

Section II

Financial Section

Overview

The Department's financial statements have been prepared to report the financial position, results of operations, net position, budgetary resources, and custodial activity of the Department pursuant to the Chief Financial Officers Act, the Government Management Reform Act of 1994, and the format requirements of OMB Circular A-136, *Financial Reporting Requirements*. This data outlines not only the costs of programs, but also the costs of achieving individual results by strategic goal. The following section provides the Statements of Net Cost by major program for the Department of Justice, and it is aligned directly with the goals and objectives in the Department's Strategic Plan and Annual Performance Plan.

Following the Chief Financial Officer's message, the Office of the Inspector General's Commentary and Summary, and the Independent Auditors' Reports are the following financial statements:

Consolidated Balance Sheets – Presents resources owned or managed by the Department that are available to provide future economic benefits (assets); amounts owed by the Department that will require payments from those resources or future resources (liabilities) and residual amounts retained by the Department, comprising the difference (net position) as of September 30, 2014 and 2013.

Consolidated Statements of Net Cost – Presents the net cost of Department operations for the fiscal years ended September 30, 2014 and 2013. The Department's net cost of operations includes the gross costs incurred by the Department less any exchange revenue earned from Department activities.

Consolidated Statements of Changes in Net Position – Presents the change in the Department's net position resulting from the net cost of operations, budgetary financing sources other than exchange revenues, and other financing sources for the fiscal years ended September 30, 2014 and 2013.

Combined Statements of Budgetary Resources – Presents the budgetary resources available to the Department, the status of those resources, and the outlay of budgetary resources for the fiscal years ended September 30, 2014 and 2013.

Combined Statements of Custodial Activity – Presents the sources and disposition of non-exchange revenues collected or accrued by the Department on behalf of other recipient entities for the fiscal years ended September 30, 2014 and 2013.

This page intentionally left blank.

A Message from the Chief Financial Officer

November 12, 2014

The unmodified “clean” financial audit opinion earned on the FY2014 Department of Justice consolidated financial statements marks the fourth straight year the auditor’s report on internal control did not identify any material weaknesses or significant deficiencies at the consolidated Department level. We hope this achievement demonstrates the Department’s continued commitment to sound financial practices, transparency in our spending, and the pursuit of continual improvement in our financial management operations.

The Department is committed to the wise use of its budget so that the taxpayer funds we receive are focused on the critical national security and law enforcement activities the Department performs for the nation. The Department’s leadership has challenged our components to find savings across our operations, and components have responded by achieving savings through a wide array of initiatives ranging from the strategic sourcing of software to the use of discounted airfares and consolidation of email systems. The Department’s SAVE Council is continuing to look for additional areas we can reduce spending in order to operate as efficiently as possible.

Notable accomplishments this fiscal year include the successful implementation by the Federal Bureau of Investigation (FBI) of the Department’s Unified Financial Management System. The FBI was able to accomplish the complex transition to the new system while maintaining their clean audit opinion, with no significant internal control findings. In addition, the Department successfully met the Treasury Department’s new Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) reporting requirements for the over 400 Justice appropriations, a significant first-year reporting accomplishment.

The financial management professionals at the Department of Justice take their work – their service to the nation, and their accountability to the taxpayers – seriously. Where we find internal control and reporting issues, we are committed to addressing them promptly and comprehensively. We look forward in FY 2015 to making additional financial management improvements as we continue to serve the Department of Justice, and as the Department continues to serve the nation and its citizens.



Chief Financial Officer

U.S. DEPARTMENT OF JUSTICE ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2014

OFFICE OF THE INSPECTOR GENERAL COMMENTARY AND SUMMARY

This audit report contains the Annual Financial Statements of the U.S. Department of Justice (Department) for the fiscal years (FY) ended September 30, 2014, and September 30, 2013. Under the direction of the Office of the Inspector General (OIG), KPMG LLP performed the Department's audit in accordance with auditing standards generally accepted in the United States of America. The FY 2014 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 2013, the Department also received an unmodified opinion on its financial statements (OIG Audit Report No. 14-04).

KPMG LLP also issued reports on internal control over financial reporting and on compliance and other matters. The auditors did not identify any material weaknesses, nor did they report any significant deficiencies in the FY 2014 *Independent Auditors' Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. During FYs 2009 through 2014, the Department made measurable progress toward implementing the Unified Financial Management System, which replaced four of five major non-integrated legacy accounting systems. However, it is important to note that the Department does not yet have a unified financial management system to readily support ongoing accounting operations and preparation of financial statements, and achieve the economies of scale that it originally envisioned. As discussed in past years, we believe the most important challenge facing the Department in its financial management is to fully implement an integrated financial management system to replace the remaining major non-integrated legacy accounting system used by three of the Department's nine reporting components.

No instances of non-compliance or other matters were identified during the audit that are required to be reported under Government Auditing Standards, in the FY 2014 *Independent Auditors' Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. Additionally, KPMG LLP's tests disclosed no instances in which the Department's financial management systems did not substantially comply with the Federal Financial Management Improvement Act of 1996.

The Department's financial statements are comprised of nine reporting entities as described in Note 1.A. to the financial statements. Five of these entities (Assets Forfeiture Fund and Seized Asset Deposit Fund, U.S. Marshals Service, Federal Bureau of Investigation, Federal Bureau of

Prisons, and Federal Prison Industries, Inc.) prepare separate audited annual financial statements, which are available on the OIG's website shortly after issuance.

The OIG reviewed KPMG LLP's reports and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with Government Auditing Standards, was not intended to enable us to express, and we do not express, an opinion on the Department's financial statements, conclusions about the effectiveness of internal control, conclusions on whether the Department's financial management systems substantially complied with the Federal Financial Management Improvement Act of 1996, or conclusions on compliance with laws and regulations and other matters. KPMG LLP is responsible for the attached auditors' reports dated November 12, 2014, and the conclusions expressed in the reports. However, our review disclosed no instances where KPMG LLP did not comply, in all material respects, with auditing standards generally accepted in the United States of America.



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

Independent Auditors' Report on the Financial Statements

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited the accompanying consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, 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 conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02, 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 on the Financial Statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2014 and 2013, 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

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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidating information, Combined Schedule of Spending, Freeze the Footprint, and the information in the Introduction, 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 audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2014 on our consideration of the Department's internal control over financial reporting, and our report dated November 12, 2014 on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports



Independent Auditors' Report on the Financial Statements
Page 3

are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

KPMG LLP

Washington, D.C.
November 12, 2014

This page intentionally left blank.



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

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

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*, the consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources and custodial activity for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 12, 2014.

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, 2014, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Independent Auditors' Report on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 12, 2014



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

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

Inspector General
U.S. Department of Justice

United States Attorney General
U.S. Department of Justice

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*, the consolidated financial statements of the U.S. Department of Justice (Department), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources and custodial activity for the years then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated November 12, 2014.

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, and certain provisions of other laws and regulations specified in OMB Bulletin No. 14-02. 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 of compliance disclosed no instances of noncompliance and one other matter that is required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 14-02, and which is described below.

Management is currently reviewing matters related to accounting closeout procedures for canceled appropriations, which management does not believe are violations of the *Anti-Deficiency Act*. As of the date of this report, the outcome of these matters, and any resulting ramifications, are not known. These matters are expected to be concluded in fiscal year 2015.

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



Independent Auditors' Report on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the Department's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 12, 2014

Principal Financial Statements and Related Notes

See Independent Auditors' Report on the Financial Statements

**U. S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2014 and 2013**

| Dollars in Thousands | 2014 | 2013 |
|---|----------------------|----------------------|
| ASSETS (Note 2) | | |
| Intragovernmental | | |
| Fund Balance with U.S. Treasury (Note 3) | \$ 26,878,549 | \$ 23,226,071 |
| Investments, Net (Note 5) | 8,940,208 | 6,650,960 |
| Accounts Receivable, Net (Note 6) | 507,672 | 452,327 |
| Other Assets (Note 10) | 74,062 | 92,370 |
| Total Intragovernmental | 36,400,491 | 30,421,728 |
| Cash and Monetary Assets (Note 4) | 190,965 | 174,798 |
| Accounts Receivable, Net (Note 6) | 93,326 | 81,892 |
| Inventory and Related Property, Net (Note 7) | 127,349 | 132,814 |
| Forfeited Property, Net (Note 8) | 138,265 | 141,354 |
| General Property, Plant and Equipment, Net (Note 9) | 9,678,390 | 10,017,323 |
| Advances and Prepayments | 379,236 | 444,174 |
| Other Assets (Note 10) | 5,138 | 4,677 |
| Total Assets | \$ 47,013,160 | \$ 41,418,760 |
| LIABILITIES (Note 11) | | |
| Intragovernmental | | |
| Accounts Payable | \$ 341,756 | \$ 339,253 |
| Accrued Federal Employees' Compensation Act Liabilities | 270,102 | 266,865 |
| Custodial Liabilities (Note 21) | 679,965 | 1,174,698 |
| Other Liabilities (Note 15) | 297,637 | 204,056 |
| Total Intragovernmental | 1,589,460 | 1,984,872 |
| Accounts Payable | 5,879,495 | 4,203,261 |
| Accrued Grant Liabilities | 485,533 | 387,629 |
| Actuarial Federal Employees' Compensation Act Liabilities | 1,679,245 | 1,632,616 |
| Accrued Payroll and Benefits | 310,667 | 269,621 |
| Accrued Annual and Compensatory Leave Liabilities | 823,263 | 826,369 |
| Environmental and Disposal Liabilities (Note 12) | 78,799 | 76,676 |
| Deferred Revenue | 662,462 | 621,440 |
| Seized Cash and Monetary Instruments (Note 14) | 1,410,443 | 1,485,687 |
| Contingent Liabilities (Note 16) | 58,125 | 26,571 |
| Capital Lease Liabilities (Note 13) | 191 | 8,763 |
| Radiation Exposure Compensation Act Liabilities (Note 25) | 561,661 | 660,465 |
| September 11 th Victim Compensation Fund (Note 25) | 2,700,584 | 2,751,712 |
| Other Liabilities (Note 15) | 365,562 | 411,311 |
| Total Liabilities | \$ 16,605,490 | \$ 15,346,993 |
| NET POSITION | | |
| Unexpended Appropriations - Funds from Dedicated Collections (Note 17) | \$ 32,750 | \$ 35,768 |
| Unexpended Appropriations - All Other Funds | 9,585,702 | 8,649,121 |
| Cumulative Results of Operations - Funds from Dedicated Collections (Note 17) | 15,511,728 | 11,940,472 |
| Cumulative Results of Operations - All Other Funds | 5,277,490 | 5,446,406 |
| Total Net Position | \$ 30,407,670 | \$ 26,071,767 |
| Total Liabilities and Net Position | \$ 47,013,160 | \$ 41,418,760 |

