustments for existing obligations. Other restricted funds include the collections of fees in excess of amounts budgeted for administering the Diversion Control Program. These collections may not be used until authorized by Congress.

Non-Budgetary Fund Balance with Treasury is primarily comprised of unavailable receipt accounts and clearing accounts that do not have budget authority and non-budgetary Fund Balance with Treasury recognized on the Balance Sheet such as non-fiduciary deposit funds.

For the fiscal years ended September 30, 2018 and 2017, the respective immaterial variances of \$4,686 and \$4,899 between Fund Balance with U.S. Treasury line item on the Balance Sheet and Total Status of Fund Balances on the note represent sequestered BOP balances.

These notes are an integral part of the financial statements.

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

Note 4. Cash and Other Monetary Assets

As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash		
Undeposited Collections	\$ 48	\$ 186
Imprest Funds	45,764	43,622
Seized Cash Deposited	46,643	365,644
Other	<u>31,337</u>	<u>32,919</u>
Total Cash	<u>123,792</u>	<u>442,371</u>
Other Monetary Assets		
Seized Monetary Instruments	<u>65,168</u>	<u>55,722</u>
Total Other Monetary Assets	<u>65,168</u>	<u>55,722</u>
Total Cash and Other Monetary Assets	<u>\$ 188,960</u>	<u>\$ 498,093</u>

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

Note 5. Investments

	<u>Cost</u>	<u>Amortized (Premium) Discount</u>	<u>Interest Receivable</u>	<u>Investments, Net</u>	<u>Market Value Disclosure</u>
As of September 30, 2018					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 7,639,765	\$ 79,349	\$ 1,152	\$ 7,720,266	\$ 7,486,654
As of September 30, 2017					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 6,672,146	\$ 34,940	\$ 733	\$ 6,707,819	\$ 6,705,241

These notes are an integral part of the financial statements.

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

Note 6. Accounts Receivable, Net

As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Intragovernmental		
Accounts Receivable	\$ 720,357	\$ 633,814
Total Intragovernmental	<u>720,357</u>	<u>633,814</u>
With the Public		
Accounts Receivable	192,327	310,749
Allowance for Uncollectible Accounts	<u>(10,598)</u>	<u>(13,675)</u>
Total With the Public	<u>181,729</u>	<u>297,074</u>
Total Accounts Receivable, Net	<u>\$ 902,086</u>	<u>\$ 930,888</u>

Intragovernmental accounts receivable consists mainly of amounts due under reimbursable agreements with federal entities for services and goods provided.

The accounts receivable with the public primarily consists of U.S. Victims of State Sponsored Terrorism Fund (USVSST Fund), OBDs U.S. Trustee Chapter 11 quarterly fees, FBI Non-Federal User Fee Program, and FBI National Name Check Program.

Note 7. Inventory and Related Property, Net

As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Inventory		
Raw Materials	\$ 63,618	\$ 48,816
Work in Process	24,122	22,388
Finished Goods	25,818	26,930
Inventory Purchased for Resale	19,011	19,131
Excess, Obsolete, and Unserviceable	11,318	18,136
Inventory Allowance	<u>(3,205)</u>	<u>(10,245)</u>
Operating Materials and Supplies		
Held for Current Use	<u>10,127</u>	<u>20,630</u>
Total Inventory and Related Property, Net	<u>\$ 150,809</u>	<u>\$ 145,786</u>

These notes are an integral part of the financial statements.

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

Note 8. Forfeited and Seized Property, Net

Analysis of Change in Forfeited Property:

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

Method of Disposition of Forfeited Property:

For the year ended September 30, 2018 and 2017, \$93,513 and \$93,127 of forfeited property were sold, \$641 and \$1,610 were destroyed or donated, \$18,000 and \$7,328 were returned to owners, and \$113,856 and \$276,279 were disposed of by other means, respectively. Other means of disposition include property transferred to other federal agencies for official use or equitable sharing, or property distributed to a state or local agency.

These notes are an integral part of the financial statements.

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

Note 8. Forfeited and Seized Property, Net (continued)

For the Fiscal Year Ended September 30, 2018

Forfeited Property Category		Beginning Balance	Adjustments (1)	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	280	487	794	(1,106)	455	-	455
	Value	\$ 4,896	\$ 3,803	\$ 116,785	\$ (113,094)	\$ 12,390	\$ (26)	\$ 12,364
Real Property	Number	302	(9)	276	(266)	303	-	303
	Value	\$ 74,794	\$ 6,251	\$ 102,903	\$ (77,405)	\$ 106,543	\$ (10,557)	\$ 95,986
Personal Property	Number	2,723	153	3,374	(3,356)	2,894	-	2,894
	Value	\$ 34,010	\$ (5,410)	\$ 45,668	\$ (35,511)	\$ 38,757	\$ (811)	\$ 37,946
Non-Valued Firearms	Number	28,557	868	20,868	(17,349)	32,944	-	32,944
Total	Number	31,862	1,499	25,312	(22,077)	36,596	-	36,596
	Value	\$ 113,700	\$ 4,644	\$ 265,356	\$ (226,010)	\$ 157,690	\$ (11,394)	\$ 146,296

For the Fiscal Year Ended September 30, 2017

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

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

These notes are an integral part of the financial statements.

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

Note 8. Forfeited and Seized Property, Net (continued)

Analysis of Change in Seized Property:

Property seized for any purpose other than forfeiture and held by the seizing agency or a custodial agency should be disclosed by the seizing agency. All property seized for forfeiture, including property with evidentiary value, will be reported by the AFF/SADF. The Department has established a reporting threshold of \$1 or more for Personal Property seized for evidentiary purposes.

A seizure is the act of taking possession of goods in consequence of a violation of public law. Seized property consists of seized cash, monetary instruments, real property and tangible personal property in the actual or constructive possession of the seizing and the custodial agencies. The Department, until judicially or administratively forfeited, does not legally own such property. Seized evidence includes cash, financial instruments, non-monetary valuables, firearms, and drugs. The AFF/SADF reports property seized for forfeiture and the FBI, DEA, and ATF report property seized for evidence.

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

The DEA, FBI, and ATF have custody of drugs taken as evidence for legal proceedings. In accordance with Federal Financial Accounting and Auditing Technical Release No. 4, *Reporting on Non-Valued Seized and Forfeited Property*, the Department reports the total amount of seized drugs by quantity only, as drugs have no value and are destroyed upon resolution of legal proceedings.

Analyzed drug evidence includes cocaine, heroin, marijuana and methamphetamine and represents actual laboratory tested classification and weight in kilograms (KG). Since enforcing the controlled substances laws and regulations of the United States is a primary mission of the DEA, the DEA reports all analyzed drug evidence regardless of seizure weight. However, the enforcement of these laws and regulations is incidental to the missions of the FBI and ATF and therefore they only report those individual seizures exceeding 1 KG in weight.

“Other” primarily consists of substances, both controlled and non-controlled as defined per the Controlled Substances Act, other than those discussed above. “Bulk Drug Evidence” is comprised of controlled substances housed by the DEA in secured storage facilities of which only a sample is taken for laboratory analysis. The actual bulk drug weight may vary from seizure weight due to changes in moisture content over time.

Unanalyzed drug evidence is qualitatively different from analyzed and bulk drug evidence because unanalyzed drug evidence includes the weight of packaging and drug categories are based on the determination of Special Agents instead of laboratory chemists. For these reasons, unanalyzed drug evidence is not reported by the Department. Seized drug evidence must be analyzed and confirmed through laboratory testing to be placed in one of the five categories of drug above.

These notes are an integral part of the financial statements.

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

Note 8. Forfeited and Seized Property, Net (continued)

“Disposals” occur when seized property is forfeited, returned to parties with a bona fide interest, or destroyed in accordance with federal guidelines.

Method of Disposition of Seized Property:

For the fiscal years ended September 30, 2018 and 2017, \$1,111,380 and \$1,116,411 of seized property were forfeited, \$82,471 and \$59,420 were returned to parties with a bonafide interest, and \$14,858 and \$8,114 were either released to a designated party or transferred to the appropriate federal entity under forfeiture or abandonment procedures. Non-valued property was primarily disposed of through destruction.

These notes are an integral part of the financial statements.

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

Note 8. Forfeited and Seized Property, Net (continued)

For the Fiscal Year Ended September 30, 2018

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Seized for Forfeiture								
Seized Cash and Monetary Instruments	Number	10,467	736	9,171	(9,055)	11,319	-	11,319
	Value	\$ 1,501,023	\$ 29,484	\$ 913,725	\$ (1,058,485)	\$ 1,385,747	\$ (240,175)	\$ 1,145,572
Financial Instruments	Number	671	(45)	388	(521)	493	-	493
	Value	\$ 202,666	\$ (8,007)	\$ 132,328	\$ (35,367)	\$ 291,620	\$ (30,703)	\$ 260,917
Real Property	Number	85	11	116	(109)	103	-	103
	Value	\$ 34,411	\$ (7,369)	\$ 47,982	\$ (37,959)	\$ 37,065	\$ (14,194)	\$ 22,871
Personal Property	Number	5,402	612	3,626	(4,352)	5,288	-	5,288
	Value	\$ 137,820	\$ (19,246)	\$ 123,461	\$ (68,253)	\$ 173,782	\$ (80,384)	\$ 93,398
Non-Valued Firearms	Number	26,981	931	21,668	(23,362)	26,218	-	26,218
Total	Number	43,606	2,245	34,969	(37,399)	43,421	-	43,421
	Value	\$ 1,875,920	\$ (5,138)	\$ 1,217,496	\$ (1,200,064)	\$ 1,888,214	\$ (365,456)	\$ 1,522,758

For the Fiscal Year Ended September 30, 2017

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

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

These notes are an integral part of the financial statements.

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

Note 8. Forfeited and Seized Property, Net (continued)

For the Fiscal Year Ended September 30, 2018

Seized Property Category		Beginning Balance	Adjustments (1)	Seizures	Disposals	Ending Balance
Seized for Evidence						
Seized Monetary Instruments	Value	\$ 43,343	\$ (7,284)	\$ 20,836	\$ (7,331)	\$ 49,564
Personal Property	Number	328	(11)	95	(62)	350
	Value	\$ 5,298	\$ (627)	\$ 2,810	\$ (1,314)	\$ 6,167
Non-Valued Firearms	Number	55,879	(1,598)	15,948	(10,233)	59,996
Drug Evidence						
Cocaine	KG	74,448	449	111,581	(99,423)	87,055
Heroin	KG	5,851	22	1,769	(1,322)	6,320
Marijuana	KG	9,157	104	878	(1,852)	8,287
Bulk Drug Evidence	KG	108,538	(2,147)	227,811	(249,451)	84,751
Methamphetamine	KG	19,089	226	9,444	(5,193)	23,566
Other	KG	14,669	(64)	1,730	(2,312)	14,023
Total Drug Evidence	KG	231,752	(1,410)	353,213	(359,553)	224,002

For the Fiscal Year Ended September 30, 2017

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

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

These notes are an integral part of the financial statements.

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

Note 9. General Property, Plant and Equipment, Net

As of September 30, 2018

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 184,715	\$ -	\$ 184,715	N/A
Construction in Progress	522,905	-	522,905	N/A
Buildings, Improvements and Renovations	11,680,306	(6,448,898)	5,231,408	2-50 yrs
Other Structures and Facilities	1,175,740	(748,206)	427,534	10-50 yrs
Aircraft	596,366	(239,839)	356,527	5-30 yrs
Boats	13,895	(6,419)	7,476	5-25 yrs
Vehicles	387,383	(271,686)	115,697	2-25 yrs
Equipment	1,514,730	(1,004,369)	510,361	2-25 yrs
Assets Under Capital Lease	90,247	(69,301)	20,946	2-30 yrs
Leasehold Improvements	1,975,528	(1,394,077)	581,451	2-20 yrs
Internal Use Software	2,239,729	(1,779,683)	460,046	2-10 yrs
Internal Use Software in Development	164,518	-	164,518	N/A
Other General Property, Plant and Equipment	3,237	(795)	2,442	10-20 yrs
Total	\$ 20,549,299	\$ (11,963,273)	\$ 8,586,026	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2018	\$ 162,855	\$ 579,779	\$ 742,634

These notes are an integral part of the financial statements.

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

Note 9. General Property, Plant and Equipment, Net (continued)

As of September 30, 2017

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

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

Note 10. Other Assets

As of September 30, 2018 and 2017

	2018	2017
Intragovernmental		
Advances and Prepayments	\$ 196,618	\$ 167,433
Other Intragovernmental Assets	84	205
Total Intragovernmental	<u>196,702</u>	<u>167,638</u>
Other Assets With the Public	<u>1,910</u>	<u>3,512</u>
Total Other Assets	<u>\$ 198,612</u>	<u>\$ 171,150</u>

These notes are an integral part of the financial statements.

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

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Intragovernmental		
Accrued FECA Liabilities	\$ 273,786	\$ 275,598
Other Unfunded Employment Related Liabilities	894	904
Other	<u>1,700</u>	<u>2,106</u>
Total Intragovernmental	<u>276,380</u>	<u>278,608</u>
With the Public		
Actuarial FECA Liabilities	1,835,943	1,785,919
Accrued Annual and Compensatory Leave Liabilities	888,877	864,163
Environmental and Disposal Liabilities (Note 12)	76,789	75,361
Deferred Revenue	603,519	585,572
Contingent Liabilities (Note 16)	88,953	50,338
Capital Lease Liabilities (Note 13)	38	76
Radiation Exposure Compensation Act Liabilities (Note 25)	250,421	252,401
United States Victims of State Sponsored Terrorism Act Liabilities (Note 25)	25,696	215,909
Other	<u>313,339</u>	<u>271,997</u>
Total With the Public	<u>4,083,575</u>	<u>4,101,736</u>
Total Liabilities Not Covered by Budgetary Resources	4,359,955	4,380,344
Total Liabilities Covered by Budgetary Resources	11,144,009	12,625,450
Total Liabilities Not Requiring Budgetary Resources	<u>3,432,819</u>	<u>4,370,039</u>
Total Liabilities	<u>\$ 18,936,783</u>	<u>\$ 21,375,833</u>

Generally, liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. Liabilities covered by budgetary resources are liabilities that do not require appropriations and can be liquidated by the assets of the entities holding these liabilities. Such assets include civil and criminal debt collections, seized cash and monetary instruments, and revolving fund operations. Liabilities not requiring budgetary resources are liabilities that have not in the past required and will not in the future require the use of budgetary resources. Such as liabilities for clearing accounts, non-fiduciary deposit funds, custodial collections, and unearned revenue.

These notes are an integral part of the financial statements.

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

Note 12. Environmental and Disposal Liabilities

As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Firing Ranges		
Beginning Balance, Brought Forward	\$ 32,027	\$ 30,561
Future Funded Expenses	-	799
Inflation Adjustment	888	667
Total Firing Range Liability	<u>32,915</u>	<u>32,027</u>
Asbestos		
Beginning Balance, Brought Forward	\$ 43,334	\$ 39,826
New Asbestos	-	2,718
Abatements	(704)	(177)
Inflation Adjustment	1,177	900
Future Funded Expenses	67	67
Total Asbestos Liability	<u>\$ 43,874</u>	<u>\$ 43,334</u>
Total Environmental and Disposal Liabilities	<u>\$ 76,789</u>	<u>\$ 75,361</u>

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

Firing Ranges

The BOP operates firing ranges on 67 of the sites where its institutions are located. Use of these firing ranges generates waste consisting primarily of lead shot and spent rounds from rifles, shotguns, pistols, and automatic weapons. At operational firing ranges, lead-containing bullets are fired and eventually fall to the ground at or near the range. As of September 30, 2018 and 2017, the BOP reported the estimated firing range clean-up liability of \$30,612 and \$29,724, respectively.