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, 2014 and 2013**

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 | 2014 | \$ 1,684,531 | \$ 3,775,423 | \$ 5,459,954 | \$ 332,420 | \$ 7,746 | \$ 340,166 | \$ 5,119,788 |
| | 2013 | \$ 1,357,360 | \$ 3,941,609 | \$ 5,298,969 | \$ 399,360 | \$ 16,373 | \$ 415,733 | \$ 4,883,236 |
| Goal 2 | 2014 | 3,460,789 | 12,417,955 | 15,878,744 | 516,290 | 1,132,604 | 1,648,894 | 14,229,850 |
| | 2013 | 3,640,363 | 11,352,697 | 14,993,060 | 703,072 | 720,434 | 1,423,506 | 13,569,554 |
| Goal 3 | 2014 | 2,693,150 | 11,198,436 | 13,891,586 | 656,021 | 606,109 | 1,262,130 | 12,629,456 |
| | 2013 | 2,330,720 | 11,641,698 | 13,972,418 | 674,252 | 599,926 | 1,274,178 | 12,698,240 |
| Total | 2014 | <u>\$ 7,838,470</u> | <u>\$ 27,391,814</u> | <u>\$ 35,230,284</u> | <u>\$ 1,504,731</u> | <u>\$ 1,746,459</u> | <u>\$ 3,251,190</u> | <u>\$ 31,979,094</u> |
| | 2013 | <u>\$ 7,328,443</u> | <u>\$ 26,936,004</u> | <u>\$ 34,264,447</u> | <u>\$ 1,776,684</u> | <u>\$ 1,336,733</u> | <u>\$ 3,113,417</u> | <u>\$ 31,151,030</u> |

- Goal 1 Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law
Goal 2 Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law
Goal 3 Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels

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

U. S. Department of Justice
Consolidated Statements of Changes in Net Position
For the Fiscal Year Ended September 30, 2014

Dollars in Thousands

| | 2014 | | | |
|--|-------------------------------------|----------------------|-----------------|----------------------|
| | Funds from Dedicated Collections | All Other Funds | Eliminations | Total |
| Unexpended Appropriations | | | | |
| Beginning Balances | \$ 35,768 | \$ 8,649,121 | \$ - | \$ 8,684,889 |
| Budgetary Financing Sources | | | | |
| Appropriations Received | 41,680 | 27,956,044 | - | 27,997,724 |
| Appropriations Transferred-In/Out | - | 345,106 | - | 345,106 |
| Other Adjustments | 317 | (273,146) | - | (272,829) |
| Appropriations Used | (45,015) | (27,091,423) | - | (27,136,438) |
| Total Budgetary Financing Sources | (3,018) | 936,581 | - | 933,563 |
| Unexpended Appropriations | \$ 32,750 | \$ 9,585,702 | \$ - | \$ 9,618,452 |
| Cumulative Results of Operations | | | | |
| Beginning Balances | \$ 11,940,472 | \$ 5,446,406 | \$ - | \$ 17,386,878 |
| Adjustments (Note 26) | | | | |
| Changes in Accounting Principles | (7,673) | (123,185) | - | (130,858) |
| Beginning Balances, as Adjusted | 11,932,799 | 5,323,221 | - | 17,256,020 |
| Budgetary Financing Sources | | | | |
| Other Adjustments | - | (30,000) | - | (30,000) |
| Appropriations Used | 45,015 | 27,091,423 | - | 27,136,438 |
| Nonexchange Revenues | 3,598,671 | 322 | - | 3,598,993 |
| Donations and Forfeitures of Cash and Cash Equivalents | 4,158,820 | - | - | 4,158,820 |
| Transfers-In/Out Without Reimbursement | (693,000) | 97,910 | - | (595,090) |
| Other Financing Sources | | | | |
| Donations and Forfeitures of Property | 308,307 | - | - | 308,307 |
| Transfers-In/Out Without Reimbursement | (4,930) | 8,565 | - | 3,635 |
| Imputed Financing from Costs Absorbed by Others (Note 19) | 19,656 | 939,517 | (19,791) | 939,382 |
| Other Financing Sources | - | (8,193) | - | (8,193) |
| Total Financing Sources | 7,432,539 | 28,099,544 | (19,791) | 35,512,292 |
| Net Cost of Operations | (3,853,610) | (28,145,275) | 19,791 | (31,979,094) |
| Net Change | 3,578,929 | (45,731) | - | 3,533,198 |
| Cumulative Results of Operations | \$ 15,511,728 | \$ 5,277,490 | \$ - | \$ 20,789,218 |
| Net Position | \$ 15,544,478 | \$ 14,863,192 | \$ - | \$ 30,407,670 |

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, 2013

Dollars in Thousands

| | 2013 | | | |
|--|-------------------------------------|----------------------|-----------------|----------------------|
| | Funds from Dedicated Collections | All Other Funds | Eliminations | Total |
| Unexpended Appropriations | | | | |
| Beginning Balances | \$ 25,963 | \$ 10,568,815 | \$ - | \$ 10,594,778 |
| Budgetary Financing Sources | | | | |
| Appropriations Received | 80,267 | 28,042,760 | - | 28,123,027 |
| Appropriations Transferred-In/Out | 5,343 | 250,502 | - | 255,845 |
| Other Adjustments | (3,419) | (2,547,144) | - | (2,550,563) |
| Appropriations Used | (72,386) | (27,665,812) | - | (27,738,198) |
| Total Budgetary Financing Sources | 9,805 | (1,919,694) | - | (1,909,889) |
| Unexpended Appropriations | \$ 35,768 | \$ 8,649,121 | \$ - | \$ 8,684,889 |
| Cumulative Results of Operations | | | | |
| Beginning Balances | \$ 10,947,448 | \$ 5,431,855 | \$ - | \$ 16,379,303 |
| Budgetary Financing Sources | | | | |
| Other Adjustments | - | (26,000) | - | (26,000) |
| Appropriations Used | 72,386 | 27,665,812 | - | 27,738,198 |
| Nonexchange Revenues | 1,496,030 | 322 | - | 1,496,352 |
| Donations and Forfeitures of Cash and Cash Equivalents | 1,826,480 | - | - | 1,826,480 |
| Transfers-In/Out Without Reimbursement | - | 140,230 | - | 140,230 |
| Other Financing Sources | | | | |
| Donations and Forfeitures of Property | 185,769 | 3 | - | 185,772 |
| Transfers-In/Out Without Reimbursement | (7,280) | 9,360 | - | 2,080 |
| Imputed Financing from Costs Absorbed by Others (Note 19) | 15,218 | 807,510 | (21,069) | 801,659 |
| Other Financing Sources | - | (6,166) | - | (6,166) |
| Total Financing Sources | 3,588,603 | 28,591,071 | (21,069) | 32,158,605 |
| Net Cost of Operations | (2,595,579) | (28,576,520) | 21,069 | (31,151,030) |
| Net Change | 993,024 | 14,551 | - | 1,007,575 |
| Cumulative Results of Operations | \$ 11,940,472 | \$ 5,446,406 | \$ - | \$ 17,386,878 |
| Net Position | \$ 11,976,240 | \$ 14,095,527 | \$ - | \$ 26,071,767 |

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, 2014 and 2013

| Dollars in Thousands | 2014 | 2013 |
|--|-----------------------------|-----------------------------|
| Budgetary Resources: | | |
| Unobligated Balance, Net, Brought Forward, October 1 | \$ 3,994,967 | \$ 4,036,432 |
| Recoveries of Prior Year Unpaid Obligations | 746,225 | 1,029,004 |
| Other Changes in Unobligated Balance | <u>(2,421)</u> | <u>(18,946)</u> |
| Unobligated Balance from Prior Year Budget Authority, Net | 4,738,771 | 5,046,490 |
| Appropriations (discretionary and mandatory) | 33,649,891 | 29,174,293 |
| Spending Authority from Offsetting Collections (discretionary and mandatory) | <u>5,709,511</u> | <u>5,275,914</u> |
| Total Budgetary Resources | <u>\$ 44,098,173</u> | <u>\$ 39,496,697</u> |
| Status of Budgetary Resources: | | |
| Obligations Incurred (Note 20) | \$ 38,273,442 | \$ 35,501,730 |
| Unobligated Balance, End of Year: | | |
| Apportioned | 4,712,942 | 2,757,986 |
| Exempt from Apportionment | 250,958 | 266,607 |
| Unapportioned | <u>860,831</u> | <u>970,374</u> |
| Total Unobligated Balance - End of Year | <u>5,824,731</u> | <u>3,994,967</u> |
| Total Status of Budgetary Resources | <u>\$ 44,098,173</u> | <u>\$ 39,496,697</u> |
| Change in Obligated Balance: | | |
| Unpaid Obligations: | | |
| Unpaid obligations, Brought Forward, October 1 | \$ 14,798,020 | \$ 16,930,377 |
| Obligations Incurred | 38,273,442 | 35,501,730 |
| Outlays, Gross (-) | (35,107,780) | (36,605,083) |
| Recoveries of Prior Year Unpaid Obligations (-) | <u>(746,225)</u> | <u>(1,029,004)</u> |
| Unpaid Obligations, End of Year | <u>17,217,457</u> | <u>14,798,020</u> |
| Uncollected Payments: | | |
| Uncollected Payments from Federal Sources, Brought Forward, October 1 (-) | (1,666,905) | (1,890,361) |
| Change in Uncollected Customer Payments from Federal Sources | <u>(122,500)</u> | <u>223,456</u> |
| Uncollected Customer Payments from Federal Sources, End of Year | <u>(1,789,405)</u> | <u>(1,666,905)</u> |
| Memorandum (non-add) Entries: | | |
| Obligated balance, Start of Year | <u>\$ 13,131,115</u> | <u>\$ 15,040,016</u> |
| Obligated balance, End of Year | <u>\$ 15,428,052</u> | <u>\$ 13,131,115</u> |
| Budgetary Authority and Outlays, Net: | | |
| Budgetary Authority, Gross (discretionary and mandatory) | \$ 39,359,402 | \$ 34,450,207 |
| Less: Actual Offsetting Collections (discretionary and mandatory) | 5,590,273 | 5,499,369 |
| Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory) | <u>(122,500)</u> | <u>223,456</u> |
| Budget Authority, Net (discretionary and mandatory) | <u>\$ 33,646,629</u> | <u>\$ 29,174,294</u> |
| Outlays, Gross (discretionary and mandatory) | \$ 35,107,780 | \$ 36,605,083 |
| Less: Actual Offsetting Collections (discretionary and mandatory) | <u>5,590,273</u> | <u>5,499,369</u> |
| Outlays, Net (discretionary and mandatory) | 29,517,507 | 31,105,714 |
| Less: Distributed Offsetting Receipts | <u>495,904</u> | <u>933,877</u> |
| Agency Outlays, Net (discretionary and mandatory) | <u>\$ 29,021,603</u> | <u>\$ 30,171,837</u> |