The FBI-owned ranges in Quantico and El Toro contain possible 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 and has estimated the cost of the RI/FS for El Toro based on the cost of the Quantico study, adjusted for range size. As of September 30, 2018 and 2017, the FBI reported the estimated firing range clean-up liability of \$2,303 and \$2,303, respectively, based on the estimated costs for contamination remediation.

These notes are an integral part of the financial statements.

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

Note 12. Environmental and Disposal Liabilities (continued)

Asbestos

BOP conducted a review of 46 institutions that were built prior to 1980; the review provided an estimate of the extent of friable and non-friable Asbestos Containing Materials (ACM) remaining in each of the institutions as of October 30, 2009. As of September 30, 2018 and 2017, the BOP recorded an estimated asbestos clean-up liability of \$40,544 and \$40,072 respectively, a \$472 increase in liability cost for asbestos from the previous year.

The FBI operates facilities in Quantico, Virginia that contain hazardous friable and non-friable asbestos. The facilities have a useful life of 50 years. The estimated total asbestos liability over the 50 year useful life is \$3,330, and is based on the square footage of the facilities that may be contaminated. This value, divided by the useful life and multiplied by the number of years in service, less any current year abatements and adjusted for inflation, is the estimated cleanup liability. As of September 30, 2018 and 2017, the FBI recognized the estimated cleanup liability of \$3,330 and \$3,262 respectively. The estimated asbestos cleanup liability is increased each quarter by recording future funded expenses for the asbestos clean-up costs.

There are no other potentially responsible parties to the environmental liability and there are no unrecognized amounts to disclose as of September 30, 2018.

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

Note 13. Leases

As of September 30, 2018

Intragovernmental

Future Noncancelable Operating Lease Payments

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2019	\$ 369,038	-	\$ 369,038
2020	376,353	-	376,353
2021	359,388	-	359,388
2022	344,495	-	344,495
2023	335,580	-	335,580
After 2023	<u>2,845,075</u>	<u>-</u>	<u>2,845,075</u>
Total Future Noncancelable Operating Lease Payments	<u>\$ 4,629,929</u>	<u>\$ -</u>	<u>\$ 4,629,929</u>

Capital leases include a 25-year lease for a Federal Transfer Center in Oklahoma City, Oklahoma; and other machinery and equipment leases that expire over future periods.

With The Public

Capital Leases

	<u>2018</u>
Summary of Assets Under Capital Lease	
Land and Buildings	\$ 89,652
Machinery and Equipment	595
Accumulated Amortization	<u>(69,301)</u>
Total Assets Under Capital Lease	<u>\$ 20,946</u>

Future Capital Lease Payments Due

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2019	\$ 38	\$ -	\$ 38
2020	-	38	38
2021	-	24	24
2022	-	7	7
2023	-	4	4
Total Future Capital Lease Payments	<u>\$ 38</u>	<u>\$ 73</u>	<u>\$ 111</u>
Less: Imputed Interest	-	(34)	(34)
Less: Executory Costs	-	(4)	(4)
FY 2018 Net Capital Lease Liabilities	<u>\$ 38</u>	<u>\$ 35</u>	<u>\$ 73</u>

	<u>2018</u>
Net Capital Lease Liabilities Covered by Budgetary Resources	\$ 35
Net Capital Lease Liabilities not Covered by Budgetary Resources	\$ 38

These notes are an integral part of the financial statements.

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

Note 13. Leases (continued)

With The Public

Future Noncancelable Operating Lease Payments

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2019	\$ 6,211	\$ 7,476	\$ 13,687
2020	5,878	133	6,011
2021	5,472	28	5,500
2022	4,778	-	4,778
2023	4,325	-	4,325
After 2023	9,399	-	9,399
Total Future Noncancelable Operating Lease Payments	<u>\$ 36,063</u>	<u>\$ 7,637</u>	<u>\$ 43,700</u>

As of September 30, 2017

Capital Leases

	<u>2017</u>
Summary of Assets Under Capital Lease	
Land and Buildings	\$ 89,652
Machinery and Equipment	616
Accumulated Amortization	<u>(66,322)</u>
Total Assets Under Capital Lease	<u>\$ 23,946</u>

Future Capital Lease Payments Due

	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
FY 2017 Net Capital Lease Liabilities	\$ 76	\$ 39	\$ 115

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

The net capital lease liability not covered by budgetary resources primarily represents the capital lease of the Federal Transfer Center for which the Department received Congressional authority to fund with annual appropriations.

In FY 2018, Federal and non-Federal capital and operating lease have been presented separately to comply with OMB Circular A-136.

These notes are an integral part of the financial statements.

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

Note 14. Seized Cash and Monetary Instruments

The Seized Cash and Monetary Instruments represent liabilities for seized assets held by the Department pending disposition.

As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Investments	\$ 1,323,500	\$ 1,123,000
Seized Cash Deposited	46,643	365,644
Seized Monetary Instruments	65,168	55,722
Seized Cash in Transit to SADF	5,133	-
Total Seized Cash and Monetary Instruments	<u>\$ 1,440,444</u>	<u>\$ 1,544,366</u>

Note 15. Other Liabilities

As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	\$ 164,029	\$ 164,266
Other Post-Employment Benefits Due and Payable	1,305	1,820
Other Unfunded Employment Related Liabilities	893	903
Advances from Others	174,753	188,047
Liability for Clearing Accounts	(988)	8,002
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	2,433	1,948
Other Liabilities	11,029	11,433
Total Intragovernmental	<u>\$ 353,454</u>	<u>\$ 376,419</u>
With the Public		
Other Accrued Liabilities	\$ 16,319	\$ 13,180
Advances from Others	11,297	8,505
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	93,116	79,391
Liability for Clearing Accounts	78	55
Custodial Liabilities	57,096	93,949
Capital Leases Liabilities	73	115
Other Liabilities	334,062	287,338
Total With the Public	<u>\$ 512,041</u>	<u>\$ 482,533</u>
Total Other Liabilities	<u>\$ 865,495</u>	<u>\$ 858,952</u>

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

These notes are an integral part of the financial statements.

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

Note 15. Other Liabilities (continued)

The majority of Intragovernmental Other Liabilities are composed of employer contributions payables, payroll taxes payables, other liabilities without related budgetary obligations, tenant allowances for operating leases, monies received from prisoner funds, and certain receipts of cash that are in suspense, clearing, deposit, or general fund accounts that are owed to the Treasury.

Most of the Other Liabilities with the Public are composed of future funded energy savings performance contracts and utilities. In addition, Other Liabilities with the Public consists of project-generated proceeds from undercover operations. The proceeds not subject to forfeiture will be returned to the Department of Treasury General Fund at the conclusion of the project.

The majority of Total Other Liabilities are current with the exception of a portion that consists of capital leases and those liabilities related to future employee related expenses, such as accrued retirement contributions, life insurance, and retiree health benefits.

Note 16. Contingencies and Commitments

	<u>Accrued Liabilities</u>	<u>Estimated Range of Loss</u>	
		<u>Lower</u>	<u>Upper</u>
As of September 30, 2018			
Probable	\$ 88,953	\$ 88,953	\$ 129,119
Reasonably Possible		43,892	148,515
As of September 30, 2017			
Probable	\$ 50,338	\$ 50,338	\$ 80,737
Reasonably Possible		91,754	226,894

These notes are an integral part of the financial statements.

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

Note 17. Funds from Dedicated Collections

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

As of September 30, 2018

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Balance Sheet								
Assets								
Fund Balance with Treasury	\$ 156,642	\$ 127,166	\$ 24,714	\$ 16,632,646	\$ 1,268	\$ 285,802	\$ 86,435	\$ 17,314,673
Investments	4,931,211	-	-	-	-	-	-	4,931,211
Other Assets	162,057	93,535	1,329	27,182	-	8,067	25,124	317,294
Total Assets	\$ 5,249,910	\$ 220,701	\$ 26,043	\$ 16,659,828	\$ 1,268	\$ 293,869	\$ 111,559	\$ 22,563,178
Liabilities								
Accounts Payable	\$ 3,568,945	\$ 4,124	\$ 13,788	\$ 53,318	\$ -	\$ 11,774	\$ 24,901	\$ 3,676,850
Other Liabilities	157,407	17,209	12,942	252,941	-	628,009	11,492	1,080,000
Total Liabilities	\$ 3,726,352	\$ 21,333	\$ 26,730	\$ 306,259	\$ -	\$ 639,783	\$ 36,393	\$ 4,756,850
Net Position								
Unexpended Appropriations	\$ -	\$ 65,283	\$ 7,176	\$ -	\$ -	\$ -	\$ -	\$ 72,459
Cumulative Results of Operations	1,523,558	134,085	(7,863)	16,353,569	1,268	(345,914)	75,166	17,733,869
Total Net Position	\$ 1,523,558	\$ 199,368	\$ (687)	\$ 16,353,569	\$ 1,268	\$ (345,914)	\$ 75,166	\$ 17,806,328
Total Liabilities and Net Position	\$ 5,249,910	\$ 220,701	\$ 26,043	\$ 16,659,828	\$ 1,268	\$ 293,869	\$ 111,559	\$ 22,563,178

For the Fiscal Year Ended September 30, 2018

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Domestic Trafficking Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Funds from Dedicated Collections
Statement of Net Cost								
Gross Cost of Operations	\$ 1,508,143	\$ 214,812	\$ 171,516	\$ 1,928,590	\$ -	\$ 449,476	\$ 350,104	\$ 4,622,641
Less: Earned Revenues	22,253	323,016	133,688	-	-	393,581	352,825	1,225,363
Net Cost of Operations	\$ 1,485,890	\$ (108,204)	\$ 37,828	\$ 1,928,590	\$ -	\$ 55,895	\$ (2,721)	\$ 3,397,278
Statement of Changes in Net Position								
Net Position Beginning of Period	\$ 1,935,830	\$ 80,290	\$ 1,529	\$ 18,329,326	\$ 483	\$ (302,136)	\$ 67,120	\$ 20,112,442
Budgetary Financing Sources	871,365	522	32,054	(47,167)	785	-	-	857,559
Other Financing Sources	202,253	10,352	3,558	-	-	12,117	5,325	233,605
Total Financing Sources	1,073,618	10,874	35,612	(47,167)	785	12,117	5,325	1,091,164
Net Cost of Operations	(1,485,890)	108,204	(37,828)	(1,928,590)	-	(55,895)	2,721	(3,397,278)
Net Change	(412,272)	119,078	(2,216)	(1,975,757)	785	(43,778)	8,046	(2,306,114)
Net Position End of Period	\$ 1,523,558	\$ 199,368	\$ (687)	\$ 16,353,569	\$ 1,268	\$ (345,914)	\$ 75,166	\$ 17,806,328

These notes are an integral part of the financial statements.

FY 2018 U. S. Department of Justice Annual Financial Statements

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

Note 17. Funds from Dedicated Collections (continued)

As of September 30, 2017

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

For the Fiscal Year Ended September 30, 2017

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

These notes are an integral part of the financial statements.

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

Note 17. Funds from Dedicated Collections (continued)

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

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

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

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

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

These notes are an integral part of the financial statements.

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

Note 17. Funds from Dedicated Collections (continued)

The Diversion Control Fee Account is established in the Treasury General Fund as a separate account. Fees charged by the DEA under the Diversion Control Program are set at a level that ensures the recovery of the full costs of operating this program. The program's purpose is to prevent, detect, and investigate the diversion of controlled substances from legitimate channels, while ensuring an adequate and uninterrupted supply of controlled substances required to meet legitimate needs.

The Federal Prison Commissary Fund was created in the early 1930s to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds, e.g., personal grooming products, snacks, postage stamps, and telephone services. The Trust Fund is a self-sustaining trust revolving fund account that is funded through sales of goods and services to inmates.

Note 18. Net Cost of Operations by Suborganization

For the Fiscal Year Ended September 30, 2018

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost	\$ 75,407	\$ 453,768	\$ -	\$ 17,253	\$ 5,051,842	\$ -	\$ 719,747	\$ -	\$ -	(24,054)	\$ 6,293,963
Less: Eamed Revenues	-	-	-	331	265,567	-	43,729	-	-	(24,054)	285,573
Net Cost of Operations	75,407	453,768	-	16,922	4,786,275	-	676,018	-	-	-	6,008,390
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost	-	-	-	-	-	-	717,917	-	-	(3,164)	714,753
Less: Eamed Revenues	-	-	-	-	-	-	14,943	-	-	(3,164)	11,779
Net Cost of Operations	-	-	-	-	-	-	702,974	-	-	-	702,974
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost	1,357,329	964,257	7,904,656	2,950,417	2,533,000	664,728	2,514,418	3,362,650	3,428,040	(662,499)	25,016,996
Less: Eamed Revenues	22,253	87,193	388,204	651,103	590,045	655,612	213,507	20,482	56,948	(644,059)	2,041,288
Net Cost of Operations	1,335,076	877,064	7,516,452	2,299,314	1,942,955	9,116	2,300,911	3,342,168	3,371,092	(18,440)	22,975,708
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost	75,407	-	-	-	2,759,069	-	3,341,058	-	-	(532,201)	5,643,333
Less: Eamed Revenues	-	-	-	-	69,304	-	1,436,444	-	-	(532,201)	973,547
Net Cost of Operations	75,407	-	-	-	2,689,765	-	1,904,614	-	-	-	4,669,786
Net Cost of Operations	\$ 1,485,890	\$ 1,330,832	\$ 7,516,452	\$ 2,316,236	\$ 9,418,995	\$ 9,116	\$ 5,584,517	\$ 3,342,168	\$ 3,371,092	\$ (18,440)	\$ 34,356,858

For the Fiscal Year Ended September 30, 2017

Dollars in Thousands	AFF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost	\$ 48,975	\$ 444,626	\$ -	\$ 25,344	\$ 4,935,389	\$ -	\$ 916,086	\$ -	\$ -	(34,088)	\$ 6,336,332
Less: Eamed Revenues	-	-	-	4,311	308,814	-	10,412	-	-	(34,088)	289,449
Net Cost of Operations	48,975	444,626	-	21,033	4,626,575	-	905,674	-	-	-	6,046,883
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost	-	-	-	-	-	-	679,430	-	-	(7,362)	672,068
Less: Eamed Revenues	-	-	-	-	-	-	33,771	-	-	(7,362)	26,409
Net Cost of Operations	-	-	-	-	-	-	645,659	-	-	-	645,659
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost	881,559	944,830	7,951,918	3,014,453	2,425,951	592,296	2,392,509	2,849,258	3,175,786	(924,114)	23,304,446
Less: Eamed Revenues	14,723	91,448	370,622	797,326	581,390	586,650	88,012	24,479	55,986	(905,607)	1,705,029
Net Cost of Operations	866,836	853,382	7,581,296	2,217,127	1,844,561	5,646	2,304,497	2,824,779	3,119,800	(18,507)	21,599,417
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost	48,975	-	-	-	2,823,812	-	3,391,612	-	-	(531,492)	5,732,907
Less: Eamed Revenues	-	-	-	-	73,884	-	1,271,604	-	-	(531,492)	813,996
Net Cost of Operations	48,975	-	-	-	2,749,928	-	2,120,008	-	-	-	4,918,911
Net Cost of Operations	\$ 964,786	\$ 1,298,008	\$ 7,581,296	\$ 2,238,160	\$ 9,221,064	\$ 5,646	\$ 5,975,838	\$ 2,824,779	\$ 3,119,800	\$ (18,507)	\$ 33,210,870

These notes are an integral part of the financial statements.