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

U. S. Department of Justice
Combined Statements of Custodial Activity
For the Years Ended September 30, 2014 and 2013

| Dollars in Thousands | 2014 | 2013 |
|---|---------------------|--------------------|
| Revenue Activity | | |
| Sources of Cash Collections | | |
| Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986 | \$ 13,833,518 | \$ 5,595,261 |
| Fees and Licenses | 47,847 | 43,392 |
| Fines, Penalties and Restitution Payments - Civil | 13,304 | 86,845 |
| Fines, Penalties and Restitution Payments - Criminal | 47,403 | 42,603 |
| Miscellaneous | 6,162 | 42,030 |
| Total Cash Collections | <u>13,948,234</u> | <u>5,810,131</u> |
| Accrual Adjustments | <u>1,870</u> | <u>(914)</u> |
| Total Custodial Revenue | <u>13,950,104</u> | <u>5,809,217</u> |
| Disposition of Collections | | |
| Transferred to Federal Agencies | | |
| Library of Congress | (356) | (509) |
| U.S. Department of Agriculture | (156,297) | (136,258) |
| U.S. Department of Commerce | (731) | (6,000) |
| U.S. Department of the Interior | (35,177) | (36,174) |
| U.S. Department of Justice | (17,064) | (99,558) |
| U.S. Department of Labor | (2,245) | (3,897) |
| U.S. Postal Service | (23,457) | (26,790) |
| U.S. Department of State | (4,528) | (2,208) |
| U.S. Department of the Treasury | (7,001,974) | (2,025,807) |
| Office of Personnel Management | (48,872) | (43,447) |
| National Credit Union Administration | (1,375,000) | (1) |
| Federal Communications Commission | 6 | (757) |
| Social Security Administration | (554) | (699) |
| Smithsonian Institution | (1,277) | (8) |
| U.S. Department of Veterans Affairs | (78,350) | (123,179) |
| Equal Employment Opportunity Commission | - | (2) |
| General Services Administration | (29,173) | (51,966) |
| Securities and Exchange Commission | (3) | (3) |
| Federal Deposit Insurance Corporation | (702,050) | (419) |
| Railroad Retirement Board | (286) | (414) |
| Tennessee Valley Authority | (438) | (291) |
| Environmental Protection Agency | (265,167) | (185,060) |
| U.S. Department of Transportation | (17,363) | (5,185) |
| U.S. Department of Homeland Security | (101,451) | (131,067) |
| Agency for International Development | (4,101) | (44,212) |
| Small Business Administration | (12,163) | (14,792) |
| U.S. Department of Health and Human Services | (1,253,387) | (1,151,278) |
| National Aeronautics and Space Administration | (44) | (5,288) |
| Export-Import Bank of the United States | (1,908) | (13,855) |
| U.S. Department of Housing and Urban Development | (470,875) | (24,226) |
| U.S. Department of Energy | (6,040) | (10,585) |
| U.S. Department of Education | (22,929) | (23,219) |
| Independent Agencies | (78,277) | (114,607) |
| Treasury General Fund | (1,559,668) | (676,060) |
| U.S. Department of Defense | (88,859) | (120,707) |
| Transferred to the Public | (502,684) | (416,166) |
| (Increase)/Decrease in Amounts Yet to be Transferred | 562,801 | (51,378) |
| Refunds and Other Payments | (124,378) | (104,834) |
| Retained by the Reporting Entity | <u>(525,785)</u> | <u>(158,311)</u> |
| Total Disposition of Collections | <u>(13,950,104)</u> | <u>(5,809,217)</u> |
| Net Custodial Activity (Note 21) | <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)
- Offices, Boards and Divisions (OBDs)
- U.S. Marshals Service (USMS)
- Office of Justice Programs (OJP)
- Drug Enforcement Administration (DEA)
- Federal Bureau of Investigation (FBI)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Bureau of Prisons (BOP)
- Federal Prison Industries, Inc. (FPI)

These notes are an integral part of the financial statements.

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

B. Basis of Presentation

These financial statements have been prepared from the books and records of the Department in accordance with United States generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) and presentation guidelines in the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These financial statements are different from the financial reports prepared pursuant to OMB directives which are used to monitor and control the use of the Department's budgetary resources. The accompanying financial statements include the accounts of all funds under the Department's control. To ensure that the Department financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Inventory and Related Property, Other Assets, 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; Capital Lease Liabilities; Radiation Exposure Compensation Act (RECA) Liabilities; and September 11th Victim Compensation Fund Liabilities.

C. Basis of Consolidation

The consolidated/combined financial statements of the Department include the accounts of the AFF/SADF, OBDs, USMS, OJP, DEA, FBI, ATF, BOP, and FPI. 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 2014 and 2013, and as such, intra-departmental transactions have not been eliminated.

D. Basis of Accounting

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

Custodial activity reported on the Combined Statements of Custodial Activity is prepared on the modified cash basis. Civil and Criminal Debt Collections are recorded when the Department receives payment from debtors. Accrual adjustments are made related to collections of fees and licenses.

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.

These notes are an integral part of the financial statements.

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

E. Non-Entity Assets

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

F. Fund Balance with U.S. Treasury and Cash

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 Public Debt. 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 Public Debt website (<http://www.fedinvest.gov/>). Investments are reported on the Consolidated Balance Sheets at their net value, the face value plus or minus any unamortized premium or discount. Premiums and discounts are amortized over the life of the Treasury security. The interest method is used for the amortization of premium and discount of Treasury notes and the straight-line method is used for Treasury bills. Amortization is based on the straight-line method over the term of the securities.

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

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.

These notes are an integral part of the financial statements.

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

H. Accounts Receivable

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

I. Inventory and Related Property

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

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

J. General Property, Plant and Equipment

DOJ Financial Management Policy Memorandum (FMPM) 13-12, *Capitalization of General Property, Plant, and Equipment and Internal Use Software*, was issued in FY 2013 with an effective date for reporting periods ending after September 30, 2014. Early implementation of the policy's increased capitalization thresholds were encouraged beginning October 1, 2012. The table below illustrates which portions of the new policy were implemented in FY 2014 and 2013 for the Department by component. Full implementation is required for all DOJ components by the beginning of FY 2015.

| Department Component | FY 2014 | | | | FY 2013 | | | |
|---------------------------------------|---------------|-------------------|----------|-----------------------|---------------|-------------------|----------|-----------------------|
| | Real Property | Personal Property | Aircraft | Internal Use Software | Real Property | Personal Property | Aircraft | Internal Use Software |
| Assets Forfeiture Fund (AFF) | | | | | √ | √ | √ | √ |
| Offices, Boards and Divisions (OBDs) | | | | | √ | √ | √ | √ |
| United States Marshals Service (USMS) | √ | √ | √ | | | | | √ |
| Office of Justice Programs (OJP) | | | | | √ | √ | √ | √ |
| Drug Enforcement Administration (DEA) | √ | √ | √ | | | | | √ |
| Federal Bureau of Investigation (FBI) | | | | | √ | √ | √ | √ |
| Alcohol, Tobacco, and Firearms (ATF) | √ | √ | √ | √ | | | | |
| Bureau of Prisons (BOP) | | | | | | | | √ |
| Federal Prison Industries, Inc. (FPI) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

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 (continued)

For FY 2014 and 2013, as depicted in the above table, certain of the Department’s components early implemented the below mentioned new capitalization thresholds for property acquisitions. The remainder of the components continue to use the below mentioned old capitalized thresholds.

For financial statement purposes, the primary changes relate to the capitalization thresholds for real property, including leasehold improvements; personal property; and internal use software which results in a decrease to the overall general PP&E balance.

Federal Prison Industries, Inc., as a revolving fund, is exempt from FMPM 13-12, which states that “Revolving Funds, Working Capital Funds, and Trust Fund entities may establish their own thresholds on the capitalization of general PP&E, and IUS projects.” These thresholds must not conflict with FMPM 13-12, but may be more restrictive, at the discretion of the entity. Appropriation funded projects must comply with the capitalization thresholds outlined in FMPM 13-12, as listed below.

| Type of Property | New Capitalization Threshold | Old Capitalization Threshold |
|-----------------------|------------------------------|------------------------------|
| Real Property | \$250 | \$100 |
| Personal Property | \$50 | \$25 |
| Aircraft | \$100 | \$100 |
| Internal Use Software | \$5,000 | \$500 |

Except for land, all general PP&E will be capitalized when the cost of acquiring or improving the property meets the threshold noted in the table above and has a useful life of two or more years. Land is capitalized regardless of the acquisition cost. Except for land, all general PP&E is depreciated or amortized, based on historical cost, using the straight-line method over the estimated useful life of the asset. Land is never depreciated. BOP and FPI capitalize personal property acquisitions over \$5 and \$10, respectively

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 travel advances issued to federal employees for official travel. Travel advances are limited to meals and incidental expenses expected to be incurred by the employees during official travel. 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.

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

Forfeited property is property for which the title has passed to the U.S. Government. This property is recorded at the estimated fair market value at the time of forfeiture and is not adjusted for any subsequent increases and decreases in estimated fair market value. The value of the property is reduced by the estimated liens of record.

Seized property is property that the government has taken possession of in consequence of a violation of public law. Seized property can include monetary instruments, real property, and tangible personal property of others in the actual or constructive possession of the custodial agency. Most non-cash property is held by the USMS from the point of seizure until its disposition. This property is recorded at the estimated fair market value at the time of seizure and is not adjusted for any subsequent increases and decreases in estimated fair market value.

M. Liabilities

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

N. Accrued Grant Liabilities

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

Estimates for the grant accrual contain assumptions that have an impact on the 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.

These notes are an integral part of the financial statements.

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

O. Contingencies and Commitments

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

P. Annual, Sick, and Other Leave

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

Q. Interest on Late Payments

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

R. Retirement Plan

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

- 1) Employees hired before January 1, 1984, are covered by the Civil Service Retirement System (CSRS). The Department contributes 7% of the gross pay for regular employees and 7.5% for law enforcement officers.
- 2) Employees hired January 1, 1984 or later, are covered by the Federal Employees Retirement System (FERS).
 - a. Employees hired January 1, 1984 through December 31, 2012, are covered by the FERS. The Department contributes 11.9% of the gross pay for regular employees and 26.3% for law enforcement officers.

These notes are an integral part of the financial statements.

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

R. Retirement Plan (continued)

- b. Employees hired January 1, 2013 through December 31, 2013, are covered by the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE). The Department contributes 9.6% of the gross pay for regular employees and 24.0% 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 9.6% of the gross pay for regular employees and 24.0% for law enforcement officers.

S. Federal Employee Compensation Benefits

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

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

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.

These notes are an integral part of the financial statements.

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

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. The classification of revenue or cost as “intragovernmental” or “with the public” is defined on a transaction-by-transaction basis. The purpose of this classification is to enable the federal government to prepare consolidated financial statements, not to match public and intragovernmental revenue with the costs incurred to produce public and intragovernmental revenue.

U. Revenues and Other Financing Sources

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

Appropriations Used are recognized as budgetary financing sources at the time the related program or administrative expenses are incurred. Exchange revenues are recognized when earned, for example, when goods have been delivered or services rendered. Nonexchange revenues are resources that the Government demands or receives, for example, forfeiture revenue and fines and penalties.

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

The Department's nonexchange revenue consists of forfeiture income resulting from the sale of forfeited property, penalties in lieu of forfeiture, recovery of returned asset management cost, judgment collections, and other miscellaneous income. Other nonexchange revenue includes the OJP Crime Victims Fund receipts, ATF fees from firearms and ammunition industries, 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.

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

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

1. A statute committing the federal government to use specifically identified revenues and/or other financing sources that are originally provided to the federal government by a non-federal source only for designated activities, benefits or purposes;
2. Explicit authority for the funds to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and
3. A requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the fund from the federal government's general revenues.

The following funds meet the definition of a fund from dedicated collections: AFF, U.S. Trustee System Fund, Antitrust Division, Crime Victims Fund, 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.

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)

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

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

USMS, as the child, receives allocation transfers of appropriation from the Administrative Office of the U.S. Courts. The allocation transfers are used for costs associated with protective guard services - Court Security Officers at United States courthouses and other facilities housing federal court operations. These costs include their salaries (paid through contracts), equipment, and supplies. This transfer is performed on an annual 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 2013 financial statements were reclassified to conform to the FY 2014 Departmental financial statement presentation requirements. Certain other prior year amounts have also been reclassified to conform with the current year presentation. The reclassifications have no material effect on total assets, liabilities, net position, change in net position or budgetary resources, as previously reported.

These notes are an integral part of the financial statements.

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

AA. Subsequent Events

Subsequent events and transactions occurring after September 30, 2014 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, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---------------------------------|----------------------|----------------------|
| Intragovernmental | | |
| Fund Balance with U.S. Treasury | \$ 798,033 | \$ 1,359,177 |
| Investments, Net | <u>1,357,972</u> | <u>1,457,380</u> |
| Total Intragovernmental | <u>2,156,005</u> | <u>2,816,557</u> |
| With the Public | | |
| Cash and Monetary Assets | 152,693 | 129,621 |
| Accounts Receivable, Net | <u>5,079</u> | <u>3,244</u> |
| Total With the Public | <u>157,772</u> | <u>132,865</u> |
| Total Non-Entity Assets | 2,313,777 | 2,949,422 |
| Total Entity Assets | <u>44,699,383</u> | <u>38,469,338</u> |
| Total Assets | <u>\$ 47,013,160</u> | <u>\$ 41,418,760</u> |

These notes are an integral part of the financial statements.

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

Note 3. Fund Balance with U.S. Treasury

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

As of September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|----------------------|----------------------|
| Fund Balances | | |
| Trust Funds | \$ 115,441 | \$ 109,777 |
| Special Funds | 13,355,637 | 10,398,592 |
| Revolving Funds | 930,885 | 623,703 |
| General Funds | 12,399,905 | 12,026,880 |
| Other Fund Types | <u>76,681</u> | <u>67,119</u> |
| Total Fund Balances with U.S. Treasury | <u>\$ 26,878,549</u> | <u>\$ 23,226,071</u> |
| Status of Fund Balances | | |
| Unobligated Balance - Available | \$ 4,963,900 | \$ 3,024,593 |
| Unobligated Balance - Unavailable | 860,831 | 970,374 |
| Obligated Balance not yet Disbursed | 15,428,052 | 13,131,115 |
| Other Funds (With)/Without Budgetary Resources | <u>5,625,766</u> | <u>6,099,989</u> |
| Total Status of Fund Balances | <u>\$ 26,878,549</u> | <u>\$ 23,226,071</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 - Unavailable includes amounts appropriated in prior fiscal years that are no longer available to fund new obligations, but can be used for upward adjustments for existing obligations. Additionally, this line includes amounts received that are restricted to future use and as a result are not apportioned for current use. Other restricted funds include the collections of fees in excess of amounts budgeted for administering the Diversion Control Program. These collections may not be used until authorized by Congress.

Other Funds (With)/Without Budgetary Resources primarily represent the net of 1) investments in short-term securities with budgetary resources, 2) resources temporarily not available pursuant to public law, 3) custodial liabilities, and 4) miscellaneous receipts.

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 Monetary Assets

As of September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--------------------------------|-------------------|-------------------|
| Cash | | |
| Undeposited Collections | \$ (74) | \$ (74) |
| Imprest Funds | 38,335 | 45,255 |
| Seized Cash Deposited | 79,675 | 40,063 |
| Other Cash | <u>13,887</u> | <u>14,994</u> |
| Total Cash | <u>131,823</u> | <u>100,238</u> |
| Monetary Assets | | |
| Seized Monetary Instruments | <u>59,142</u> | <u>74,560</u> |
| Total Monetary Assets | <u>59,142</u> | <u>74,560</u> |
| Total Cash and Monetary Assets | <u>\$ 190,965</u> | <u>\$ 174,798</u> |

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

Note 5. Investments, Net

| | <u>Face Value</u> | <u>Unamortized Premium (Discount)</u> | <u>Interest Receivable</u> | <u>Investments, Net</u> | <u>Market Value</u> |
|------------------------------|-----------------------|---|--------------------------------|-----------------------------|-------------------------|
| As of September 30, 2014 | | | | | |
| Intragovernmental | | | | | |
| Non-Marketable Securities | | | | | |
| Market Based | \$ 8,941,967 | \$ (1,946) | \$ 187 | \$ 8,940,208 | \$ 8,940,675 |
| As of September 30, 2013 | | | | | |
| Intragovernmental | | | | | |
| Non-Marketable Securities | | | | | |
| Market Based | \$ 6,652,198 | \$ (1,425) | \$ 187 | \$ 6,650,960 | \$ 6,652,572 |

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, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|-------------------|-------------------|
| Intragovernmental | | |
| Accounts Receivable | \$ 508,008 | \$ 452,533 |
| Allowance for Uncollectible Accounts | <u>(336)</u> | <u>(206)</u> |
| Total Intragovernmental | <u>507,672</u> | <u>452,327</u> |
| With the Public | | |
| Accounts Receivable | 109,424 | 96,219 |
| Allowance for Uncollectible Accounts | <u>(16,098)</u> | <u>(14,327)</u> |
| Total With the Public | <u>93,326</u> | <u>81,892</u> |
| Total Accounts Receivable, Net | <u>\$ 600,998</u> | <u>\$ 534,219</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 OBDs U.S. Trustee Chapter 11 quarterly fees, FBI Non-Federal User Fee Program, FBI National Name Check Program, court mandated restitution, and refunds due from the public.

Note 7. Inventory and Related Property, Net

As of September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| Inventory | | |
| Raw Materials | \$ 23,777 | \$ 32,392 |
| Work in Process | 22,673 | 24,377 |
| Finished Goods | 32,976 | 36,930 |
| Inventory Purchased for Resale | 18,410 | 18,775 |
| Excess, Obsolete, and Unserviceable | 27,006 | 28,325 |
| Inventory Allowance | <u>(27,804)</u> | <u>(26,613)</u> |
| Operating Materials and Supplies | | |
| Held for Current Use | <u>30,311</u> | <u>18,628</u> |
| Total Inventory and Related Property, Net | <u>\$ 127,349</u> | <u>\$ 132,814</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 valuation changes received after, but properly credited to a prior fiscal year. The valuation changes include updates and corrections to an asset's value recorded in a prior year.

Method of Disposition of Forfeited Property:

During FYs 2014 and 2013, \$162,038 and \$115,856 of forfeited property were sold, \$6,268 and \$1,038 were destroyed or donated, \$4,892 and \$17,081 were returned to owners, and \$127,091 and \$55,077 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, 2014

| Forfeited Property Category | | Beginning Balance | Adjust- ments | Forfeitures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|-----------------------------------|--------|----------------------|------------------|-------------|--------------|-------------------|------------------------|------------------------------------|
| Financial Instruments | Number | 212 | 278 | 444 | (650) | 284 | - | 284 |
| | Value | \$ 2,417 | \$ 6,389 | \$ 129,203 | \$ (133,102) | \$ 4,907 | \$ - | \$ 4,907 |
| Real Property | Number | 526 | 26 | 390 | (484) | 458 | - | 458 |
| | Value | \$ 98,773 | \$ 6,739 | \$ 81,133 | \$ (97,966) | \$ 88,679 | \$ (2,223) | \$ 86,456 |
| Personal Property | Number | 3,422 | 285 | 4,809 | (5,284) | 3,232 | - | 3,232 |
| | Value | \$ 41,770 | \$ 17,132 | \$ 59,234 | \$ (69,221) | \$ 48,915 | \$ (2,013) | \$ 46,902 |
| Non-Valued Firearms | Number | 24,001 | (58) | 15,430 | (13,408) | 25,965 | - | 25,965 |
| Total | Number | 28,161 | 531 | 21,073 | (19,826) | 29,939 | - | 29,939 |
| | Value | \$ 142,960 | \$ 30,260 | \$ 269,570 | \$ (300,289) | \$ 142,501 | \$ (4,236) | \$ 138,265 |

For the Fiscal Year Ended September 30, 2013

| Forfeited Property Category | | Beginning Balance | Adjust- ments | Forfeitures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|-----------------------------------|--------|----------------------|------------------|-------------|--------------|-------------------|------------------------|------------------------------------|
| Financial Instruments | Number | 178 | - | 275 | (241) | 212 | - | 212 |
| | Value | \$ 1,329 | \$ - | \$ 45,294 | \$ (44,206) | \$ 2,417 | \$ - | \$ 2,417 |
| Real Property | Number | 418 | (2) | 445 | (335) | 526 | - | 526 |
| | Value | \$ 81,996 | \$ (987) | \$ 86,903 | \$ (69,139) | \$ 98,773 | \$ (1,072) | \$ 97,701 |
| Personal Property | Number | 3,858 | - | 5,512 | (5,948) | 3,422 | - | 3,422 |
| | Value | \$ 63,972 | \$ - | \$ 53,505 | \$ (75,707) | \$ 41,770 | \$ (534) | \$ 41,236 |
| Non-Valued Firearms | Number | 26,796 | - | 9,156 | (11,951) | 24,001 | - | 24,001 |
| Total | Number | 31,250 | (2) | 15,388 | (18,475) | 28,161 | - | 28,161 |
| | Value | \$ 147,297 | \$ (987) | \$ 185,702 | \$ (189,052) | \$ 142,960 | \$ (1,606) | \$ 141,354 |

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.

The number of items represents quantities calculated using many different units of measure. If necessary, the adjustments column includes property status and valuation changes received after, but properly credited to a prior fiscal year. The valuation changes include updates and corrections to an asset's value recorded in a prior year.