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

Note 19. Imputed Financing

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

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

	Category	Cost Factor (%)
Civil Service Retirement System (CSRS)	Regular Employees	37.4%
	Regular Employees Offset	27.9%
	Law Enforcement Officers	62.0%
	Law Enforcement Officers Offset	53.2%
Federal Employees Retirement System (FERS)	Regular Employees	16.2%
	Regular Employees – Revised Annuity Employees (RAE)	16.7%
	Regular Employees – Further Revised Annuity Employees (FRAE)	16.9%
	Law Enforcement Officers	33.8%
	Law Enforcement Officers – RAE	34.3%
	Law Enforcement Officers – FRAE	34.5%

These notes are an integral part of the financial statements.

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

Note 19. Imputed Financing (continued)

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

For the Fiscal Year Ended September 30, 2018 and 2017

	2018	2017
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	\$ 23,132	\$ 21,373
Health Insurance	715,386	543,105
Life Insurance	2,192	2,175
Pension	132,826	159,049
Total Imputed Inter-Departmental	\$ 873,536	\$ 725,702

Imputed Intra-Departmental Financing Sources as defined in SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, are the unreimbursed portion of the full costs of goods and services received by a Department component from a providing entity that is part of the Department. Recognition is required for those transactions determined to be material to the receiving entity. The determination of whether the cost is material requires considerable judgment based on the specific facts and circumstances of each type of good or service provided. SFFAS No. 4 also states that costs for broad and general support need not be recognized by the receiving entity, unless such services form a vital and integral part of the operations or output of the receiving entity. Costs are considered broad and general if they are provided to many, if not all, reporting components and not specifically related to the receiving entity's output. The FPI's imputed costs relates to OPM employee benefits and unreimbursed costs for BOP warehouse space used in the production of goods by the FPI and for managerial and operational services BOP provided to FPI. These imputed costs have been eliminated from the consolidated financial statements. For FYs 2018 and 2017, the FPI imputed costs were \$18,440 and \$18,507, respectively.

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

Note 20. Information Related to the Statement of Budgetary Resources

Apportionment Categories of New Obligations and Upward Adjustments:

	<u>Direct</u> <u>New Obligations and</u> <u>Upward Adjustments</u>	<u>Reimbursable</u> <u>New Obligations and</u> <u>Upward Adjustments</u>	<u>Total</u> <u>New Obligations and</u> <u>Upward Adjustments</u>
For the Fiscal Year Ended September 30, 2018			
Apportioned Under			
Category A	\$ 36,450,539	\$ 3,904,319	\$ 40,354,858
Category B	2,556,072	263,643	2,819,715
Exempt from Apportionment	344,390	653,815	998,205
Total	<u>\$ 39,351,001</u>	<u>\$ 4,821,777</u>	<u>\$ 44,172,778</u>
For the Fiscal Year Ended September 30, 2017			
Apportioned Under			
Category A	\$ 33,287,769	\$ 4,167,011	\$ 37,454,780
Category B	3,164,431	283,322	3,447,753
Exempt from Apportionment	350,110	632,819	982,929
Total	<u>\$ 36,802,310</u>	<u>\$ 5,083,152</u>	<u>\$ 41,885,462</u>

The apportionment categories are determined in accordance with the guidance provided in Part 4 “Instructions on Budget Execution” of OMB Circular A-11, *Preparation, Submission and Execution of the Budget*. Category A represents resources apportioned for calendar quarters. Category B represents resources apportioned for activities, projects, and objectives or for a combination thereof. Exempt from apportionment represents resources not apportioned for either current or future fiscal years use.

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

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

Status of Undelivered Orders:

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

As of September 30, 2018

	<u>2018</u>
Intragovernmental	
UDO Obligations Unpaid	\$ 76,868
UDO Obligations Prepaid/Advanced	<u>159,486</u>
Total Intragovernmental	<u>\$ 236,354</u>
With The Public	
UDO Obligations Unpaid	\$ 11,467,944
UDO Obligations Prepaid/Advanced	<u>289,901</u>
Total With the Public	<u>\$ 11,757,845</u>
Total UDO	<u><u>\$ 11,994,199</u></u>

As of September 30, 2017

	<u>2017</u>
UDO Obligations Unpaid	\$ 14,110,025
UDO Obligations Prepaid/Advanced	<u>535,512</u>
Total UDO	<u><u>\$ 14,645,537</u></u>

In FY 2018, Federal and non-Federal undelivered orders have been presented separately to comply with OMB Circular A-136.

Permanent Indefinite Appropriations:

A permanent indefinite appropriation is open-ended as to both its period of availability (amount of time the agency has to spend the funds) and its amount. Following are the Department's permanent indefinite appropriations.

- 28 U.S.C. §524(c)(4) authorized the Attorney General to retain AFF receipts to pay operations expenses, equitable sharing to state and local law enforcement agencies who assist in forfeiture cases, and lien holders.

These notes are an integral part of the financial statements.

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

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

Permanent Indefinite Appropriations (continued):

- On October 5, 1990, Congress passed the Radiation Exposure Compensation Act ("RECA" or "the Act"), 42 U.S.C. §2210, providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department of Justice and published in the Federal Register on April 10, 1992. These regulations established procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the Federal Register on March 22, 1999, served to greater assist claimants in establishing entitlement to an award. On July 10, 2000, P.L. 106-245, the Radiation Exposure Compensation Act Amendments of 2000 ("the 2000 Amendments") were passed. On November 2, 2002, the President signed the "21st Century Department of Justice Appropriation Authorization Act" (P.L. 107-273). Contained in the law were several provisions relating to RECA. While most of these amendments were "technical" in nature, some affected eligibility criteria and revised claims adjudication procedures. The Consolidated Appropriations Act, 2005 provides a permanent indefinite appropriation for the OBDs' RECA program beginning FY 2006.
- Congress established the Federal Prison Commissary Fund (Trust Fund) in 1932 to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds. The BOP Trust Fund is a self-sustaining revolving account that is funded through the sales of goods and services, rather than annual or no-year appropriations.
- The Public Safety Officers' Benefits Act of 1976 (the "PSOB Act") is generally codified at 42 U.S.C. § 46 Subchapter XII.

OJP's PSOB appropriation supports one mandatory and two discretionary programs that provide benefits to public safety officers who are severely injured in the line of duty and to the families and survivors of public safety officers mortally injured in the line of duty. The PSOB Program offers three types of benefits:

1. Death Benefits, a one-time financial benefit to survivors of public safety officers whose deaths resulted from injuries sustained in the line of duty. Under the Hometown Heroes Survivors Benefit Act of 2003, survivors of public safety officers who die of a heart attack or stroke within 24 hours of stressful, non-routine public safety activities may also qualify for death benefits.
2. Disability Benefits, a one-time financial benefit to public safety officers permanently disabled by catastrophic injuries sustained in the line of duty.
3. Education Benefits, which provide financial support for higher education expenses (such as tuition and fees, books, supplies, and room and board) to the eligible spouses and children of public safety officers killed or permanently disabled in the line of duty.

These notes are an integral part of the financial statements.

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

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

Permanent Indefinite Appropriations (continued):

- Congress established a permanent indefinite appropriation in the Department’s 1988 appropriations act that provides for payment of “all necessary expenses of investigations and prosecutions by independent counsel” appointed under either the now-expired independent counsel provisions of the Ethics in Government Act of 1978, "or other law." See 28 USC § 591 note. The Deputy Attorney General appointed Special Counsel Robert Mueller under "other" legal authority (28 U.S.C. §§ 509, 510 and 515), which allows the Department to use this appropriation for all costs incurred by the Special Counsel’s activities under his appointment.

Legal Arrangements Affecting Use of Unobligated Balances:

Unobligated balances represent the cumulative amount of budget authority that is not obligated and that remains available for obligation under law, unless otherwise restricted or apportioned under Category C. The use of unobligated balances is restricted based on annual legislation requirements and other enabling authorities. Funds are appropriated on an annual, multi-year, no-year, and subsequent year basis. Appropriated funds shall expire on the last day of availability and are no longer available for new obligations. Unobligated balances in unexpired fund symbols are available in the next fiscal year for new obligations unless some restrictions had been placed on those funds by law. Amounts in expired fund symbols are unavailable for new obligations, but may be used to adjust previously established obligations.

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

The reconciliation as of September 30, 2017 is presented below. The reconciliation as of September 30, 2018 is not presented, because the submission of the Budget of the United States (Budget) for FY 2020, which presents the execution of the FY 2018 Budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website and will be available in early February 2019.

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

For the Fiscal Year Ended September 30, 2017
(Dollars in Millions)

	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Agency Outlays, Net
Statement of Budgetary Resources (SBR)	\$ 53,968	\$ 41,885	\$ 668	\$ 33,845
Funds not Reported in the Budget				
Expired Funds: ATF, BOP, DEA, FBI, OBDs, & USMS	(913)	(129)	-	-
USMS Court Security Funds	(497)	(485)	-	(455)
Distributed Offsetting Receipts	-	-	-	49
Special and Trust Fund Receipts	-	-	-	621
Other	(10)	(8)	(1)	(3)
Budget of the United States Government	<u>\$ 52,548</u>	<u>\$ 41,263</u>	<u>\$ 667</u>	<u>\$ 34,057</u>

Other differences represent financial statement adjustments, timing differences and other immaterial differences between amounts reported in the Department SBR and the Budget of the United States Government.

These notes are an integral part of the financial statements.

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

Note 21. Custodial Revenues

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

OBDs' Office of Debt Collection Management (DCM) is the primary source of collections for the Department, and civil litigated matters (e.g., student loan defaults, financial and health care fraud). The DCM also processes certain payments on criminal debts as an accommodation for the BOP and the Clerks of the U.S. District Courts. The BOP aggregates collections of inmate criminal debt by correction facility, and the DCM sorts the collections by judicial district and disburses payments to the respective Clerks of the U.S. Court. The DCM may accept wire transfers or other payments on a criminal debt, in rare cases, if a Clerk of the U.S. Court is unable to do so. In addition, other negligible custodial collections occur for interest, fines, and penalties. Lastly, the DCM processed collections of criminal funds related to the Department's Swiss Bank Program. The proceeds from the Swiss Bank Program were deposited to the Treasury General Fund. On December 29, 2016, the Justice Department announced that it had reached the final resolutions under the Swiss Bank Program; the program is no longer operational as of September 30, 2017.

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

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

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

BOP collects fines and penalties, confiscated funds, found money on institution grounds, inmate's funds whose whereabouts are unknown and excess meal ticket collections. These collections were incidental to the BOP's mission.

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

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

Note 21. Custodial Revenues (continued)

As of September 30, 2018 and 2017, the Department reported total custodial revenue on the SCA in the amounts of \$14,057,868 and \$14,508,865, respectively. The custodial revenue represented \$14,054,955 and \$14,507,556 in custodial collections and \$2,913 and \$1,309 in accrual adjustments. The custodial collections that have yet to be disbursed are included in the assets and liabilities sections on the balance sheet. As of September 30, 2018 and 2017, the assets and liabilities related to custodial activity were \$1,784,513 and \$2,655,592, respectively. As of September 30, 2018 and 2017, the total funds returned to the Treasury General Fund were \$(11,008,533) and \$(6,796,992).

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

U.S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2018 and 2017

Dollars in Thousands	2018	2017
ASSETS		
Intragovernmental		
Fund Balance with Treasury	\$ 39,381,023	\$ 42,967,217
Investments	7,720,266	6,707,819
Accounts Receivable	720,357	633,814
Other Assets	196,702	167,638
Total Intragovernmental	48,018,348	50,476,488
Cash and Other Monetary Assets	188,960	498,093
Accounts Receivable, Net	181,729	297,074
Inventory and Related Property, Net	297,105	257,964
General Property, Plant and Equipment, Net	8,586,026	8,765,528
Other Assets	258,883	358,655
Total Assets	\$ 57,531,051	\$ 60,653,802
LIABILITIES		
Intragovernmental		
Accounts Payable	\$ 243,959	\$ 360,858
Other Liabilities	2,357,561	3,216,469
Total Intragovernmental	2,601,520	3,577,327
Accounts Payable	5,105,977	5,996,230
Actuarial Federal Employees' Compensation Act Liabilities	1,835,943	1,785,919
Environmental and Disposal Liabilities	76,789	75,361
Other Liabilities	9,316,554	9,940,996
Total Liabilities	\$ 18,936,783	\$ 21,375,833
NET POSITION		
Unexpended Appropriations - Funds from Dedicated Collections	\$ 72,459	\$ 74,314
Unexpended Appropriations - All Other Funds	16,265,939	15,483,266
Cumulative Results of Operations - Funds from Dedicated Collections	17,733,869	20,038,128
Cumulative Results of Operations - All Other Funds	4,522,001	3,682,261
Total Net Position	\$ 38,594,268	\$ 39,277,969
Total Liabilities and Net Position	\$ 57,531,051	\$ 60,653,802

These notes are an integral part of the financial statements.

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

Note 23. Reconciliation of Net Cost of Operations (proprietary) to Budget

For the Fiscal Year Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Resources Used to Finance Activities		
Budgetary Resources Obligated		
New Obligations and Upward Adjustments	\$ 44,172,778	\$ 41,885,462
Less: Spending Authority from Offsetting Collections and Recoveries	<u>6,502,291</u>	<u>7,012,222</u>
Obligations Net of Offsetting Collections and Recoveries	37,670,487	34,873,240
Less: Offsetting Receipts	<u>836,520</u>	<u>677,131</u>
Net Obligations	36,833,967	34,196,109
Other Resources		
Donations and Forfeitures of Property	203,683	370,007
Transfers-In/Out Without Reimbursement	9,025	21,168
Imputed Financing (Note 19)	873,536	725,702
Other	<u>(9,077)</u>	<u>(8,156)</u>
Net Other Resources Used to Finance Activities	<u>1,077,167</u>	<u>1,108,721</u>
Total Resources Used to Finance Activities	37,911,134	35,304,830
Resources Used to Finance Items not Part of the Net Cost of Operations		
Net Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not Yet Provided	(3,206,086)	(1,006,078)
Resources That Fund Expenses Recognized in Prior Periods (Note 24)	(1,248,758)	(2,105,271)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	(98,495)	(312,406)
Resources That Finance the Acquisition of Assets	(769,986)	(824,898)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	<u>158,425</u>	<u>110,607</u>
Total Resources Used to Finance Items not Part of the Net Cost of Operations	<u>(5,164,900)</u>	<u>(4,138,046)</u>
Total Resources Used to Finance the Net Cost of Operations	\$ 32,746,234	\$ 31,166,784
Components of Net Cost of Operations That Did Not Require or Generate Resources in the Current Period		
Components That will Require or Generate Resources in Future Periods (Note 24)	\$ 563,105	\$ 891,445
Depreciation and Amortization	928,143	979,012
Revaluation of Assets or Liabilities	23,013	17,399
Other	<u>96,363</u>	<u>156,230</u>
Total Components of Net Cost of Operations That Did Not Require or Generate Resources in the Current Period	<u>\$ 1,610,624</u>	<u>\$ 2,044,086</u>
Net Cost of Operations	<u>\$ 34,356,858</u>	<u>\$ 33,210,870</u>

These notes are an integral part of the financial statements.