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:

During FYs 2014 and 2013, \$3,891,912 and \$1,863,985 of seized property were forfeited, \$84,256 and \$216,945 were returned to parties with a bonafide interest, and \$52,107 and \$24,997 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, 2014

| Seized Property Category | | Beginning Balance | Adjustments | Seizures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|--------------------------------------|--------|-------------------|-------------|--------------|----------------|----------------|------------------|------------------------------|
| Seized for Forfeiture | | | | | | | | |
| Seized Cash and Monetary Instruments | Value | \$ 1,435,283 | \$ 54,898 | \$ 3,733,392 | \$ (3,850,257) | \$ 1,373,316 | \$ (205,829) | \$ 1,167,487 |
| Financial Instruments | Number | 404 | (79) | 248 | (216) | 357 | - | 357 |
| | Value | \$ 46,013 | \$ (13,413) | \$ 123,443 | \$ (31,667) | \$ 124,376 | \$ (1,726) | \$ 122,650 |
| Real Property | Number | 140 | 5 | 129 | (143) | 131 | - | 131 |
| | Value | \$ 63,783 | \$ (669) | \$ 31,697 | \$ (42,225) | \$ 52,586 | \$ (11,887) | \$ 40,699 |
| Personal Property | Number | 7,136 | 246 | 6,222 | (6,311) | 7,293 | - | 7,293 |
| | Value | \$ 144,422 | \$ (12,623) | \$ 103,667 | \$ (87,661) | \$ 147,805 | \$ (32,364) | \$ 115,441 |
| Non-Valued Firearms | Number | 30,281 | 1,122 | 12,719 | (19,728) | 24,394 | - | 24,394 |

For the Fiscal Year Ended September 30, 2013

| Seized Property Category | | Beginning Balance | Adjustments | Seizures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|--------------------------------------|--------|-------------------|-------------|--------------|----------------|----------------|------------------|------------------------------|
| Seized for Forfeiture | | | | | | | | |
| Seized Cash and Monetary Instruments | Value | \$ 1,536,523 | \$ 24,251 | \$ 1,738,021 | \$ (1,863,512) | \$ 1,435,283 | \$ (114,622) | \$ 1,320,661 |
| Financial Instruments | Number | 520 | - | 49 | (165) | 404 | - | 404 |
| | Value | \$ 68,368 | \$ - | \$ 39,165 | \$ (61,520) | \$ 46,013 | \$ (2,395) | \$ 43,618 |
| Real Property | Number | 127 | 3 | 227 | (217) | 140 | - | 140 |
| | Value | \$ 45,084 | \$ (3,013) | \$ 75,390 | \$ (53,678) | \$ 63,783 | \$ (20,618) | \$ 43,165 |
| Personal Property | Number | 8,019 | - | 6,224 | (7,107) | 7,136 | - | 7,136 |
| | Value | \$ 183,797 | \$ - | \$ 59,118 | \$ (98,493) | \$ 144,422 | \$ (21,356) | \$ 123,066 |
| Non-Valued Firearms | Number | 33,572 | - | 13,496 | (16,787) | 30,281 | - | 30,281 |

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, 2014

| Seized Property Category | | Beginning Balance | Adjustments | Seizures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|-----------------------------|--------|-------------------|-------------|-----------|-------------|----------------|------------------|------------------------------|
| Seized for Evidence | | | | | | | | |
| Seized Monetary Instruments | Value | \$ 50,404 | \$ (16,539) | \$ 17,173 | \$ (13,911) | \$ 37,127 | \$ - | \$ 37,127 |
| Personal Property | Number | 1,206 | (726) | 47 | (119) | 408 | - | 408 |
| | Value | \$ 28,468 | \$ (19,143) | \$ 1,136 | \$ (2,554) | \$ 7,907 | \$ - | \$ 7,907 |
| Non-Valued Firearms | Number | 61,612 | (3,176) | 9,760 | (12,182) | 56,014 | - | 56,014 |
| Drug Evidence | | | | | | | | |
| Cocaine | KG | 51,614 | (2,777) | 26,854 | (25,427) | 50,264 | - | 50,264 |
| Heroin | KG | 3,661 | (425) | 1,394 | (781) | 3,849 | - | 3,849 |
| Marijuana | KG | 16,440 | (2,245) | 2,478 | (3,781) | 12,892 | - | 12,892 |
| Bulk Drug Evidence | KG | 256,871 | (449) | 794,697 | (903,493) | 147,626 | - | 147,626 |
| Methamphetamine | KG | 10,707 | (407) | 4,232 | (2,426) | 12,106 | - | 12,106 |
| Other | KG | 22,239 | (1,011) | 7,031 | (7,892) | 20,367 | - | 20,367 |
| Total Drug Evidence | KG | 361,532 | (7,314) | 836,686 | (943,800) | 247,104 | - | 247,104 |

For the Fiscal Year Ended September 30, 2013

| Seized Property Category | | Beginning Balance | Adjustments | Seizures | Disposals | Ending Balance | Liens and Claims | Ending Balance, Net of Liens |
|-----------------------------|--------|-------------------|-------------|-----------|-------------|----------------|------------------|------------------------------|
| Seized for Evidence | | | | | | | | |
| Seized Monetary Instruments | Value | \$ 50,644 | \$ (5,543) | \$ 25,272 | \$ (19,969) | \$ 50,404 | \$ - | \$ 50,404 |
| Personal Property | Number | 1,414 | 35 | 217 | (460) | 1,206 | - | 1,206 |
| | Value | \$ 30,337 | \$ 312 | \$ 6,574 | \$ (8,755) | \$ 28,468 | \$ - | \$ 28,468 |
| Non-Valued Firearms | Number | 64,331 | (1,789) | 12,558 | (13,488) | 61,612 | - | 61,612 |
| Drug Evidence | | | | | | | | |
| Cocaine | KG | 53,584 | 846 | 36,340 | (39,156) | 51,614 | - | 51,614 |
| Heroin | KG | 3,421 | (20) | 934 | (674) | 3,661 | - | 3,661 |
| Marijuana | KG | 17,423 | 114 | 2,987 | (4,084) | 16,440 | - | 16,440 |
| Bulk Drug Evidence | KG | 397,644 | 1,587 | 1,085,804 | (1,228,164) | 256,871 | - | 256,871 |
| Methamphetamine | KG | 8,503 | - | 4,568 | (2,364) | 10,707 | - | 10,707 |
| Other | KG | 21,854 | 45 | 3,315 | (2,975) | 22,239 | - | 22,239 |
| Total Drug Evidence | KG | 502,429 | 2,572 | 1,133,948 | (1,277,417) | 361,532 | - | 361,532 |

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, 2014

| | Acquisition Cost | Accumulated Depreciation | Net Book Value | Useful Life |
|--|-----------------------------|------------------------------|----------------------------|----------------|
| Land and Land Rights | \$ 184,838 | \$ - | \$ 184,838 | N/A |
| Improvements to Land | 4,990 | (1,853) | 3,137 | 15 yrs |
| Construction in Progress | 483,475 | - | 483,475 | N/A |
| Buildings, Improvements and Renovations | 10,657,621 | (5,025,075) | 5,632,546 | 2-50 yrs |
| Other Structures and Facilities | 928,014 | (556,114) | 371,900 | 10-50 yrs |
| Aircraft | 517,753 | (184,308) | 333,445 | 5-30 yrs |
| Boats | 14,674 | (5,029) | 9,645 | 5-25 yrs |
| Vehicles | 455,384 | (300,705) | 154,679 | 2-25 yrs |
| Equipment | 1,483,753 | (931,733) | 552,020 | 2-25 yrs |
| Assets Under Capital Lease | 90,400 | (57,514) | 32,886 | 2-30 yrs |
| Leasehold Improvements | 1,583,085 | (944,162) | 638,923 | 2-20 yrs |
| Internal Use Software | 1,870,969 | (694,731) | 1,176,238 | 2-10 yrs |
| Internal Use Software in Development | 104,658 | - | 104,658 | N/A |
| Total | <u>\$ 18,379,614</u> | <u>\$ (8,701,224)</u> | <u>\$ 9,678,390</u> | |

| | Federal | Public | Total |
|--|-------------------|-------------------|-------------------|
| Sources of Capitalized Property, Plant and Equipment | | | |
| Purchases for FY 2014 | <u>\$ 153,443</u> | <u>\$ 551,444</u> | <u>\$ 704,887</u> |

Based upon early implementation of DOJ Financial Management Policy Memorandum (FMPM) 13-12, *Capitalization of General Property, Plant and Equipment and Internal Use Software*, the Department revised its method for reporting the capitalization of real property, personal property, and internal use software, which caused a decrease in the PP&E balance by \$130,858 as described in Note 26.

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, 2013

| | Acquisition Cost | Accumulated Depreciation | Net Book Value | Useful Life |
|--|----------------------|-----------------------------|----------------------|----------------|
| Land and Land Rights | \$ 185,103 | \$ - | \$ 185,103 | N/A |
| Improvements to Land | 5,008 | (1,521) | 3,487 | 15 yrs |
| Construction in Progress | 474,893 | - | 474,893 | N/A |
| Buildings, Improvements and Renovations | 10,548,557 | (4,654,564) | 5,893,993 | 2-50 yrs |
| Other Structures and Facilities | 902,563 | (515,672) | 386,891 | 10-50 yrs |
| Aircraft | 478,808 | (163,709) | 315,099 | 5-30 yrs |
| Boats | 11,138 | (4,149) | 6,989 | 5-25 yrs |
| Vehicles | 542,048 | (327,706) | 214,342 | 2-25 yrs |
| Equipment | 1,534,212 | (970,840) | 563,372 | 2-25 yrs |
| Assets Under Capital Lease | 90,856 | (54,955) | 35,901 | 2-30 yrs |
| Leasehold Improvements | 1,618,801 | (927,884) | 690,917 | 2-20 yrs |
| Internal Use Software | 1,514,256 | (540,220) | 974,036 | 2-10 yrs |
| Internal Use Software in Development | 272,300 | - | 272,300 | N/A |
| Total | \$ 18,178,543 | \$ (8,161,220) | \$ 10,017,323 | |

| | Federal | Public | Total |
|---|------------|------------|------------|
| Sources of Capitalized Property, Plant and Equipment Purchases for FY 2013 | \$ 147,390 | \$ 793,376 | \$ 940,766 |

These notes are an integral part of the financial statements.

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

Note 10. Other Assets

As of September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--------------------------------|------------------|------------------|
| Intragovernmental | | |
| Advances and Prepayments | \$ 74,043 | \$ 92,355 |
| Other Intragovernmental Assets | 19 | 15 |
| Total Intragovernmental | <u>74,062</u> | <u>92,370</u> |
| Other Assets With the Public | <u>5,138</u> | <u>4,677</u> |
| Total Other Assets | <u>\$ 79,200</u> | <u>\$ 97,047</u> |

Note 11. Liabilities not Covered by Budgetary Resources

As of September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| Intragovernmental | | |
| Accrued FECA Liabilities | \$ 267,054 | \$ 263,862 |
| Other Unfunded Employment Related Liabilities | 1,350 | 1,542 |
| Other | 3,612 | 4,479 |
| Total Intragovernmental | <u>272,016</u> | <u>269,883</u> |
| With the Public | | |
| Actuarial FECA Liabilities | 1,679,245 | 1,632,616 |
| Accrued Annual and Compensatory Leave Liabilities | 816,376 | 819,032 |
| Environmental and Disposal Liabilities (Note 12) | 78,799 | 76,676 |
| Deferred Revenue | 522,045 | 477,890 |
| Contingent Liabilities (Note 16) | 58,125 | 26,571 |
| Capital Lease Liabilities (Note 13) | 161 | 8,716 |
| RECA Liabilities (Note 25) | 561,661 | 660,465 |
| September 11 th Victim Compensation Fund (Note 25) | 2,700,584 | 2,751,712 |
| Other | 128,773 | 113,384 |
| Total With the Public | <u>6,545,769</u> | <u>6,567,062</u> |
| Total Liabilities not Covered by Budgetary Resources | <u>6,817,785</u> | <u>6,836,945</u> |
| Total Liabilities Covered by Budgetary Resources | <u>9,787,705</u> | <u>8,510,048</u> |
| Total Liabilities | <u>\$ 16,605,490</u> | <u>\$ 15,346,993</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 (continued)

Generally, liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. However, some liabilities do not require appropriations and will be liquidated by the assets of the entities holding these liabilities. Such assets include civil and criminal debt collections, seized cash and monetary instruments, and revolving fund operations.

Other Liabilities with the Public consists primarily of future funded energy savings performance contracts and utilities.

Note 12. Environmental and Disposal Liabilities

| As of September 30, 2014 and 2013 | 2014 | 2013 |
|--|-----------|-----------|
| Firing Ranges | | |
| Beginning Balance, Brought Forward | \$ 27,820 | \$ 26,935 |
| Future Funded Expenses | 831 | - |
| Inflation Adjustment | 585 | 885 |
| Firing Range Liability | 29,236 | 27,820 |
| Asbestos | | |
| Beginning Balance, Brought Forward | \$ 48,856 | \$ 47,506 |
| New Asbestos | 26 | 538 |
| Abatements | (356) | (78) |
| Inflation Adjustment | 804 | 658 |
| Future Funded Expenses | 233 | 232 |
| Asbestos Liability | \$ 49,563 | \$ 48,856 |
| Total Environmental and Disposal Liabilities | \$ 78,799 | \$ 76,676 |

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.

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)

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, 2013, BOP management determined their estimated clean-up liability to be \$27,820. In FY 2014, BOP management adjusted the estimated clean-up liability by the current U.S. inflation rate as determined by the U.S. Treasury and as such determined that an estimated firing range clean-up liability of \$28,405, based on an inflation rate of 2.1 percent, should be recorded.

The FBI-owned range facilities in Quantico and El Toro contain possible contamination. Since no remedial investigation/feasibility study (RI/FS) has been completed and there are no comparable sites, remediation costs are not considered reasonably estimable at this time. For FY 2014, the FBI estimated total firing range liability of \$831 based on the estimated costs to conduct a RI/FS, site sampling, and sample analysis at both range facilities in order to determine if contamination is present and the potential future environmental impacts. The estimated firing range cleanup liability will be updated after the RI/FS has been completed.

Asbestos

The 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. The estimated asbestos clean-up liability as of September 30, 2013 was \$38,405. In FY 2014, BOP Management decreased the clean-up liability in the amount of \$246 for the abatement of asbestos at 11 locations. In addition, BOP Management increased the clean-up liability in the amount of \$26 due to additional asbestos found at 2 locations and in the amount of \$802 by the current U.S. inflation rate of 2.1 percent as determined by the Treasury. In FY 2014, BOP management recorded a clean-up liability in the amount of \$38,987, a \$582 increase in liability cost for asbestos from the previous year.

The FBI operates facilities in Quantico, Virginia that contain friable and non-friable ACM. The facilities have a useful life of 50 years. The estimated total liability of \$11,614 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 current year abatements and adjusted for inflation, is the estimated cleanup liability. As of September 30, 2014 and 2013, the FBI recognized the estimated cleanup liability of \$10,576 and \$10,451, 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, 2014.

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

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

As of September 30, 2014 and 2013

| | | |
|---|------------------|------------------|
| Capital Leases | <u>2014</u> | <u>2013</u> |
| Summary of Assets Under Capital Lease | | |
| Land and Buildings | \$ 89,625 | \$ 89,625 |
| Machinery and Equipment | 775 | 1,231 |
| Accumulated Amortization | <u>(57,514)</u> | <u>(54,955)</u> |
| Total Assets Under Capital Lease (Note 9) | <u>\$ 32,886</u> | <u>\$ 35,901</u> |

Future Capital Lease Payments Due

| <u>Fiscal Year</u> | <u>Land and Buildings</u> | <u>Machinery and Equipment</u> | <u>Total</u> |
|---------------------------------------|-------------------------------|------------------------------------|-----------------|
| 2015 | \$ 33 | \$ 21 | \$ 54 |
| 2016 | 32 | 19 | 51 |
| 2017 | 32 | 5 | 37 |
| 2018 | 32 | 3 | 35 |
| 2019 | 32 | - | 32 |
| Total Future Capital Lease Payments | <u>\$ 161</u> | <u>\$ 48</u> | <u>\$ 209</u> |
| Less: Imputed Interest | - | (3) | (3) |
| Less: Executory Costs | - | (15) | (15) |
| FY 2014 Net Capital Lease Liabilities | <u>\$ 161</u> | <u>\$ 30</u> | <u>\$ 191</u> |
| FY 2013 Net Capital Lease Liabilities | <u>\$ 8,716</u> | <u>\$ 47</u> | <u>\$ 8,763</u> |

| | | |
|--|-------------|-------------|
| | <u>2014</u> | <u>2013</u> |
| Net Capital Lease Liabilities Covered by Budgetary Resources | \$ 30 | \$ 47 |
| Net Capital Lease Liabilities not Covered by Budgetary Resources | \$ 161 | \$ 8,716 |

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.

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)

Future Noncancelable Operating Lease Payments

| <u>Fiscal Year</u> | <u>Land and Buildings</u> | <u>Machinery and Equipment</u> | <u>Total</u> |
|--|-------------------------------|------------------------------------|---------------------|
| 2015 | \$ 277,311 | \$ 21,526 | \$ 298,837 |
| 2016 | 296,674 | 4,569 | 301,243 |
| 2017 | 329,132 | 4,700 | 333,832 |
| 2018 | 327,973 | 4,782 | 332,755 |
| 2019 | 320,730 | 3 | 320,733 |
| After 2019 | <u>2,733,987</u> | <u>-</u> | <u>2,733,987</u> |
| Total Future Noncancelable Operating Lease Payments | <u>\$ 4,285,807</u> | <u>\$ 35,580</u> | <u>\$ 4,321,387</u> |

Note 14. Seized Cash and Monetary Instruments

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

As of September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| Investments, Net | \$ 1,271,626 | \$ 1,371,064 |
| Seized Cash Deposited | 79,675 | 40,063 |
| Seized Monetary Instruments | <u>59,142</u> | <u>74,560</u> |
| Total Seized Cash and Monetary Instruments | <u>\$ 1,410,443</u> | <u>\$ 1,485,687</u> |

These notes are an integral part of the financial statements.

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

Note 15. Other Liabilities

As of September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| Intragovernmental | | |
| Other Accrued Liabilities | \$ (119) | \$ 1 |
| Employer Contributions and Payroll Taxes Payable | 97,534 | 82,117 |
| Other Post-Employment Benefits Due and Payable | 784 | 866 |
| Other Unfunded Employment Related Liabilities | 1,352 | 1,542 |
| Advances from Others | 196,582 | 110,038 |
| Liability for Clearing Accounts | (3,488) | 3,981 |
| Other Liabilities | <u>4,992</u> | <u>5,511</u> |
| Total Intragovernmental | <u>297,637</u> | <u>204,056</u> |
| With the Public | | |
| Other Accrued Liabilities | 8,013 | 6,035 |
| Advances from Others | 11,324 | 10,233 |
| Liability for Nonfiduciary Deposit Funds and Undeposited Collections | 79,152 | 71,872 |
| Liability for Clearing Accounts | 761 | 35 |
| Custodial Liabilities | 132,676 | 200,744 |
| Other Liabilities | <u>133,636</u> | <u>122,392</u> |
| Total With the Public | <u>365,562</u> | <u>411,311</u> |
| Total Other Liabilities | <u>\$ 663,199</u> | <u>\$ 615,367</u> |

The majority of Intragovernmental Other Liabilities are composed of 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.

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

These notes are an integral part of the financial statements.

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

Note 16. Contingencies and Commitments

| | <u>Accrued Liabilities</u> | <u>Estimated Range of Loss</u> | |
|--------------------------|--------------------------------|--------------------------------|--------------|
| | | <u>Lower</u> | <u>Upper</u> |
| As of September 30, 2014 | | | |
| Probable | \$ 58,125 | \$ 58,125 | \$ 108,530 |
| Reasonably Possible | | 94,714 | 154,658 |
| As of September 30, 2013 | | | |
| Probable | \$ 26,571 | \$ 26,571 | \$ 51,101 |
| Reasonably Possible | | 83,310 | 117,481 |

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, 2014

| | Assets Forfeiture Fund | U.S. Trustee System Fund | Antitrust Division | Crime Victims Fund | Diversion Control Fee Account | Federal Prison Commissary Fund | Total Funds from Dedicated Collections |
|---|---------------------------|-----------------------------|-----------------------|-----------------------|-------------------------------------|--------------------------------------|--|
| Balance Sheet | | | | | | | |
| Assets | | | | | | | |
| Fund Balance with U. S. Treasury | \$ 124,255 | \$ 2,024 | \$ 41,003 | \$ 13,040,986 | \$ 185,756 | \$ 90,639 | \$ 13,484,663 |
| Investments, Net | 7,062,680 | 207,954 | - | - | - | - | 7,270,634 |
| Other Assets | 148,175 | 41,356 | 882 | 3,616 | 25,823 | 26,105 | 245,957 |
| Total Assets | \$ 7,335,110 | \$ 251,334 | \$ 41,885 | \$ 13,044,602 | \$ 211,579 | \$ 116,744 | \$ 21,001,254 |
| Liabilities | | | | | | | |
| Accounts Payable | \$ 4,633,169 | \$ 9,804 | \$ 6,753 | \$ 14,867 | \$ 8,029 | \$ 9,805 | \$ 4,682,427 |
| Other Liabilities | 141,093 | 16,017 | 10,944 | 58,213 | 536,523 | 11,559 | 774,349 |
| Total Liabilities | \$ 4,774,262 | \$ 25,821 | \$ 17,697 | \$ 73,080 | \$ 544,552 | \$ 21,364 | \$ 5,456,776 |
| Net Position | | | | | | | |
| Unexpended Appropriations | \$ - | \$ 288 | \$ 32,462 | \$ - | \$ - | \$ - | \$ 32,750 |
| Cumulative Results of Operations | 2,560,848 | 225,225 | (8,274) | 12,971,522 | (332,973) | 95,380 | 15,511,728 |
| Total Net Position | \$ 2,560,848 | \$ 225,513 | \$ 24,188 | \$ 12,971,522 | \$ (332,973) | \$ 95,380 | \$ 15,544,478 |
| Total Liabilities and Net Position | \$ 7,335,110 | \$ 251,334 | \$ 41,885 | \$ 13,044,602 | \$ 211,579 | \$ 116,744 | \$ 21,001,254 |