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

Note 24. Explanation of Differences Between Liabilities not Covered by Budgetary Resources and Components of Net Cost of Operations Requiring or Generating Resources in Future Periods

Liabilities that are not covered by realized budgetary resources and for which there is no certainty that budgetary authority will be realized, such as the enactment of an appropriation, are considered liabilities not covered by budgetary resources. These liabilities totaling \$4,359,955 and \$4,380,344 as of September 30, 2018 and 2017, respectively, are discussed in Note 11, *Liabilities not Covered by Budgetary Resources*. Decreases in these liabilities result from current year budgetary resources that were used to fund expenses recognized in prior periods. Increases in these liabilities represent unfunded expenses that were recognized in the current period. These increases along with the change in the portion of exchange revenue receivables from the public, which are not considered budgetary resources until collected, represent components of current period net cost of operations that will require or generate budgetary resources in future periods. The changes in liabilities not covered by budgetary resources and receivables generating resources in future periods are comprised of the following:

For the Fiscal Year Ended September 30, 2018 and 2017

	2018	2017
Resources that Fund Expenses Recognized in Prior Periods		
Decrease in Accrued Annual and Compensatory Leave Liabilities - Trust Fund	\$ (88)	\$ (173)
Decrease in Liabilities Not Covered by Budgetary Resources:		
Decrease in Accrued FECA Liabilities	(1,812)	(3,810)
Decrease in Unfunded Capital Lease Liabilities	(38)	(21)
Decrease in Radiation Exposure Compensation Act Liabilities	(1,980)	(77,093)
Decrease in September 11th Victim Compensation Act Liabilities	-	(998,975)
Decrease in United States Victims of State Sponsored Terrorism Act Liabilities	-	(1,025,000)
Decrease in Other Unfunded Employment Related Liabilities	(10)	(199)
Total Decrease in Liabilities Not Covered by Budgetary Resources	(3,840)	(2,105,098)
Decrease in Liabilities Covered by Budgetary Resources		
Decrease in September 11th Victim Compensation Act Liabilities	(1,244,830)	-
Total Decrease in Liabilities Covered by Budgetary Resources	(1,244,830)	-
Total Resources that Fund Expenses Recognized in Prior Periods	\$ (1,248,758)	\$ (2,105,271)
Components That Will Require or Generate Resources in Future Periods		
(Increase)/Decrease in Exchange Revenue Receivable from the Public	\$ (64,980)	\$ 335
(Increase)/Decrease in Surcharge Revenue Receivable from Other Federal Agencies	(147)	8,333
Increase in Liabilities Not Covered by Budgetary Resources:		
Increase in Actuarial FECA Liabilities	50,024	60,381
Increase in Accrued Annual and Compensatory Leave Liabilities	24,714	1,053
Increase in Environmental and Disposal Liabilities	1,428	4,974
Increase in Deferred Revenue	17,947	21,684
Increase in Contingent Liabilities	38,615	9,907
Increase in United States Victims of State Sponsored Terrorism Act Liabilities	-	215,909
Increase in Other Liabilities	40,936	46,596
Total Increase in Liabilities Not Covered by Budgetary Resources	173,664	360,504
Increase in Liabilities Covered by Budgetary Resources:		
Increase in United States Victims of State Sponsored Terrorism Act Liabilities	454,568	522,273
Total Increase in Liabilities Covered by Budgetary Resources	454,568	522,273
Total Components that Will Require or Generate Resources in Future Periods	\$ 563,105	\$ 891,445

These notes are an integral part of the financial statements.

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

Note 25. Compensation Funds

Radiation Exposure Compensation Act

On October 15, 1990, Congress passed the Radiation Exposure Compensation Act (RECA), 42 U.S.C. § 2210 note (2012), providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department and published in the Federal Register on April 10, 1992, establishing procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the Federal Register on March 22, 1999, served to greater assist claimants in establishing entitlement to an award.

On July 10, 2000, the Radiation Exposure Compensation Act Amendments of 2000, P.L. 106-245, was enacted. Some of the widespread changes include new claimant populations, additional compensable diseases, lower radiation exposure thresholds, modified medical documentation requirements, and removal of certain disease restrictions. Pursuant to the 2000 Amendments, the Department was directed to issue implementing regulations. The Department published two related rulemakings in the Federal Register to implement the legislation.

Subsequent action by Congress required modification to those rulemakings. Therefore, the Department published a “final” rule in the Federal Register on March 23, 2004, which went into effect on April 22, 2004.

There are now five categories of claimants: uranium miners, uranium millers, ore transporters, downwinders, and onsite participants. Each category requires similar eligibility criteria: if claimants can demonstrate that they contracted a compensable disease after working or residing in a designated location for a specified period of time, they qualify for compensation.

The enactment of two pieces of legislation changed the funding sources for RECA claimants. The National Defense Authorization Act for FY 2005 requires that RECA Section 5 claimants (uranium miners, millers, and ore transporters) be paid out of the Department of Labor’s (Labor) Energy Employees Occupational Illness Compensation Fund. The RECA Section 5 liability of \$316,993 as of March 30, 2004, was transferred to Labor during FY 2005. The RECA Fund began exclusively paying RECA Section 4 claimants (downwinders and on-site participants) in FY 2005. The Consolidated Appropriations Act for 2005, contains language that made funding for the RECA Trust Fund mandatory and indefinite beginning in FY 2006.

The OBDs recognized liabilities of \$250,421 and \$252,401 for estimated future benefits payable by the Department as of September 30, 2018 and 2017, respectively, from FY 2019 through FY 2023. The estimated liability is based on activity between FYs 2007-2018. Key factors in determining future liability include trends in the number of claims filed, trends in the percentage of claims adjudicated, and trends in the percentage of claims approved. In FY 2018, based on the approach used in FY 2017, DOJ refined the approach for selecting the adjudication rate assumptions.

These notes are an integral part of the financial statements.

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

Note 25. Compensation Funds (continued)

United States Victims of State Sponsored Terrorism Fund

The Consolidated Appropriations Act of 2016, Public Law 114-113 (“Justice for United States Victims of State Sponsored Terrorism Act”), codified at 34 U.S.C. § 20144 (formerly codified at 42 U.S.C. § 10609) (2015) (the “Act”), established the U.S. Victims of State Sponsored Terrorism Fund (“USVSST Fund”) to provide compensation to individuals harmed as a result of an international act of terrorism by a state sponsor of terrorism. The USVSST Fund awards compensation to victims who have final judgments issued under the Foreign Sovereign Immunities Act by U.S. district courts against a state sponsor of terrorism, as well as to hostages held at the U.S. Embassy in Tehran, Iran from November 4, 1979 through January 20, 1981, and their spouses and children.

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

As of September 30, 2018 and September 30, 2017, the USVSST Fund recognized liabilities for future claims amounted to \$1.193 billion and \$738.0 million, respectively.

September 11th Victim Compensation Fund

On December 18, 2015, the James Zadroga 9/11 Health and Compensation Act of 2010 was reauthorized (Reauthorized Zadroga Act, Public Law 114-113), extending the September 11th Victim Compensation Fund (VCF) for 5 years. The Reauthorized Zadroga Act extended the time for individuals to submit new claims – as well as amendments on existing claims – until December 18, 2020, and increased total funding by an additional \$4.600 billion. The additional funding became available in October 2016. The Reauthorized Zadroga Act also made changes to the method in which the fund calculates awards for claimants receiving award determination letters dated on or after December 18, 2015. This included limiting the amount of non-economic loss that could be awarded, eliminating claims for future out-of-pocket medical expenses, and capping the gross annual income level that can be used when calculating future economic loss.

As of September 30, 2018 and September 30, 2017, the funded liabilities were \$3.174 billion and \$4.419 billion, respectively.

U.S. DEPARTMENT OF JUSTICE

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)



U. S. Department of Justice
 Combining Statement of Budgetary Resources
 For the Fiscal Year Ended September 30, 2018

	AFFSADE	ATF	BOF	DEA	FBI	FPI	OBDs	OJP	USMS	Combined
Budgetary Resources										
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	\$ 1,390,425	\$ 229,664	\$ 794,050	\$ 631,080	\$ 2,357,815	\$ 175,867	\$ 6,633,882	\$ 558,904	\$ 256,645	\$ 13,028,302
Appropriations (discretionary and mandatory)	1,351,853	1,301,023	7,325,571	2,642,099	9,267,046	-	6,904,821	6,030,459	3,415,808	37,640,790
Spending Authority from Offsetting Collections (discretionary and mandatory)	16,857	1,018,815	378,241	242,589	1,084,008	655,075	2,743,015	263,426	42,421,610	5,542,646
Total Budgetary Resources	\$ 2,761,135	\$ 1,598,502	\$ 8,497,862	\$ 3,515,848	\$ 12,708,879	\$ 830,942	\$ 15,681,718	\$ 6,852,789	\$ 3,765,063	\$ 56,212,738
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total) (Note 20)	\$ 1,560,266	\$ 1,396,655	\$ 7,494,105	\$ 3,059,411	\$ 10,408,254	\$ 653,815	\$ 9,832,697	\$ 6,166,883	\$ 3,600,692	\$ 44,172,778
Unobligated Balance, End of Year	1,188,275	187,066	806,464	438,002	1,813,520	-	4,991,152	685,319	134,055	10,245,853
Appropriated, Unexpired Accounts	-	-	49,705	-	-	177,127	-	-	-	236,832
Exempt from Apportionment, Unexpired Accounts	12,594	4	-	363	11,305	-	651,364	587	3,787	680,004
Unapportioned, Unexpired Accounts	1,200,869	187,070	856,169	438,365	1,824,825	177,127	5,642,516	685,906	137,842	11,150,689
Unexpired Unobligated Balance, End of Year	-	14,771	142,588	18,072	475,800	-	206,505	-	26,259	839,271
Expired Unobligated Balance, End of Year	1,200,869	207,347	1,003,757	456,437	2,300,625	177,127	5,849,021	685,906	164,371	12,039,960
Unobligated Balance - End of Year (Total)	\$ 2,761,135	\$ 1,598,502	\$ 8,497,862	\$ 3,515,848	\$ 12,708,879	\$ 830,942	\$ 15,681,718	\$ 6,852,789	\$ 3,765,063	\$ 56,212,738
Total Status of Budgetary Resources										
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	\$ 2,607,980	\$ 1,264,053	\$ 6,784,879	\$ 2,595,656	\$ 8,795,237	\$ 35,710	\$ 6,806,826	\$ 3,197,526	\$ 3,286,955	\$ 35,374,822
Less: Distributed Offsetting Receipts	62,064	292	1,686	411,566	(9,734)	-	329,551	-	282	795,707
Agency Outlays, Net (discretionary and mandatory)	\$ 2,545,916	\$ 1,263,761	\$ 6,783,193	\$ 2,184,090	\$ 8,804,971	\$ 35,710	\$ 6,477,275	\$ 3,197,526	\$ 3,286,673	\$ 34,579,115

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

	AFFSADP	AIF	BOP	DEA	FBI	FPI	OBS	OIP	USMS	Combined
Budgetary Resources										
Unobligated Balance from Prior Year Budget Authority, Net (discretionary and mandatory)	\$ 1,060,076	\$ 215,820	\$ 703,319	\$ 685,625	\$ 2,433,055	\$ 161,633	\$ 1,907,330	\$ 288,662	\$ 226,284	\$ 7,651,774
Appropriations (discretionary and mandatory)	1,572,338	1,238,924	7,135,400	2,514,496	8,997,756	-	12,122,353	4,014,493	3,172,992	40,588,752
Spending Authority from Offsetting Collections (discretionary and mandatory)	18,354	124,963	381,703	430,406	1,047,522	647,053	2,528,056	256,964	92,496	5,527,517
Total Budgetary Resources	\$ 2,650,768	\$ 1,599,707	\$ 8,220,422	\$ 3,630,527	\$ 12,478,333	\$ 808,686	\$ 16,557,739	\$ 4,530,119	\$ 3,491,742	\$ 53,968,043
Status of Budgetary Resources										
New Obligations and Upward Adjustments (Total) (Note 20)	\$ 1,347,936	\$ 1,410,774	\$ 7,429,241	\$ 3,111,221	\$ 10,312,562	\$ 652,819	\$ 10,227,909	\$ 4,124,171	\$ 3,288,829	\$ 41,885,462
Unobligated Balance, End of Year:										
Appropriated, Unexpired Accounts	1,302,832	179,415	661,446	492,769	1,702,175	-	5,897,216	354,337	174,734	10,764,924
Exempt from Apportionment, Unexpired Accounts	-	-	41,057	-	-	175,867	-	-	-	216,924
Unapportioned, Unexpired Accounts	-	4	(8,127)	3,440	16,262	-	242,834	51,605	418	306,436
Expired Unobligated Balance, End of Year	1,302,832	179,419	694,376	496,209	1,718,437	175,867	6,140,050	405,942	175,152	11,288,284
Unobligated Balance - End of Year (Total)	1,302,832	188,933	791,181	519,306	2,165,771	175,867	6,329,830	405,948	202,913	12,082,381
Total Status of Budgetary Resources	\$ 2,650,768	\$ 1,599,707	\$ 8,220,422	\$ 3,630,527	\$ 12,478,333	\$ 808,686	\$ 16,557,739	\$ 4,530,119	\$ 3,491,742	\$ 53,968,043
Outlays, Net										
Outlays, Net (Total) (discretionary and mandatory)	\$ 1,070,803	\$ 1,238,980	\$ 7,047,667	\$ 2,529,194	\$ 8,932,522	\$ (71,459)	\$ 7,506,797	\$ 3,121,737	\$ 3,117,045	\$ 34,513,286
Less: Distributed Offsetting Receipts	48,045	649	(6,271)	403,026	12,279	-	210,580	-	-	668,308
Agency Outlays, Net (discretionary and mandatory)	\$ 1,022,758	\$ 1,238,331	\$ 7,053,938	\$ 2,126,168	\$ 8,920,243	\$ (71,459)	\$ 7,296,217	\$ 3,121,737	\$ 3,117,045	\$ 33,844,978

U.S. DEPARTMENT OF JUSTICE

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION (UNAUDITED)





U.S. Department of Justice
Office of Justice Programs
Required Supplementary Stewardship Information
Consolidated Stewardship Investments
For Fiscal Years Ended September 30, 2018, 2017, 2016, 2015 and 2014

The Bureau of Justice Assistance administers the Tribal Justice Systems Infrastructure Program (TJSIP)¹ and the Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) incentive grant programs. Both programs provide grants for the purposes of building and expanding correctional facilities and jails to increase secure confinement space for violent offenders and implementing correctional alternatives to reduce reliance on incarceration. VOI/TIS funds are available to any of the 50 United States, the District of Columbia, Puerto Rico, U.S. Virgin Islands, American Samoa, Guam, the Northern Mariana Islands, and recognized Tribal governments; while TJSIP funds are available to tribes within the 50 states. The Tribal Law and Order Act of 2010 (Public Law 111-211) expanded the TJSIP grant program scope to include multi-purpose justice centers. The facilities built or expanded with these funds constitute non-federal physical property. Upon completion, the Bureau of Indian Affairs of the Department of Interior, and/or tribal grantees are responsible for supporting, operating, and maintaining the correctional facilities.