For the Fiscal Year Ended September 30, 2014

| | Assets Forfeiture Fund | U.S. Trustee System Fund | Antitrust Division | Crime Victims Fund | Diversion Control Fee Account | Federal Prison Commissary Fund | Total Funds from Dedicated Collections |
|---|---------------------------|-----------------------------|-----------------------|-----------------------|-------------------------------------|--------------------------------------|--|
| Statement of Net Cost | | | | | | | |
| Gross Cost of Operations | \$ 3,086,298 | \$ 210,583 | \$ 145,571 | \$ 677,613 | \$ 340,008 | \$ 371,677 | \$ 4,831,750 |
| Less: Earned Revenues | 14,065 | 175,685 | 105,690 | - | 314,357 | 368,343 | 978,140 |
| Net Cost of Operations | \$ 3,072,233 | \$ 34,898 | \$ 39,881 | \$ 677,613 | \$ 25,651 | \$ 3,334 | \$ 3,853,610 |
| Statement of Changes in Net Position | | | | | | | |
| Net Position Beginning of Period | \$ 1,855,767 | \$ 258,593 | \$ 22,038 | \$ 10,057,641 | \$ (319,165) | \$ 93,693 | \$ 11,968,567 |
| Budgetary Financing Sources | 3,472,100 | 1,214 | 41,680 | 3,591,494 | - | - | 7,106,488 |
| Other Financing Sources | 305,214 | 604 | 351 | - | 11,843 | 5,021 | 323,033 |
| Total Financing Sources | 3,777,314 | 1,818 | 42,031 | 3,591,494 | 11,843 | 5,021 | 7,429,521 |
| Net Cost of Operations | (3,072,233) | (34,898) | (39,881) | (677,613) | (25,651) | (3,334) | (3,853,610) |
| Net Change | 705,081 | (33,080) | 2,150 | 2,913,881 | (13,808) | 1,687 | 3,575,911 |
| Net Position End of Period | \$ 2,560,848 | \$ 225,513 | \$ 24,188 | \$ 12,971,522 | \$ (332,973) | \$ 95,380 | \$ 15,544,478 |

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)

As of September 30, 2013

| | Assets Forfeiture Fund | U.S. Trustee System Fund | Antitrust Division | Crime Victims Fund | Diversion Control Fee Account | Federal Prison Commissary Fund | Total Funds from Dedicated Collections |
|---|---------------------------|-----------------------------|-----------------------|-----------------------|-------------------------------------|--------------------------------------|--|
| Balance Sheet | | | | | | | |
| Assets | | | | | | | |
| Fund Balance with U. S. Treasury | \$ 110,344 | \$ 3,524 | \$ 37,614 | \$ 10,133,214 | \$ 149,960 | \$ 88,136 | \$ 10,522,792 |
| Investments, Net | 4,697,101 | 231,959 | - | - | - | - | 4,929,060 |
| Other Assets | 145,279 | 46,803 | 1,067 | 182 | 37,595 | 27,399 | 258,325 |
| Total Assets | \$ 4,952,724 | \$ 282,286 | \$ 38,681 | \$ 10,133,396 | \$ 187,555 | \$ 115,535 | \$ 15,710,177 |
| Liabilities | | | | | | | |
| Accounts Payable | \$ 2,952,453 | \$ 8,236 | \$ 5,712 | \$ 20,112 | \$ 7,495 | \$ 10,592 | \$ 3,004,600 |
| Other Liabilities | 144,504 | 15,457 | 10,931 | 55,643 | 491,552 | 11,250 | 729,337 |
| Total Liabilities | \$ 3,096,957 | \$ 23,693 | \$ 16,643 | \$ 75,755 | \$ 499,047 | \$ 21,842 | \$ 3,733,937 |
| Net Position | | | | | | | |
| Unexpended Appropriations | \$ - | \$ 5,055 | \$ 30,713 | \$ - | \$ - | \$ - | \$ 35,768 |
| Cumulative Results of Operations | 1,855,767 | 253,538 | (8,675) | 10,057,641 | (311,492) | 93,693 | 11,940,472 |
| Total Net Position | \$ 1,855,767 | \$ 258,593 | \$ 22,038 | \$ 10,057,641 | \$ (311,492) | \$ 93,693 | \$ 11,976,240 |
| Total Liabilities and Net Position | \$ 4,952,724 | \$ 282,286 | \$ 38,681 | \$ 10,133,396 | \$ 187,555 | \$ 115,535 | \$ 15,710,177 |

For the Fiscal Year Ended September 30, 2013

| | Assets Forfeiture Fund | U.S. Trustee System Fund | Antitrust Division | Crime Victims Fund | Diversion Control Fee Account | Federal Prison Commissary Fund | Total Funds from Dedicated Collections |
|---|---------------------------|-----------------------------|-----------------------|-----------------------|-------------------------------------|--------------------------------------|--|
| Statement of Net Cost | | | | | | | |
| Gross Cost of Operations | \$ 1,787,551 | \$ 210,200 | \$ 155,191 | \$ 705,051 | \$ 309,740 | \$ 366,668 | \$ 3,534,401 |
| Less: Earned Revenues | 12,201 | 198,902 | 82,043 | - | 275,553 | 370,123 | 938,822 |
| Net Cost of Operations | \$ 1,775,350 | \$ 11,298 | \$ 73,148 | \$ 705,051 | \$ 34,187 | \$ (3,455) | \$ 2,595,579 |
| Statement of Changes in Net Position | | | | | | | |
| Net Position Beginning of Period | \$ 1,619,856 | \$ 262,901 | \$ 17,693 | \$ 9,273,109 | \$ (286,360) | \$ 86,212 | \$ 10,973,411 |
| Budgetary Financing Sources | 1,831,586 | 6,397 | 77,135 | 1,489,583 | - | - | 3,404,701 |
| Other Financing Sources | 179,675 | 593 | 358 | - | 9,055 | 4,026 | 193,707 |
| Total Financing Sources | 2,011,261 | 6,990 | 77,493 | 1,489,583 | 9,055 | 4,026 | 3,598,408 |
| Net Cost of Operations | (1,775,350) | (11,298) | (73,148) | (705,051) | (34,187) | 3,455 | (2,595,579) |
| Net Change | 235,911 | (4,308) | 4,345 | 784,532 | (25,132) | 7,481 | 1,002,829 |
| Net Position End of Period | \$ 1,855,767 | \$ 258,593 | \$ 22,038 | \$ 10,057,641 | \$ (311,492) | \$ 93,693 | \$ 11,976,240 |

These notes are an integral part of the financial statements.

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

Note 17. Funds from Dedicated Collections (continued)

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

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

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

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

The Diversion Control Fee Account is established in the General Fund of the Treasury 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.

These notes are an integral part of the financial statements.

FY 2014 U. S. Department of Justice Annual Financial Statements

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

Note 18. Net Cost of Operations by Suborganization

For the Fiscal Year Ended September 30, 2014

| Dollars in Thousands | AFF/SADF | OBDS | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|--------------------|----------------------|
| Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law | | | | | | | | | | | |
| Gross Cost | \$ - | \$ 178,554 | \$ 98,613 | \$ - | \$ 115,289 | \$ 5,091,986 | \$ 3,439 | \$ - | \$ - | \$ (27,927) | \$ 5,459,954 |
| Less: Earned Revenues | - | 12,979 | - | - | 44,969 | 310,145 | - | - | - | (27,927) | 340,166 |
| Net Cost of Operations | - | 165,575 | 98,613 | - | 70,320 | 4,781,841 | 3,439 | - | - | - | 5,119,788 |
| Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law | | | | | | | | | | | |
| Gross Cost | 3,086,298 | 5,514,519 | 295,178 | 988,704 | 2,864,381 | 3,047,534 | 1,273,483 | 8,717 | - | (1,200,070) | 15,878,744 |
| Less: Earned Revenues | 14,065 | 1,671,681 | - | 4,553 | 775,537 | 302,436 | 80,692 | - | - | (1,200,070) | 1,648,894 |
| Net Cost of Operations | 3,072,233 | 3,842,838 | 295,178 | 984,151 | 2,088,844 | 2,745,098 | 1,192,791 | 8,717 | - | - | 14,229,850 |
| Goal 3: Ensure and Support the Fair, Impartial, Efficient and Transparent Administration of Justice at the Federal, State, Local, Tribal and International Levels | | | | | | | | | | | |
| Gross Cost | - | 539,056 | 2,672,976 | 1,609,392 | - | 918,839 | - | 7,843,468 | 543,495 | (235,640) | 13,891,586 |
| Less: Earned Revenues | - | 8,951 | 57,854 | 18,865 | - | 495,701 | - | 418,509 | 478,099 | (215,849) | 1,262,130 |
| Net Cost of Operations | - | 530,105 | 2,615,122 | 1,590,527 | - | 423,138 | - | 7,424,959 | 65,396 | (19,791) | 12,629,456 |
| Net Cost of Operations | \$ 3,072,233 | \$ 4,538,518 | \$ 3,008,913 | \$ 2,574,678 | \$ 2,159,164 | \$ 7,950,077 | \$ 1,196,230 | \$ 7,433,676 | \$ 65,396 | \$ (19,791) | \$ 31,979,094 |

For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDS | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|--------------------|----------------------|
| Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law | | | | | | | | | | | |
| Gross Cost | \$ - | \$ 180,369 | \$ 80,268 | \$ - | \$ 138,056 | \$ 5,011,528 | \$ 4,834 | \$ - | \$ - | \$ (116,086) | \$ 5,298,969 |
| Less: Earned Revenues | - | 13,555 | - | - | 44,670 | 473,594 | - | - | - | (116,086) | 415,733 |
| Net Cost of Operations | - | 166,814 | 80,268 | - | 93,386 | 4,537,934 | 4,834 | - | - | - | 4,883,236 |
| Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law | | | | | | | | | | | |
| Gross Cost | 1,787,551 | 5,781,967 | 243,802 | 1,048,978 | 2,794,999 | 3,029,264 | 1,244,413 | 7,907 | - | (945,821) | 14,993,060 |
| Less: Earned Revenues | 12,201 | 1,207,480 | - | 11,164 | 720,062 | 343,140 | 75,280 | - | - | (945,821) | 1,423,506 |
| Net Cost of Operations | 1,775,350 | 4,574,487 | 243,802 | 1,037,814 | 2,074,937 | 2,686,124 | 1,169,133 | 7,907 | - | - | 13,569,554 |
| Goal 3: Ensure and Support the Fair, Impartial, Efficient and Transparent Administration of Justice at the Federal, State, Local, Tribal and International Levels | | | | | | | | | | | |
| Gross Cost | - | 552,983 | 2,842,469 | 1,655,613 | - | 1,053,013 | - | 7,615,902 | 647,553 | (395,115) | 13,972,418 |
| Less: Earned Revenues | - | 15,557 | 57,752 | 27,196 | - | 513,384 | - | 419,593 | 614,742 | (374,046) | 1,274,178 |
| Net Cost of Operations | - | 537,426 | 2,784,717 | 1,628,417 | - | 539,629 | - | 7,196,309 | 32,811 | (21,069) | 12,698,240 |
| Net Cost of Operations | \$ 1,775,350 | \$ 5,278,727 | \$ 3,108,787 | \$ 2,666,231 | \$ 2,168,323 | \$ 7,763,687 | \$ 1,173,967 | \$ 7,204,216 | \$ 32,811 | \$ (21,069) | \$ 31,151,030 |

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 from Costs Absorbed by Others

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

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

| | Category | Cost Factor (%) |
|--|--|-----------------|
| Civil Service Retirement System (CSRS) | Regular Employees | 32.8% |
| | Regular Employees Offset | 24.4% |
| | Law Enforcement Officers | 56.4% |
| | Law Enforcement Officers Offset | 48.8% |
| Federal Employees Retirement System (FERS) | Regular Employees | 15.1% |
| | Regular Employees – Revised Annuity Employees (RAE) | 15.7% |
| | Regular Employees – Further Revised Annuity Employees (FRAE) | 15.7% |
| | Law Enforcement Officers | 33.3% |
| | Law Enforcement Officers – RAE | 33.9% |
| | Law Enforcement Officers – FRAE | 33.9% |

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 from Costs Absorbed by Others (continued)

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

For the Fiscal Years Ended September 30, 2014 and 2013

| | 2014 | 2013 |
|--------------------------------------|------------|------------|
| Imputed Inter-Departmental Financing | | |
| U.S. Treasury Judgment Fund | \$ 33,107 | \$ 18,470 |
| Health Insurance | 499,434 | 505,851 |
| Life Insurance | 2,057 | 2,120 |
| Pension | 404,784 | 275,218 |
| Total Imputed Inter-Departmental | \$ 939,382 | \$ 801,659 |

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 imputed \$19,791 and \$21,069 for FYs 2014 and 2013, respectively of 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.