The TJSIP strategy broadly addresses tribal justice systems and lends support to tribes that:

- Are interested in establishing/enhancing (tribal/non-tribal) multi-agency cooperation and collaborations;
- Are committed to conducting community-wide assessment for the purpose of developing a comprehensive master plan that encompasses the design, use, capacity, and cost of adult and/or juvenile justice sanctions and services;
- Wish to explore an array of detention and correctional building options, including prototypical or quasi-prototypical concepts/designs for local correctional facilities, multipurpose justice centers, and regional facilities; and
- Are interested in learning about/applying community-based alternatives to help control and prevent jail overcrowding due to growing problems involving alcohol, substance abuse, and methamphetamine.

TJSIP and VOI/TIS funds from fiscal years 2014 through September 30, 2018, are as follows:

Dollars in Thousands	2018	2017	2016	2015	2014
Recipients of Non-Federal Physical Property:					
Grants to Indian Tribes	\$ 8,229	\$ 4,721	\$ 8,572	\$ 16,118	\$ 39,431
Grants to States	(300)	-	-	(84)	(12)
Total Non-Federal Physical Property	<u>\$ 7,929</u>	<u>\$ 4,721</u>	<u>\$ 8,572</u>	<u>\$ 16,034</u>	<u>\$ 39,419</u>

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

U.S. DEPARTMENT OF JUSTICE

OTHER INFORMATION (UNAUDITED)



**U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2018**

	AFSAADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with Treasury	\$ 156,642	\$ 419,370	\$ 2,087,125	\$ 1,092,007	\$ 4,922,248	\$ 14,996	\$ 9,127,632	\$ 20,618,019	\$ 942,984	\$ -	\$ 39,381,023
Investments	6,254,711	-	-	-	-	305,535	1,160,020	-	-	-	7,720,266
Accounts Receivable	13,993	39,633	6,280	42,051	412,866	27,613	686,688	11,965	8,246	(828,978)	720,357
Other Assets	-	444	13,778	20,739	24,870	-	1,347	138,656	1,023	(4,155)	196,702
Total Intragovernmental	6,425,346	459,447	2,107,183	1,154,797	5,359,984	348,144	10,975,687	20,768,640	952,253	(633,133)	48,018,348
Cash and Other Monetary Assets	62,247	9,747	408	24,820	91,687	51	51	-	-	-	188,960
Accounts Receivable, Net	-	165	9,863	5,141	33,246	5,273	125,023	1,741	1,172	-	181,729
Inventory and Related Property, Net	-	-	19,011	7,270	-	121,671	-	2,857	-	-	190,809
Foreclosed Property, Net	146,296	-	-	-	-	-	-	-	-	-	146,296
General Property, Plant and Equipment, Net	1,167	158,332	4,887,582	252,052	2,743,307	51,066	124,442	8,949	358,259	-	8,586,226
Capital Expenditures and Prepayments	-	643	4,769	454	77,217	86	167,398	167,398	-	-	256,973
Other Assets	-	-	-	-	-	1,724	86	-	184	-	1,910
Total Assets	6,635,657	628,335	7,038,816	1,444,534	8,305,441	534,884	11,225,289	20,946,728	1,315,000	(633,133)	57,531,051
LIABILITIES											
Intragovernmental											
Accounts Payable	\$ 67,420	\$ 45,560	\$ 126,620	\$ 76,370	\$ 204,477	\$ 4,033	\$ 166,267	\$ 32,557	\$ 48,357	\$ (527,702)	\$ 243,959
Accrued FECA Liabilities	-	20,502	170,690	23,996	34,090	1,674	8,590	16	17,132	-	276,090
Custodial Liabilities	-	-	-	4,848	1,592	-	1,720,976	-	-	-	1,727,417
Other Liabilities	471	8,710	50,912	15,243	116,259	112,542	37,729	8,103	9,036	-	353,354
Total Intragovernmental	67,891	74,773	348,222	120,657	358,418	177,849	1,933,562	40,676	74,525	(533,133)	2,601,320
Accounts Payable	3,501,525	303,338	346,516	77,158	387,293	42,490	342,614	76,126	301,917	-	5,108,977
Accounts Receivable, Net	-	-	-	-	-	-	90,763	449,637	-	-	540,400
Accrued FECA Liabilities	-	135,493	1,134,980	161,379	217,008	21,297	58,196	184	107,403	-	1,835,943
Accrued Payroll and Benefits	2,343	24,117	113,487	42,390	158,674	3,805	96,606	4,088	24,270	-	469,750
Accrued Annual and Compensatory Leave Liabilities	3,164	54,832	176,533	104,095	314,545	4,548	184,365	7,853	46,030	-	896,885
Environmental and Disposal Liabilities	-	-	71,156	-	5,633	-	-	-	-	-	76,789
Deferred Revenue	146,296	-	703	603,519	-	-	-	-	-	-	750,518
Seized Cash and Monetary Instruments	1,390,880	2,708	-	471	46,385	-	-	-	-	-	1,440,444
Contingent Liabilities	-	-	44,599	36,185	5,169	500	2,500	-	-	-	88,953
Radiation Exposure Compensation Act Liabilities	-	-	-	-	-	-	250,421	-	-	-	250,421
September 11th Victim Compensation Fund Liabilities	-	-	-	-	-	-	3,174,391	-	-	-	3,174,391
United States Victims of State Sponsored Terrorism Act Liabilities	-	-	-	-	-	-	1,192,751	-	-	-	1,192,751
Other Liabilities	-	1,073	398,922	20,827	24,277	35	53,781	-	13,126	-	512,041
Total Liabilities	5,112,099	323,334	2,635,138	1,167,561	1,515,402	190,624	7,379,953	578,534	567,271	(633,133)	18,926,783
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,459	\$ -	\$ -	\$ -	\$ 72,459
Unexpended Appropriations - All Other Funds	1,523,558	181,691	1,341,274	452,154	3,518,062	-	6,270,555	4,006,370	495,833	-	16,265,939
Cumulative Results of Operations - Funds from Dedicated Collections	-	-	75,166	(345,914)	-	-	126,222	16,354,837	-	-	17,733,869
Cumulative Results of Operations - All Other Funds	-	123,310	2,977,238	170,733	3,271,977	343,760	(2,623,900)	6,987	251,896	-	4,522,001
Total Net Position	1,523,558	305,001	4,323,678	276,973	6,790,039	343,760	3,845,336	20,368,194	747,729	-	38,594,508
Total Liabilities and Net Position	6,635,657	628,335	7,038,816	1,444,534	8,305,441	534,884	11,225,289	20,946,728	1,315,000	(633,133)	57,531,051

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

	AFFSADF	ATF	ROP	DFA	FBI	PPI	OBDs	OJP	USMS	Eliminations	Consolidated
ASSETS											
Intragovernmental											
Fund Balance with Treasury	1,389,918	382,809	1,543,720	1,045,372	4,471,449	20,733	11,595,217	21,695,906	822,093	-	42,967,217
Investments	6,372,530	35,966	4,783	45,914	472,806	335,269	30,114	429,520	9,112	11,587	6,707,819
Accounts Receivable	6,188	2,148	18,842	18,842	29,059	30,114	22,133	11,056	10,025	(412,176)	633,814
Other Assets	111	306	1,560,661	1,109,828	4,973,314	386,116	12,046,630	21,813,580	534,705	(26,988)	67,633
Total Intragovernmental	7,766,607	419,341	3,606,926	2,272,956	9,927,586	622,232	23,683,534	44,028,076	1,476,935	(439,064)	50,766,483
Cash and Other Monetary Assets	378,023	9,630	405	25,906	84,674	487	46	-	-	-	408,693
Accounts Receivable, Net	-	121	4,343	2,980	30,368	4,987	252,897	1,304	778	-	297,024
Inventory and Related Property, Net	-	-	19,131	17,252	-	106,025	-	-	3,378	-	145,786
Forfeited Property, Net	112,178	-	-	-	-	-	-	-	-	-	112,178
General Property, Plant and Equipment, Net	2,363	155,587	5,113,385	256,899	2,742,297	52,941	11,808,181	10,309	313,666	-	8,716,528
Advances and Prepayments	-	1,599	3,162	893	94,324	8,199	94	246,872	-	-	355,143
Other Assets	1	1	-	-	-	3,326	-	-	184	-	3,512
Total Assets	8,261,332	586,288	6,701,077	1,413,158	7,924,977	561,594	12,417,988	22,074,465	1,152,007	(439,084)	60,653,802
LIABILITIES											
Intragovernmental											
Accounts Payable	145,246	17,511	32,249	40,041	175,487	2,820	274,288	49,285	34,312	(410,381)	3,608,58
Accrued FECA Liabilities	-	20,564	171,961	25,645	33,049	1,690	9,139	15	16,344	-	278,407
Custodial Liabilities	-	1	-	2,649	999	-	2,557,994	-	-	-	2,561,643
Other Liabilities	297	8,650	53,526	15,028	114,131	139,690	39,690	24,864	8,996	(28,703)	376,419
Total Intragovernmental	145,543	46,706	257,736	83,363	323,666	144,200	2,881,381	74,164	59,652	(439,084)	3,777,377
Accounts Payable	4,563,869	38,591	292,718	94,452	341,195	55,961	300,289	71,690	237,465	-	5,996,230
Accrued Grant Liabilities	-	-	-	-	-	-	83,286	331,000	102,186	-	414,286
Accrued FECA Liabilities	-	130,134	1,107,469	161,129	203,492	23,653	57,773	83	41,785	-	1,785,919
Accrued Payroll and Benefits	1,101	23,203	1,173,332	45,033	3,324	3,324	6,653	41,333	45,329	-	872,082
Compensatory Leave Liabilities	1,788	30,711	173,332	102,619	308,006	4,374	174,012	7,914	45,329	-	872,082
Environmental and Disposal Liabilities	-	-	69,796	5,565	-	-	-	-	-	-	75,361
Deferred Revenue	112,178	-	844	585,572	40,074	-	-	-	-	-	698,594
Seized Cash and Monetary Instruments	1,501,023	2,762	15,224	32,705	1,659	-	-	-	-	-	1,544,366
Contingent Liabilities	-	-	-	-	-	-	-	-	-	-	50,338
Radiation Exposure Compensation Act Liabilities	-	-	-	-	-	-	750	-	-	-	252,401
September 11th Victim Compensation Fund Liabilities	-	-	-	-	-	-	252,401	-	-	-	252,401
United States Victims of State Sponsored Terrorism Act Liabilities	-	-	-	-	-	-	4,419,221	-	-	-	4,419,221
Other Liabilities	-	1,848	348,969	17,403	21,921	59	738,182	-	8,825	-	738,182
Total Liabilities	6,325,502	294,455	2,385,464	1,120,783	1,403,958	231,791	9,086,456	489,024	477,484	(439,084)	21,375,833
NET POSITION											
Unexpended Appropriations - Funds from Dedicated Collections	-	-	-	-	-	-	74,314	-	-	-	74,314
Unexpended Appropriations - All Other Funds	1,935,830	156,725	949,020	370,869	3,123,968	-	7,176,033	3,248,099	458,552	-	15,483,266
Cumulative Results of Operations - Funds from Dedicated Collections	-	-	67,120	(302,130)	67,120	-	7,505	18,329,809	-	-	20,038,128
Cumulative Results of Operations - All Other Funds	1,935,830	135,108	3,299,473	223,642	3,397,051	329,803	(3,926,330)	7,533	215,971	-	3,682,261
Total Net Position	1,935,830	291,833	4,315,613	292,375	6,521,019	329,803	3,331,532	21,585,441	674,523	-	39,777,969
Total Liabilities and Net Position	8,261,332	586,288	6,701,077	1,413,158	7,924,977	561,594	12,417,988	22,074,465	1,152,007	(439,084)	60,653,802

**U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2018**

	AFJ/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost - Intragovernmental	\$ 10,828	\$ 151,878	\$ -	\$ 4,607	\$ 1,473,521	\$ -	\$ 88,576	\$ -	\$ -	\$ (24,054)	\$ 1,705,356
Gross Cost - With the Public	64,579	301,890	-	12,646	3,578,321	-	631,171	-	-	-	4,585,607
Subtotal Gross Costs	75,407	453,768	-	17,253	5,051,842	-	719,747	-	-	(24,054)	6,295,963
Earned Revenues - Intragovernmental	-	-	-	331	255,272	-	43,321	-	-	(24,054)	274,870
Earned Revenues - With the Public	-	-	-	331	10,295	-	408	-	-	-	10,703
Subtotal Earned Revenues	-	-	-	662	265,567	-	43,729	-	-	(24,054)	285,233
Subtotal Net Cost of Operations	\$ 75,407	\$ 453,768	\$ -	\$ 16,922	\$ 4,786,275	\$ -	\$ 676,018	\$ -	\$ -	\$ -	\$ 6,008,390
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost - Intragovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,721	\$ -	\$ -	\$ (3,164)	\$ 185,557
Gross Cost - With the Public	-	-	-	-	-	-	529,196	-	-	-	529,196
Subtotal Gross Costs	-	-	-	-	-	-	717,917	-	-	(3,164)	714,753
Earned Revenues - Intragovernmental	-	-	-	-	-	-	14,441	-	-	(3,164)	11,277
Earned Revenues - With the Public	-	-	-	-	-	-	502	-	-	-	502
Subtotal Earned Revenues	-	-	-	-	-	-	14,943	-	-	(3,164)	11,779
Subtotal Net Cost of Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 702,974	\$ -	\$ -	\$ -	\$ 702,974
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost - Intragovernmental	\$ 194,905	\$ 322,739	\$ 1,926,536	\$ 1,046,264	\$ 596,183	\$ 172,078	\$ 964,896	\$ 216,652	\$ 636,593	\$ (662,499)	\$ 5,414,347
Gross Cost - With the Public	1,162,424	641,518	5,978,120	1,904,153	1,936,817	492,650	1,549,522	3,145,998	2,791,447	-	19,602,649
Subtotal Gross Costs	1,357,329	964,257	7,904,656	2,950,417	2,533,000	664,728	2,514,418	3,362,650	3,428,040	(662,499)	25,016,996
Earned Revenues - Intragovernmental	22,253	86,309	14,906	248,724	435,535	606,334	182,311	20,482	54,326	(644,059)	1,027,121
Earned Revenues - With the Public	-	884	373,298	402,379	154,510	49,278	31,196	-	2,622	-	1,014,167
Subtotal Earned Revenues	22,253	87,193	388,204	651,103	590,045	655,612	213,507	20,482	56,948	(644,059)	2,041,288
Subtotal Net Cost of Operations	\$ 1,335,076	\$ 877,064	\$ 7,516,452	\$ 2,299,314	\$ 1,942,955	\$ 9,116	\$ 2,300,911	\$ 3,342,168	\$ 3,371,092	\$ (18,440)	\$ 22,975,708
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost - Intragovernmental	\$ 10,828	\$ -	\$ -	\$ -	\$ 853,289	\$ -	\$ 739,081	\$ -	\$ -	\$ (532,201)	\$ 1,070,997
Gross Cost - With the Public	64,579	-	-	-	1,905,780	-	2,601,977	-	-	-	4,572,336
Subtotal Gross Costs	75,407	-	-	-	2,759,069	-	3,341,058	-	-	(532,201)	5,643,333
Earned Revenues - Intragovernmental	-	-	-	-	65,792	-	556,642	-	-	(532,201)	90,233
Earned Revenues - With the Public	-	-	-	-	3,512	-	879,802	-	-	-	883,314
Subtotal Earned Revenues	-	-	-	-	69,304	-	1,436,444	-	-	(532,201)	973,547
Subtotal Net Cost of Operations	\$ 75,407	\$ -	\$ -	\$ -	\$ 2,689,765	\$ -	\$ 1,904,614	\$ -	\$ -	\$ -	\$ 4,669,786
Total Net Cost of Operations	\$ 1,485,890	\$ 1,330,832	\$ 7,516,452	\$ 2,316,236	\$ 9,418,995	\$ 9,116	\$ 5,584,517	\$ 3,342,168	\$ 3,371,092	\$ (18,440)	\$ 34,356,858

**U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2017**

	AFF/SADF	AIF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Goal 1: Enhance National Security and Counter the Threat of Terrorism											
Gross Cost - Intragovernmental	\$ 25,638	\$ -	\$ -	\$ 4,957	\$ 1,430,241	\$ -	\$ -	\$ 67,460	\$ -	\$ -	\$ 1,638,689
Gross Cost - With the Public	23,337	300,145	-	20,387	3,505,148	-	848,626	-	-	-	4,697,643
Subtotal Gross Costs	48,975	444,626	-	25,344	4,935,389	-	916,086	-	-	-	6,336,332
Earned Revenues - Intragovernmental	-	-	-	4,311	299,884	-	10,084	-	-	-	280,191
Earned Revenues - With the Public	-	-	-	8,920	338	-	338	-	-	-	9,258
Subtotal Earned Revenues	-	-	-	4,311	300,814	-	10,412	-	-	-	289,449
Subtotal Net Cost of Operations	\$ 48,975	\$ 444,626	\$ -	\$ 21,033	\$ 4,626,575	\$ -	\$ 905,674	\$ -	\$ -	\$ -	\$ 6,046,883
Goal 2: Secure the Borders and Enhance Immigration Enforcement and Adjudication											
Gross Cost - Intragovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,272	\$ -	\$ -	\$ 259,272
Gross Cost - With the Public	-	-	-	-	-	-	420,158	-	-	-	420,158
Subtotal Gross Costs	-	-	-	-	-	-	679,430	-	-	-	679,430
Earned Revenues - Intragovernmental	-	-	-	-	-	-	33,771	-	-	-	33,771
Earned Revenues - With the Public	-	-	-	-	-	-	-	-	-	-	-
Subtotal Earned Revenues	-	-	-	-	-	-	33,771	-	-	-	33,771
Subtotal Net Cost of Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 645,659	\$ -	\$ -	\$ -	\$ 645,659
Goal 3: Reduce Violent Crime and Promote Public Safety											
Gross Cost - Intragovernmental	\$ 461,480	\$ 307,023	\$ 1,863,646	\$ 1,041,839	\$ 576,035	\$ 117,323	\$ 860,667	\$ 182,257	\$ 635,977	\$ (924,114)	\$ 5,122,133
Gross Cost - With the Public	420,079	637,807	6,088,272	1,972,614	1,849,916	474,973	1,531,842	2,667,001	2,539,809	-	18,182,313
Subtotal Gross Costs	881,559	944,830	7,951,918	3,014,453	2,425,951	592,296	2,392,509	2,899,258	3,175,786	(924,114)	23,304,446
Earned Revenues - Intragovernmental	14,723	90,773	5,938	407,728	435,691	535,763	88,067	24,479	51,486	(905,607)	748,541
Earned Revenues - With the Public	675	675	364,684	389,598	145,699	51,387	(35)	4,500	4,500	-	956,488
Subtotal Earned Revenues	14,723	91,448	370,622	797,326	581,390	886,650	88,012	24,479	55,986	(905,607)	1,705,029
Subtotal Net Cost of Operations	\$ 866,836	\$ 853,382	\$ 7,581,296	\$ 2,217,127	\$ 1,844,561	\$ 5,646	\$ 2,304,497	\$ 2,824,779	\$ 3,119,800	\$ (18,507)	\$ 21,599,417
Goal 4: Promote Rule of Law, Integrity, and Good Government											
Gross Cost - Intragovernmental	\$ 25,638	\$ -	\$ -	\$ -	\$ 873,308	\$ -	\$ 883,326	\$ -	\$ -	\$ -	\$ 1,250,780
Gross Cost - With the Public	23,337	-	-	-	1,950,504	-	2,508,286	-	-	-	4,482,127
Subtotal Gross Costs	48,975	-	-	-	2,823,812	-	3,391,612	-	-	-	5,732,907
Earned Revenues - Intragovernmental	-	-	-	-	71,089	-	641,799	-	-	-	181,396
Earned Revenues - With the Public	-	-	-	-	2,795	-	629,805	-	-	-	632,600
Subtotal Earned Revenues	-	-	-	-	73,884	-	1,271,604	-	-	-	813,996
Subtotal Net Cost of Operations	\$ 48,975	\$ -	\$ -	\$ -	\$ 2,749,928	\$ -	\$ 2,120,008	\$ -	\$ -	\$ -	\$ 4,918,911
Total Net Cost of Operations	\$ 964,786	\$ 1,298,008	\$ 7,581,296	\$ 2,238,160	\$ 9,221,064	\$ 5,646	\$ 5,975,838	\$ 2,824,779	\$ 3,119,800	\$ (18,507)	\$ 33,210,870

U. S. Department of Justice
 Consolidating Statement of Changes in Net Position
 For the Fiscal Year Ended September 30, 2018

Dollars in Thousands	AFFSADF	ATF	BOP	DEA	FBI	FPI	OBDs	OIP	USMS	Eliminations	Consolidated
Unexpended Appropriations											
Beginning Balances											
Funds from Dedicated Collections											
All Other Funds	\$ -	\$ 156,725	\$ 949,020	\$ 370,869	\$ 3,123,968	\$ -	\$ 74,314	\$ 3,248,099	\$ 458,552	\$ -	\$ 74,314
Budgetary Financing Sources											
Appropriations Received											
Funds from Dedicated Collections											
All Other Funds	-	1,293,776	7,325,571	2,201,826	9,421,402	-	32,054	2,188,431	2,903,392	-	32,054
Appropriations Transferred-In/Out											
All Other Funds	-	7,103	(6,399)	29,510	(27,229)	-	463,133	18,394	501,256	-	985,768
Other Adjustments											
All Other Funds	-	-	(134)	(109)	(54,335)	-	(45,981)	(40,805)	(150)	-	(141,532)
Appropriations Used											
Funds from Dedicated Collections											
All Other Funds	-	(1,275,913)	(6,926,784)	(2,149,942)	(8,945,726)	-	(33,909)	(1,407,749)	(3,367,217)	-	(33,909)
Total Budgetary Financing Sources											
Funds from Dedicated Collections											
All Other Funds	-	24,966	392,254	81,285	394,094	-	(1,855)	758,271	37,281	-	782,672
Net Change											
Funds from Dedicated Collections											
All Other Funds	-	24,966	392,254	81,285	394,094	-	(1,855)	758,271	37,281	-	(1,855)
Ending Balances											
Funds from Dedicated Collections											
All Other Funds	\$ -	\$ 181,691	\$ 1,341,274	\$ 452,154	\$ 3,518,062	\$ -	\$ 72,459	\$ 4,006,370	\$ 495,833	\$ -	\$ 72,459
Total All Funds	\$ -	\$ 181,691	\$ 1,341,274	\$ 452,154	\$ 3,518,062	\$ -	\$ 6,343,014	\$ 4,006,370	\$ 495,833	\$ -	\$ 16,265,939
											\$ 16,338,398

**U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2018**

	AF/SADF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Funds from Dedicated Collections	\$ 1,935,830	\$ -	\$ 67,120	\$ (302,136)	\$ -	\$ -	\$ 7,305	\$ 18,329,809	\$ -	\$ -	\$ 20,038,128
All Other Funds	-	135,108	3,299,473	223,642	3,397,051	329,803	(3,926,320)	7,533	215,071	-	3,682,261
Budgetary Financing Sources											
Other Adjustments	(304,000)	-	-	-	(74,000)	-	-	-	-	-	(304,000)
Funds from Dedicated Collections	-	-	-	-	-	-	(154,768)	-	-	-	(228,768)
All Other Funds	-	-	-	-	-	-	33,909	-	-	-	33,909
Appropriations Used	-	-	-	-	-	-	6,391,616	1,407,749	3,367,217	-	30,464,947
Funds from Dedicated Collections	-	1,275,913	6,926,784	2,149,942	8,945,726	-	-	-	-	-	549,017
All Other Funds	-	-	-	-	-	-	522	445,618	-	-	444,100
Nonexchange Revenues	102,877	-	-	-	-	-	443,974	126	-	-	1,072,488
Funds from Dedicated Collections	-	-	-	-	-	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-	9,275	-	-	-	9,275
Donations and Forfeitures of Cash and Cash Equivalents	1,072,488	-	-	-	-	-	-	-	-	-	(492,000)
Funds from Dedicated Collections	-	-	-	-	-	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-	-	-	-	-	266,204
Transfers-In/Out Without Reimbursement	-	-	-	-	-	-	129,704	(492,000)	(954)	-	-
Funds from Dedicated Collections	-	-	-	-	-	-	-	-	-	-	-
All Other Funds	-	-	-	-	137,454	-	-	-	-	-	203,682
Other Financing Sources											
Donations and Forfeitures of Property	203,682	-	-	-	-	-	-	-	-	-	1
Funds from Dedicated Collections	-	-	1	-	-	-	-	-	-	-	(3,880)
All Other Funds	-	-	-	-	-	-	-	-	-	-	12,905
Transfers-In/Out Without Reimbursement	(3,880)	-	-	-	-	-	(4,404)	-	64	-	33,803
Funds from Dedicated Collections	-	621	7,150	(3,248)	12,722	-	-	-	-	(18,440)	839,733
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Imputed Financing (Note 19)	2,451	-	5,325	12,117	-	-	13,910	5,157	-	-	-
Funds from Dedicated Collections	-	42,500	265,003	60,738	281,096	23,073	141,916	-	40,690	-	-
All Other Funds	-	-	-	-	-	-	-	-	-	-	(9,072)
Other Financing Sources	-	-	-	-	(9,077)	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Total Financing Sources	1,073,618	1,319,034	5,325	12,117	9,293,921	23,073	6,957,313	48,341	3,407,017	(18,440)	1,093,019
Funds from Dedicated Collections	-	-	7,196,938	2,207,432	-	-	-	(46,382)	-	-	31,799,320
All Other Funds	-	-	-	-	-	-	-	1,413,032	3,407,017	(18,440)	-
Net Cost of Operations											
Funds from Dedicated Collections	(1,855,890)	-	2,721	(55,895)	-	-	70,376	(1,928,590)	-	-	(3,397,278)
All Other Funds	-	(1,330,832)	(7,519,173)	(2,260,341)	(9,418,995)	(9,116)	(5,654,893)	(1,413,378)	(3,371,092)	18,440	(30,929,580)
Net Change	(412,272)	(11,798)	8,046	(43,778)	(125,074)	13,957	118,717	(1,974,972)	35,925	-	(2,304,259)
Funds from Dedicated Collections	-	-	(322,235)	(52,909)	-	-	1,302,420	(546)	-	-	839,740
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Ending Balances											
Funds from Dedicated Collections	1,523,558	123,310	75,166	(345,914)	-	-	126,222	16,354,837	-	-	17,733,869
All Other Funds	-	123,310	2,977,238	170,733	3,271,977	343,760	(2,623,900)	6,987	251,896	-	4,522,001
Total All Funds	\$ 1,523,558	\$ 123,310	\$ 3,052,404	\$ (175,181)	\$ 3,271,977	\$ 343,760	\$ (2,497,678)	\$ 16,361,824	\$ 251,896	\$ -	\$ 22,255,870
Net Position - Funds from Dedicated Collections											
Net Position - All Other Funds	1,523,558	305,001	75,166	(345,914)	-	-	198,681	16,354,837	-	-	17,806,328
Net Position - Total	\$ 1,523,558	\$ 305,001	\$ 4,393,678	\$ 276,973	\$ 6,790,039	\$ 343,760	\$ 3,845,336	\$ 20,368,194	\$ 747,729	\$ -	\$ 38,594,268

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

Dollars in Thousands	ATF	BOP	DEA	FBI	FPI	OBBs	COF	USMS	Eliminations	Consolidated
Unexpended Appropriations										
Beginning Balances										
Funds from Dedicated Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other Funds	145,777	887,347	385,282	2,798,520	-	19,512	2,918,297	440,906	(383,748)	9,851,034
Budgetary Financing Sources										
Appropriations Received										
Funds from Dedicated Collections	-	-	-	-	-	104,820	-	-	-	104,820
All Other Funds	1,238,600	7,138,800	2,102,976	9,006,379	-	11,393,826	1,745,113	2,713,454	-	35,359,148
Appropriations Transferred-In/Out	-	(3,689)	23,922	165,741	-	229,394	50,754	461,688	383,748	1,250,532
All Other Funds	-	(3,567)	(12,197)	(51,705)	-	(34,624)	(59,925)	(24,105)	-	(177,123)
Other Adjustments	-	-	-	-	-	(50,018)	-	-	-	(50,018)
Appropriations Used	-	(1,243,963)	(2,129,114)	(8,794,967)	-	(7,071,216)	(1,415,140)	(3,133,391)	-	(30,800,323)
Funds from Dedicated Collections	-	-	-	-	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-	-	-	-	-
Total Budgetary Financing Sources										
Funds from Dedicated Collections	-	61,673	(14,413)	325,448	-	54,802	329,802	17,646	383,748	54,802
All Other Funds	10,948	61,673	(14,413)	325,448	-	4,517,380	329,802	17,646	-	5,632,232
Net Change										
Funds from Dedicated Collections	-	-	-	-	-	54,802	-	-	-	54,802
All Other Funds	10,948	61,673	(14,413)	325,448	-	4,517,380	329,802	17,646	383,748	5,632,232
Ending Balances										
Funds from Dedicated Collections	-	949,030	370,869	3,133,968	-	74,314	3,248,099	458,452	-	74,314
All Other Funds	156,725	949,030	370,869	3,133,968	-	7,175,637	3,248,099	458,452	-	15,455,760
Total All Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Dollars in Thousands	AFF/SA/DF	ATF	BOP	DEA	FBI	FPI	OBDs	OJP	USMS	Eliminations	Consolidated
Cumulative Results of Operations											
Beginning Balances											
Funds from Dedicated Collections	\$ 1,460,226	\$ 194,220	\$ 75,189	\$ (298,918)	\$ 3,573,668	\$ 312,982	\$ 76,810	\$ 13,475,457	\$ 166,883	\$ 383,748	\$ 14,788,764
All Other Funds	-	-	3,637,341	224,589	-	-	(5,716,307)	8,180	-	-	2,785,304
Budgetary Financing Sources											
Other Adjustments	-	-	-	-	(140,000)	-	(501,196)	-	-	-	(641,196)
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Appropriations Used	-	-	-	-	-	-	50,018	-	-	-	50,018
Funds from Dedicated Collections	-	1,243,963	7,012,534	2,129,114	8,794,967	-	7,071,216	1,415,140	3,133,391	-	30,800,323
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Nonexchange Revenues	-	-	-	-	-	-	-	-	-	-	-
Funds from Dedicated Collections	56,868	-	-	-	-	-	300	6,584,857	-	-	6,642,025
All Other Funds	-	-	-	-	-	-	514,969	294	-	-	515,263
Donations and Forfeitures of Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-	-
Funds from Dedicated Collections	1,216,430	-	-	-	-	-	162,002	-	-	-	1,216,430
All Other Funds	-	-	-	-	-	-	-	-	-	-	162,002
Transfers-In/Out Without Reimbursement	-	-	-	-	-	-	-	-	-	-	-
Funds from Dedicated Collections	(201,196)	(41,716)	-	38,000	129,146	-	289,117	(326,000)	-	(383,748)	(527,196)
All Other Funds	-	-	-	-	-	-	-	-	-	-	30,799
Other Financing Sources											
Donations and Forfeitures of Property	369,992	-	-	-	-	-	-	-	-	-	369,992
Funds from Dedicated Collections	-	-	15	-	-	-	-	-	-	-	15
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Transfers-In/Out Without Reimbursement	(3,017)	1,250	-	3,008	37,833	-	(18,563)	-	657	-	(3,017)
Funds from Dedicated Collections	-	-	-	-	-	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-	-	-	-	-	24,185
Imputed Financing (Note 19)	1,313	35,399	4,082	8,712	230,657	22,467	10,273	-	-	-	24,380
Funds from Dedicated Collections	-	-	218,728	55,161	118,384	-	118,384	4,193	34,840	(18,507)	701,322
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Other Financing Sources	-	-	-	(2)	(81,560)	-	-	-	-	-	(81,560)
Funds from Dedicated Collections	-	-	-	2	-	-	-	-	-	-	(2)
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Total Financing Sources	1,440,390	1,238,896	4,082	8,710	9,044,447	22,467	60,591	6,258,857	3,168,888	(402,255)	7,772,630
Funds from Dedicated Collections	-	-	7,231,277	2,225,285	9,044,447	-	7,635,929	1,419,627	-	-	31,584,561
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Net Cost of Operations	(964,786)	(1,298,008)	(12,151)	(11,928)	(9,221,064)	(5,646)	(129,896)	(1,404,505)	(3,119,800)	18,507	(2,523,266)
Funds from Dedicated Collections	-	-	(7,569,145)	(2,226,232)	(9,221,064)	(5,646)	(5,845,942)	(1,420,274)	(3,119,800)	18,507	(30,687,604)
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Net Change	475,604	(59,112)	(8,069)	(3,218)	(176,617)	16,821	(69,305)	4,854,352	49,088	(383,748)	5,249,364
Funds from Dedicated Collections	-	-	(337,868)	(947)	(176,617)	16,821	(1,289,987)	(687)	-	-	896,952
All Other Funds	-	-	-	-	-	-	-	-	-	-	-
Ending Balances											
Funds from Dedicated Collections	1,935,830	135,108	67,120	(302,136)	3,997,051	329,803	7,505	18,329,809	215,971	-	20,038,128
All Other Funds	-	1,351,008	3,299,473	233,642	3,397,051	329,803	(3,918,815)	7,533	215,971	-	3,682,261
Total All Funds	\$ 1,935,830	\$ 1,351,008	\$ 3,366,593	\$ (78,494)	\$ 3,397,051	\$ 329,803	\$ (3,918,815)	\$ 18,337,342	\$ 215,971	\$ -	\$ 23,720,389
Net Position - Funds from Dedicated Collections	1,935,830	291,833	67,120	(302,136)	6,521,019	329,803	81,819	18,329,809	-	-	20,112,442
Net Position - All Other Funds	-	291,833	4,248,493	594,511	6,521,019	329,803	3,249,713	3,255,632	674,523	-	19,165,527
Net Position - Total	\$ 1,935,830	\$ 291,833	\$ 4,315,613	\$ 292,375	\$ 6,521,019	\$ 329,803	\$ 3,331,532	\$ 21,585,441	\$ 674,523	\$ -	\$ 39,277,969

U. S. Department of Justice
 Combining Statement of Custodial Activity
 For the Fiscal Year Ended September 30, 2018

	AF/SA/F	ATF	ROP	DEA	FBI	FPI	ORR	OJP	USMS	Combined
Revenue Activity										
Sources of Cash Collections										
Federal Debts, Fines, Penalties and Restitution	-	197	\$	11,200	\$	2,831	\$	13,978,943	\$	13,993,171
Fees and Licenses	-	46,371	-	15,000	-	-	-	-	-	61,371
Miscellaneous	-	95	36	-	-	-	-	-	282	413
Total Cash Collections		46,663	\$	26,200	\$	2,831	\$	13,978,943	\$	14,054,955
Accrual Adjustments										
	-	121	-	2,199	593	-	-	-	-	2,913
Total Custodial Revenue		46,784	\$	28,399	\$	3,424	\$	13,978,943	\$	14,057,868
Disposition of Collections										
Transferred to Federal Agencies										
Library of Congress	-	-	-	-	-	-	(94)	-	-	(94)
U.S. Department of Agriculture	-	-	-	-	-	-	(41,549)	-	-	(41,549)
U.S. Department of Commerce	-	-	-	-	-	-	(7,166)	-	-	(7,166)
U.S. Department of the Interior	-	-	-	-	-	-	(281,347)	-	-	(281,347)
U.S. Department of Justice	-	-	-	-	-	-	(26,335)	-	-	(26,335)
U.S. Department of Labor	-	-	-	-	-	-	(4,017)	-	-	(4,017)
U.S. Postal Service	-	-	-	-	-	-	(3,993)	-	-	(3,993)
U.S. Department of State	-	-	-	-	-	-	(2,538)	-	-	(2,538)
U.S. Department of the Treasury	-	-	-	-	-	-	(877,450)	-	-	(877,450)
Office of Personnel Management	-	-	-	-	-	-	(2,649)	-	-	(2,649)
Federal Communications Commission	-	-	-	-	-	-	(580)	-	-	(580)
Social Security Administration	-	-	-	-	-	-	(1,126)	-	-	(1,126)
U.S. Department of Veterans Affairs	-	-	-	-	-	-	(48,055)	-	-	(48,055)
General Services Administration	-	-	-	-	-	-	(3)	-	-	(3)
Equal Employment Opportunity Commission	-	-	-	-	-	-	(50,901)	-	-	(50,901)
Securities and Exchange Commission	-	-	-	-	-	-	(181)	-	-	(181)
Federal Deposit Insurance Corporation	-	-	-	-	-	-	(64)	-	-	(64)
Railroad Retirement Board	-	-	-	-	-	-	(419)	-	-	(419)
Tennessee Valley Authority	-	-	-	-	-	-	(3,526)	-	-	(3,526)
Environmental Protection Agency	-	-	-	-	-	-	(19,956)	-	-	(19,956)
U.S. Department of Transportation	-	-	-	-	-	-	(9,327)	-	-	(9,327)
U.S. Department of Homeland Security	-	-	-	-	-	-	(208,402)	-	-	(208,402)
Agency for International Development	-	-	-	-	-	-	(2,804)	-	-	(2,804)
Small Business Administration	-	-	-	-	-	-	(12,881)	-	-	(12,881)
U.S. Department of Health and Human Services	-	-	-	-	-	-	(807,686)	-	-	(807,686)
National Aeronautics and Space Administration	-	-	-	-	-	-	(556)	-	-	(556)
Federal Reserve Bank of the United States	-	-	-	-	-	-	(1,491)	-	-	(1,491)
Export-Import Bank of the United States	-	-	-	-	-	-	(271,315)	-	-	(271,315)
U.S. Department of Housing and Urban Development	-	-	-	-	-	-	(6,384)	-	-	(6,384)
U.S. Department of Energy	-	-	-	-	-	-	(46,060)	-	-	(46,060)
U.S. Department of Education	-	-	-	-	-	-	(25,500)	-	-	(25,500)
Independent Agencies	-	-	-	-	-	-	(10,933,716)	-	-	(10,933,716)
Treasury General Fund	(45,468)	-	(36)	(26,200)	(2,831)	-	-	(282)	-	(11,008,533)
Transferred to the Public	-	-	-	-	-	-	(121,112)	-	-	(121,112)
(Increase)/Decrease in Amounts Yet to be Transferred	-	-	-	-	-	-	(306,206)	-	-	(306,206)
Refunds and Other Payments	-	-	-	(2,199)	(593)	-	-	-	-	(871,079)
Retained by the Reporting Entity	(1,316)	-	-	-	-	-	(5,491)	-	-	(6,807)
Total Disposition Of Collections		(46,784)	\$	(28,399)	\$	(3,424)	\$	(13,978,943)	\$	(14,057,868)
Net Custodial Activity										
	-	-	-	-	-	-	-	-	-	-

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

Dollars in Thousands	AFFSADF	ATF	BOP	FBI	DEA	FBI	FPI	OBDS	OIP	USMS	Combined
Revenue Activity											
Sources of Cash Collections											
Federal Debts, Fines, Penalties and Restitution	\$ -	\$ -	\$ 71	\$ -	\$ 39,781	\$ 3,765	\$ -	\$ 14,413,648	\$ -	\$ -	\$ 14,457,265
Fees and Licenses	-	34,670	-	-	15,000	-	-	-	-	-	49,670
Miscellaneous	-	578	43	-	-	-	-	-	-	-	62
Total Cash Collections	\$ -	\$ 35,319	\$ 43	\$ 43	\$ 54,781	\$ 3,765	\$ -	\$ 14,413,648	\$ -	\$ -	\$ 14,507,556
Accrual Adjustments											
		203			971	135					1,309
Total Custodial Revenue	\$ -	\$ 35,522	\$ 43	\$ 43	\$ 55,752	\$ 3,900	\$ -	\$ 14,413,648	\$ -	\$ -	\$ 14,508,865
Disposition of Collections											
Transferred to Federal Agencies											
U.S. Department of Agriculture								(89,477)			(89,477)
U.S. Department of Commerce								(13,116)			(13,116)
U.S. Department of the Interior								(581,891)			(581,891)
U.S. Department of Justice								(43,576)			(43,576)
U.S. Department of Labor								(3,524)			(3,524)
U.S. Postal Service								(3,039)			(3,039)
U.S. Department of State								(94,849)			(94,849)
U.S. Department of Treasury								(999,752)			(999,752)
U.S. Department of Veterans Affairs								(3,741)			(3,741)
Office of Personnel Management								(3,741)			(3,741)
National Credit Union Administration								(40)			(40)
Federal Communications Commission								(8,127)			(8,127)
Social Security Administration								(527)			(527)
U.S. Department of Veterans Affairs								(82,240)			(82,240)
General Services Administration								(25,707)			(25,707)
Securities and Exchange Commission								(52)			(52)
U.S. Postal Service								(52)			(52)
Railroad Retirement Corporation								(523)			(523)
Environmental Protection Agency								(1,637,313)			(1,637,313)
U.S. Department of Transportation								(21,464)			(21,464)
U.S. Department of Homeland Security								(186,848)			(186,848)
Agency for International Development								(1,565)			(1,565)
Small Business Administration								(7,387)			(7,387)
U.S. Department of Health and Human Services								(1,083,380)			(1,083,380)
National Aeronautics and Space Administration								(66)			(66)
U.S. Department of Justice								(4,307)			(4,307)
U.S. Department of Housing and Urban Development								(204,517)			(204,517)
U.S. Department of Energy								(65,394)			(65,394)
U.S. Department of Education								(24,841)			(24,841)
Independent Agencies								(58,518)			(58,518)
Treasury General Fund		(33,951)			(54,781)	(3,765)		(6,704,452)			(6,796,992)
U.S. Department of Defense								(132,403)			(132,403)
Transferred to the Public								(416,983)			(416,983)
(Increase) Decrease in Amounts Yet to be Transferred								(1,628,930)			(1,628,930)
Refunds and Other Payments								(29,033)			(29,033)
Retained by the Reporting Entity								(331,869)			(331,869)
Total Disposition of Collections	\$ -	\$ (35,522)	\$ (43)	\$ (43)	\$ (55,752)	\$ (3,900)	\$ -	\$ (14,413,648)	\$ -	\$ -	\$ (14,508,865)
Net Custodial Activity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

U.S. Department of Justice
Fraud Reduction Report
Fiscal Year Ended September 30, 2018

In support of the Fraud Reduction and Data Analytics Act of 2015 (FRDA), the Department of Justice conducted a fraud risk capabilities assessment in FY 2018 to understand component activities utilized to identify and manage fraud risk. The purpose of the assessment was to provide management with the opportunity to identify significant fraud risks, consider potential actions to improve management controls, and consider financial and administrative control activities that would support mitigation of identified risks.

The assessment was conducted in accordance with the FRDA; GAO *Framework for Managing Fraud Risk in Federal Programs*; GAO *Standards for Internal Control in the Federal Government, Principle 8 – Assess Fraud Risk*; and other leading practice materials for managing fraud risk.¹ Focus areas for the assessment included acquisitions (large contracts and purchase cards), grants (grants management, disbursements, and beneficiary payments), human resources (payroll, time and attendance, and awards), travel (travel cards, requests, and receipts), and disaster relief funding.

The Department's fraud reduction efforts in FY 2017 focused on conducting foundational fraud risk workshops to identify and prioritize fraud risks. Efforts in FY 2018 focused on gathering information on the progress DOJ components have made in implementing financial and administrative controls pursuant to the FRDA, the GAO principle for assessing fraud risk, and leading practices for managing fraud risk.

Since the FY 2017 assessment, DOJ components have made progress in these areas. For example, during the FY 2018 assessment, components shared information on financial and administrative controls and strategies implemented to prevent, detect, and respond to fraud, such as centralizing activities. Also, components shared information on assessments and peer reviews designed to identify risks and vulnerabilities to fraud. Further, components shared information on the use of data analytics to help prevent and detect fraud and improve controls. In FY 2019, the Department will focus on enhancing the use of data analytics to curb fraud, such as payment analytics provided by the U.S. Department of the Treasury and analytics tools offered by purchase card service providers.

¹ Leading practice materials included fraud risk principles in the GAO *Standards for Internal Control in the Federal Government*; OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*; Chief Financial Officers Council *Playbook: Enterprise Risk Management for the U.S. Federal Government*; Association of Government Accountants *Fraud Prevention Toolkit*; and industry materials from the Association of Certified Fraud Examiners.

U.S. Department of Justice
Reduce the Footprint
For the Fiscal Year Ended September 30, 2018

Under the leadership of the Attorney General, the Department continued its efforts during FY 2018 to reduce its real property footprint and monitor space utilization across the Department. Mission related challenges and approved large pipeline projects resulted in an increase in overall square footage in FY 2017 from the FY 2015 baseline despite reduction by most agency components. While unique mission related requirements in the pipeline for organizations such as the FBI, USMS, DEA, and the EOIR are projected to increase the Department's overall real estate footprint at the end of FY 2018, the majority of the Department components have maintained or reduced their footprint. Difficult mission related challenges come with the various law enforcement and litigation assignments of the Department to protect federal courthouses, house and secure prisoners awaiting trial, and continue to enforce drug trafficking, immigration laws, and other direct mission activities.

One of the primary focuses of the Department is to apply more stringent utilization rate requirements as leases expire. Over time, new build out standards and mobile workplace initiatives will increasingly provide space reductions. With adequate funding, these types of projects will allow the Department to continue reducing the overall footprint.

Information for the Department is displayed below:

Reduce the Footprint

Reduce the Footprint Baseline Comparison

For the Fiscal Year Ended September 30, 2018			
	FY 2015 Baseline	FY 2017	Change
Square Footage (SF in millions)	47,362,747	47,906,252	1.1%

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

For the Fiscal Year Ended September 30, 2018			
	FY 2015 Reported Cost	FY 2017	Change
Operation and Maintenance Costs (\$ in millions)	50,305,398	49,031,631	-2.5%

U.S. Department of Justice
Civil Monetary Penalty Adjustment for Inflation
For the Fiscal Year Ended September 30, 2018

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

Bureau of Alcohol, Tobacco, Firearms, and Explosives

Bureau of Alcohol, Tobacco, Firearms and Explosives						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
18 U.S.C. 922(j)(5)	Brady Law - Nat'l Instant Criminal Check System; PL 103-159, sec. 102(b) Transfer of firearm without checking NICS	1993	2018	\$ 8,465	Alcohol, Tobacco, Firearms, and Explosives (ATF)	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 924(p)	Child Safety Lock Act; PL 109-92, sec. 5(c)(2)(B) Secure gun storage or safety device, violation	2005	2018	\$ 3,096	Alcohol, Tobacco, Firearms, and Explosives (ATF)	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Civil Division

Civil Division						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
12 USC 1833a(b)(1)	Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) Violation	1989	2018	\$ 1,963,870	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing)	1989	2018	\$ 1,963,870	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
12 U.S.C. 1833a(b)(2)	FIRREA Violation (continuing)	1989	2018	\$ 9,819,351	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
22 U.S.C. 2399b(a)(3)(A)	Foreign Assistance Act Fraudulent Claim for Assistance	1968	2018	\$ 5,704	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
31 U.S.C. 3729(a)	False Claims Act Violations	1986	2018	Min \$11,181 - Max \$22,363	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
31 U.S.C. 3802(a)(1)	Program Fraud Civil Remedies Act Violations Involving False Claim (per claim)	1986	2018	\$ 11,181	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
31 U.S.C. 3802(a)(2)	Program Fraud Civil Remedies Act Violation Involving False Statement (per statement)	1986	2018	\$ 11,181	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Civil Division (continued)

Civil Division						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
40 U.S.C. 123(a)(1)(A)	Federal Property and Administrative Services Act Violation Involving Surplus Government Property (per act)	1949	2018	\$ 5,704	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
41 U.S.C. 8706(a)(1)(B)	Anti-Kickback Act Violation Involving Kickbacks (per occurrence)	1986	2018	\$ 22,363	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 2723(b)	Driver's Privacy Protection Act of 1994 Prohibition on Release and Use of Certain Personal Information from State Motor Vehicle Records - Substantial Non-compliance (per violation)	1994	2018	\$ 8,249	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 216(b)	Ethics Reform Act of 1989 Penalties for Conflict of Interest Crimes	1989	2018	\$ 98,194	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
41 U.S.C. 2105(b)	Office of Federal Procurement Policy Act Violation by an individual	1988	2018	\$ 102,606	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
41 U.S.C. 2105(b)	Office of Federal Procurement Policy Act Violation by an organization	1988	2018	\$ 1,026,054	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
42 U.S.C. 5157(d)	Disaster Relief Act Violation	1974	2018	\$ 12,964	Civil Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Civil Rights Division

Civil Rights Division (excluding immigration-related penalties)						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
18 U.S.C. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, first order	1994	2018	\$ 16,499	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994 Nonviolent physical obstruction, subsequent order	1994	2018	\$ 24,748	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 248(c)(2)(B)(i)	Freedom of Access to Clinic Entrances Act of 1994 Other violation, first order	1994	2018	\$ 24,748	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
18 U.S.C. 248(c)(2)(B)(ii)	Freedom of Access to Clinic Entrances Act of 1994 Other violation, subsequent order	1994	2018	\$ 41,248	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
42 U.S.C. 3614(d)(1)(C)(i)	Fair Housing Act of 1968, as amended in 1988; PL 100-430 First violation	1988	2018	\$ 102,606	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
42 U.S.C. 3614(d)(1)(C)(ii)	Fair Housing Act of 1968, as amended in 1988; PL 100-430 Subsequent violation	1988	2018	\$ 205,211	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Civil Rights Division (continued)

Civil Rights Division (excluding immigration-related penalties)						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
42 U.S.C. 12188(b)(2)(C)(i)	Americans With Disabilities Act; PL 101-336 Public accommodations for individuals with disabilities, first order	1990	2018	\$ 92,383	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf2018-01464.pdf
42 U.S.C. 12188(b)(2)(C)(ii)	Americans With Disabilities Act; PL 101-336 Public accommodations for individuals with disabilities, subsequent order	1990	2018	\$ 184,767	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf2018-01464.pdf
50 U.S.C. App. 597(b)(3)	Servicemembers Civil Relief Act First violation	2010	2018	\$ 62,029	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf2018-01464.pdf
50 U.S.C. App. 597(b)(3)	Servicemembers Civil Relief Act Subsequent violation	2010	2018	\$ 124,058	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf2018-01464.pdf

Criminal Division

Criminal Division						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
18 U.S.C. 983(h)(1)	Civil Asset Forfeiture Reform Act of 2000; PL 106-105 Penalty for Frivolous Assertion of Claim	2000	2018	Min \$355 - Max \$7,088	Criminal Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf2018-01464.pdf
18 U.S.C. 1956(b)	Money Laundering Control Act of 1986; PL 99-570, Title I, Subtitle H Violation	1986	2018	\$ 22,363	Criminal Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf2018-01464.pdf

Drug Enforcement Administration

Drug Enforcement Administration						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
21 U.S.C. 844a(a)	Anti-Drug Abuse Act of 1988 Possession of small amounts of controlled substances	1988	2018	\$ 20,521	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf2018-01464.pdf
21 U.S.C. 961(1)	Controlled Substance Import Export Act Drug abuse, import or export	1970	2018	\$ 71,301	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf2018-01464.pdf
21 U.S.C. 842(c)(1)(A)	Controlled Substances Act, PL 90-513 Violations of 842(a)(5) and (10) - Prohibited acts re: controlled substances	1970	2018	\$ 64,820	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf2018-01464.pdf
21 U.S.C. 842(c)(1)(B)	Controlled Substances Act, PL 90-513 Violations of 842(a) - other than (5) and (10) - Prohibited acts re: controlled substances; PL 105-277	1998	2018	\$ 15,040	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf2018-01464.pdf

Drug Enforcement Administration (continued)

Drug Enforcement Administration						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
21 U.S.C. 842(e)(1)(C)	Controlled Substances Act, PL 90-513 Violation of 825(e) by importer, exporter, manufacturer, or distributor - False labeling of anabolic steroids; PL 113-260	2014	2018	\$ 519,439	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
21 U.S.C. 842(e)(1)(D)	Controlled Substances Act, PL 90-513 Violation of 825(e) at the retail level - False labeling of anabolic steroids; PL 113-260	2014	2018	\$ 1,039	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
21 U.S.C. 842(e)(2)(C)	Controlled Substances Act, PL 90-513 Violation of 842(a)(11) by a business - Distribution of laboratory supply with reckless disregard; PL 104-237	1996	2018	\$ 389,550	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
21 U.S.C. 856(d)	Illicit Drug Anti-Proliferation Act of 2003 Maintaining drug-involved premises; PL 108-21	2003	2018	\$ 333,328	Drug Enforcement Administration	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Executive Office for Immigration Review

Immigration-Related Penalties						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
8 U.S.C. 1324a(e)(4)(A)(i)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, first order	1986	2018	Min \$559 - Max \$4,473	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324a(e)(4)(A)(ii)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, second order	1986	2018	Min \$4,473 - Max \$11,181	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324a(e)(4)(A)(iii)	Immigration Reform and Control Act of 1986 Unlawful employment of aliens, subsequent order	1986	2018	Min \$6,709 - Max \$22,363	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324a(e)(5)	Immigration Reform and Control Act of 1986 Paperwork violation	1986	2018	Min \$224 - Max \$2,236	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324a (note)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 403(a)(4)(C)(ii) Violation relating to participating employer's failure to notify DHS of final nonconfirmation of employee's employment eligibility	1996	2018	Min \$779 - Max \$1,558	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324a(g)(2)	Immigration Reform and Control Act of 1986; PL 99-603 Violation/prohibition of indemnity bonds	1986	2018	\$ 2,236	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324b(g)(2)(B)(iv)(I)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, first order	1990	2018	Min \$461 - Max \$3,695	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324b(g)(2)(B)(iv)(II)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, second order	1990	2018	Min \$3,695 - Max \$9,239	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324b(g)(2)(B)(iv)(III)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, subsequent order	1990	2018	Min \$5,543 - Max \$18,447	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Executive Office for Immigration Review (continued)

Immigration-Related Penalties						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
8 U.S.C. 1324b(g)(2)(B)(iv)(IV)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Unfair immigration-related employment practices, document abuse	1990	2018	Min \$185 - Max \$1,848	Civil Rights Division	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324c(d)(3)(A)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Document fraud, first order -- for violations described in USC 1324c(a)(1)-(4)	1990	2018	Min \$461 - Max \$3,695	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324c(d)(3)(B)	Immigration Reform and Control Act of 1986; PL 101-649, sec. 536(a) Document fraud, subsequent order -- for violations described in USC 1324c(a)(1)-(4)	1990	2018	Min \$3,695 - Max \$9,239	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324c(d)(3)(A)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 212(a)(5) Document fraud, first order -- for violations described in USC 1324c(a)(5)-(6)	1996	2018	Min \$390 - Max \$3,116	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf
8 U.S.C. 1324c(d)(3)(B)	Immigration Reform and Control Act of 1986; PL 104-208, sec. 212(a)(5) Document fraud, subsequent order -- for violations described in USC 1324c(a)(5)-(6)	1996	2018	Min \$3,116 - Max \$7,791	Executive Office for Immigration Review	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Federal Bureau of Investigation

Federal Bureau of Investigation						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
49 U.S.C. 30505(a)	National Motor Vehicle Title Identification System; PL 103-272(1)(c)	1994	2018	\$ 1,650	Federal Bureau of Investigation	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

Office of Justice Programs

Office of Justice Programs						
Statutory Authority (U.S.C. Citation)	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency / Bureau / Unit	Location for Penalty Update Details
42 U.S.C. 3789g(d)	Omnibus Crime State and Local CHRI Systems - Right to Privacy Violation and Safe Streets Act State and Local CHRI Systems - Right to Privacy Violation	1979	2018	\$ 28,520	Office of Justice Programs	Federal Register / Vol. 83, No. 19 / Monday, January 29, 2018 / Rules and Regulations https://www.gpo.gov/fdsys/pkg/FR-2018-01-29/pdf/2018-01464.pdf

**U.S. Department of Justice
Grants Oversight & New Efficiency (GONE)
For the Fiscal Year Ended September 30, 2018**

Pursuant to the Grants Oversight & New Efficiency (GONE) Act, for fiscal year 2017, the Department of Justice (DOJ) reported 346 awards with remaining balances totaling \$10,549,734 for which a closeout had not yet occurred, but for which the period of performance has elapsed more than two years. This represented less than 1% of open and active awards from DOJ’s three grant-making components, the Office of Community Oriented Policing Services (COPS), the Office of Justice Programs (OJP), and the Office on Violence Against Women (OVW). For the fiscal year 2018, DOJ closed 234 (68%) of these awards, decreasing the number of open awards to 112. The undisbursed balances decreased by \$7,822,116 (74%) to \$2,727,618.

CATEGORY	2-3 Years	>3-5 Years	>5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	26	24	13
Number of Grants/Cooperative Agreements with Undisbursed Balances	27	12	10
Total Amount of Undisbursed Balances	\$988,495	\$501,947	\$1,237,176

Challenges Leading to Delays in Award Closeouts

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

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

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

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

Corrective Actions to Address these Challenges

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

To prevent this from occurring, DOJ developed reports displaying the “under audit” enter and release dates in the GMS closeout module. This report allows DOJ to track the release of awards from “under audit” status so that closeouts can be prioritized, as appropriate.

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

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

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

U.S. DEPARTMENT OF JUSTICE

APPENDIX (UNAUDITED)



**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The Office of the Inspector General (OIG) provided a draft of the *Independent Auditors' Report* to the Department of Justice (Department). The Department's response is incorporated in the *Independent Auditors' Report* of this final report. The following provides the report's recommendations, the status of the recommendations, the OIG's analysis of the response, and a summary of actions necessary to close the report.

Recommendations:

- 1. Establish and document Fund Balance with Treasury reconciliation policies and procedures to ensure that reconciliations are properly completed and supported in a timely manner.**

Resolved. The Department concurred with our recommendation. The Department stated in its response that it is in the process of implementing key organizational and process changes to enhance internal controls over the Fund Balance with the Treasury (FBWT) reconciliation process. These changes include additional resources, implementation of and updates to an automated reconciliation tool; as well as enhanced preparation, review and monitoring processes. The Department also stated that it will continue to document its FBWT policy and procedures to ensure that all reconciliations are properly completed and supported in a timely manner.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department has sufficiently established and documented Fund Balance with Treasury reconciliations policies and procedures to ensure that reconciliations are properly completed and supported in a timely manner.

- 2. Enhance controls over the review and approval of fund designations for converted funds in UFMS.**

Resolved. The Department concurred with our recommendation. The Department stated in its response that it will continue to enhance and document its processes and procedures; ensure that the reconciliation, review, and approval process for the conversion of funds in UFMS is complete, accurate, and timely. The Department also stated that it will continue to ensure that the correct designation is applied to the converted funds in UFMS and all discrepancies are identified, researched, and resolved timely.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently enhanced controls over the review and approval of fund designations for converted funds in UFMS.

3. Revise its training processes associated with the generation of reports and queries in UFMS.

Resolved. The Department concurred with our recommendation. The Department stated in its response that process-based UFMS production training is an integral part of its UFMS business transformation process. As such it provides pre-implementation training such as UFMS learning labs, UFMS familiarization sessions, and specific process-based training at 3, 6, and 9 month marks prior to implementation. Ongoing process-based training is provided on a monthly basis for new and current users. Generation and application of UFMS reports and queries are included in every UFMS process-based training. The Department also stated that it will continue offering a separate UFMS reports and queries course throughout the year.

An additional method for obtaining reports on UFMS data is the Justice Enterprise Data Integration (JEDI) tool. The Department stated that it will further develop and enhance accounting reports to facilitate monitoring and reconciliations. Further, the Department stated that it will also continue to provide JEDI training on obtaining financial management reports for OBDs accounting staff.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently revised its training processes associated with the generation of reports and queries in UFMS.

4. Enhance the DOJ's level of supervisory review over journal entries, with an emphasis on a more robust review of underlying data and the general ledger accounts affected by the journal entry.

Resolved. The Department concurred with our recommendation. The Department stated in its response that it is in the process of adding senior manager positions to perform additional monitoring and oversight. Moreover, the Department stated that it will also enhance its review process to include analyzing related general ledger accounts.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently implemented a more robust review of underlying data and the general ledger accounts affected by the journal entry.

5. Assess reconciliation, financial reporting review, and other monitoring controls at certain OBD components, and identify those areas where the components' management could increase the rigor and precision of those controls.

Resolved. The Department concurred with our recommendation. The Department stated in its response that it will enhance its internal control review and assessment process to identify areas where OBD component

management can increase the rigor and precision of financial management and reporting controls. Also, the Department stated that it will review, assess, and monitor controls in place at certain OBD components to ensure OBD management is performing adequate oversight.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that management has sufficiently implemented monitoring controls over certain OBD components.



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