These notes are an integral part of the financial statements.

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

Note 20. Information Related to the Statement of Budgetary Resources

Apportionment Categories of Obligations Incurred:

| | <u>Direct Obligations</u> | <u>Reimbursable Obligations</u> | <u>Total Obligations Incurred</u> |
|--|-------------------------------|-------------------------------------|---|
| For the Fiscal Year Ended September 30, 2014 | | | |
| Obligations Apportioned Under | | | |
| Category A | \$ 28,920,554 | \$ 4,350,923 | \$ 33,271,477 |
| Category B | 4,267,006 | 240,878 | 4,507,884 |
| Exempt from Apportionment | - | 494,081 | 494,081 |
| Total | <u><u>\$ 33,187,560</u></u> | <u><u>\$ 5,085,882</u></u> | <u><u>\$ 38,273,442</u></u> |
| For the Fiscal Year Ended September 30, 2013 | | | |
| Obligations Apportioned Under | | | |
| Category A | \$ 27,275,105 | \$ 4,327,099 | \$ 31,602,204 |
| Category B | 3,105,780 | 219,525 | 3,325,305 |
| Exempt from Apportionment | - | 574,221 | 574,221 |
| Total | <u><u>\$ 30,380,885</u></u> | <u><u>\$ 5,120,845</u></u> | <u><u>\$ 35,501,730</u></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 obligations represent resources apportioned for calendar quarters. Category B obligations represent resources apportioned for other time periods; for activities, projects, and objectives or for a combination thereof.

These notes are an integral part of the financial statements.

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

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

Status of Undelivered Orders:

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

As of September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|----------------------------------|---------------------|---------------------|
| UDO Obligations Unpaid | \$ 9,457,991 | \$ 8,989,622 |
| UDO Obligations Prepaid/Advanced | 486,644 | 605,618 |
| Total UDO | <u>\$ 9,944,635</u> | <u>\$ 9,595,240</u> |

Permanent Indefinite Appropriations:

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

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

- On October 5, 1990, Congress passed the Radiation Exposure Compensation Act ("RECA" or "the Act"), 42 U.S.C. §2210, providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department of Justice and published in the Federal Register on April 10, 1992. These regulations established procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the Federal Register on March 22, 1999, served to greater assist claimants in establishing entitlement to an award. On July 10, 2000, P.L. 106-245, the Radiation Exposure Compensation Act Amendments of 2000 ("the 2000 Amendments") were passed. On November 2, 2002, the President signed the "21st Century Department of Justice Appropriation Authorization Act" (P.L. 107-273). Contained in the law were several provisions relating to RECA. While most of these amendments were "technical" in nature, some affected eligibility criteria and revised claims adjudication procedures. The Consolidated Appropriations Act, 2005 provides a permanent indefinite appropriation for the OBDs' Radiation Exposure Compensation Act program beginning FY 2006.

These notes are an integral part of the financial statements.

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

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

Permanent Indefinite Appropriations (continued):

- Congress established the Federal Prison Commissary Fund (Trust Fund) in 1932 to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds. The BOP Trust Fund is now a self-sustaining revolving account that is funded through the sales of goods and services, rather than annual or no-year appropriations.
- The Public Safety Officers' Benefits Act of 1976 (the "PSOB Act") is generally codified at 42 U.S.C. §46 Subchapter XII.

OJP's PSOB appropriation supports one mandatory and two discretionary programs that provide benefits to public safety officers who are severely injured in the line of duty and to the families and survivors of public safety officers killed or 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.

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. The use of unobligated balances is restricted based on annual legislation requirements and other enabling authorities. Funds are appropriated on an annual, multi-year, and no-year basis. Appropriated funds shall expire on the last day of availability and are no longer available for new obligations. Unobligated balances in unexpired fund symbols are available in the next fiscal year for new obligations unless some restrictions 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.

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)

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

The reconciliation as of September 30, 2013 is presented below. The reconciliation as of September 30, 2014 is not presented, because the submission of the Budget of the United States (Budget) for FY 2016, which presents the execution of the FY 2014 Budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website (<http://www.whitehouse.gov/omb/budget>) and will be available in early February 2015.

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

For the Fiscal Year Ended September 30, 2013
(Dollars in Millions)

| | Budgetary Resources | Obligations Incurred | Distributed Offsetting Receipts | Net Outlays |
|---|------------------------|-------------------------|---------------------------------------|------------------|
| Statement of Budgetary Resources (SBR) | \$ 39,497 | \$ 35,502 | \$ 934 | \$ 30,172 |
| Funds not Reported in the Budget | | | | |
| Expired Funds: OBDs, USMS, DEA, OJP, FBI, ATF & BOP | (816) | (149) | - | - |
| AFF/SADF Forfeiture Activity | (20) | - | - | - |
| OCDETF Adjustments | 3 | - | - | - |
| USMS Court Security Funds | (411) | (397) | - | (414) |
| Distributed Offsetting Receipts | - | - | (284) | 284 |
| Special and Trust Fund Receipts | - | - | - | 652 |
| Other | (9) | (3) | - | - |
| Budget of the United States Government | <u>\$ 38,244</u> | <u>\$ 34,953</u> | <u>\$ 650</u> | <u>\$ 30,694</u> |

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

These notes are an integral part of the financial statements.

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

Note 21. Net Custodial Revenue Activity

Custodial revenue activity represents those collections of non-exchange revenue on behalf of other recipient entities. These collections are not recorded as revenue by the Department but as activity on the Statements of Custodial Activity. The custodial liabilities presented on the Consolidated Balance Sheets and Note 15 represent funds held by the Department that have yet to be disbursed to the appropriate Federal agency or individual.

The primary source of the Department's Office of Debt Collection Management (DCM) collections consists of civil litigated matters, e.g., student loan defaults, 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 also accepts wire transfers or other payments on a criminal debt if a Clerk of the U.S. Court is unable or unwilling to do so. In addition, other negligible custodial collections occur for interest, fines, and penalties.

The USAOs collect civil fines, penalties, and restitution payments that are incidental to its mission. Specific to the "French bank Credit Lyonnais and French company Artemis settlement fund", the USAOs, by court order were given the investment authority and the settlement funds collected must be invested. The EOUSA invest these funds with the Treasury, Bureau of the Public Debt. Overall, the OBDs custodial collections totaled \$13,879,953 and \$5,637,603 for the fiscal years ended September 30, 2014 and 2013, respectively. As of September 30, 2014 and 2013, the custodial assets and liabilities recorded by the OBDs on the Consolidated Balance Sheets are \$807,904 and \$1,372,581, respectively.

For the fiscal years ended September 30, 2014 and 2013, DEA collected \$28,284 and \$101,630, respectively. DEA's collections include \$15 million of the total fees collected for the Diversion Control Program and civil monetary penalties related to violations of the Controlled Substances Act that were incidental to DEA's mission. Since DEA has no statutory authority to use these excess funds, DEA transmits them to the Treasury General Fund. The DEA has a custodial liability for funds that have not yet been transmitted to the Treasury General Fund. As of September 30, 2014 and 2013 balances for custodial liabilities were \$4,737 and \$2,856, respectively.

As an agent of the federal government and as authorized by 26 U.S.C. § 6301, ATF collects fees from firearms and explosives industries, as well as import, permit and license fees. Special Occupational Taxes are collected from certain firearms businesses. Miscellaneous collections include project-generated proceeds. As ATF is unable to use these collections in its operations, ATF also has the authority to transfer these collections to the Treasury General Fund. The ATF custodial collections totaled \$34,548 and \$69,980 for the fiscal years ended September 30, 2014 and 2013, respectively. As of September 30, 2014 and 2013, ATF did not have any custodial liabilities.

These notes are an integral part of the financial statements.

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

Note 21. Net Custodial Revenue Activity (continued)

The FBI collected \$5,405 and \$872, for the fiscal years ended September 30, 2014 and 2013, respectively, in restitution payments, seized abandoned cash, and project generated proceeds. These collections were incidental to the FBI's mission. Since the FBI does not have statutory authority to use these funds, the FBI remits these funds upon receipt to the U.S. Treasury's General Fund. The FBI reports a custodial liability when custodial revenues are held by the FBI, but have not yet been transmitted to the U.S. Treasury's General Fund. As of September 30, 2014 and 2013, the FBI had custodial liabilities of \$0 and \$5, respectively.

For the fiscal years ended September 30, 2014 and 2013, the BOP collected \$44 and \$46, respectively, in collections of 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. Since the BOP does not have statutory authority to use these funds, the BOP remits these funds to the Treasury's General Fund. As of September 30, 2014 and 2013, the BOP did not have any custodial liabilities.

These notes are an integral part of the financial statements.

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

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

U.S. Department of Justice
Consolidated Balance Sheets
As of September 30, 2014 and 2013

| Dollars in Thousands | 2014 | 2013 |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Intragovernmental | | |
| Fund Balance with U.S. Treasury | \$ 26,878,549 | \$ 23,226,071 |
| Investments, Net | 8,940,208 | 6,650,960 |
| Accounts Receivable, Net | 507,672 | 452,327 |
| Other Assets | 74,062 | 92,370 |
| Total Intragovernmental | <u>36,400,491</u> | <u>30,421,728</u> |
| Cash and Other Monetary Assets | 190,965 | 174,798 |
| Accounts Receivable, Net | 93,326 | 81,892 |
| Inventory and Related Property, Net | 265,614 | 274,168 |
| General Property, Plant and Equipment, Net | 9,678,390 | 10,017,323 |
| Other Assets | 384,374 | 448,851 |
| Total Assets | <u>\$ 47,013,160</u> | <u>\$ 41,418,760</u> |
| LIABILITIES | | |
| Intragovernmental | | |
| Accounts Payable | \$ 341,756 | \$ 339,253 |
| Other Liabilities | 1,247,704 | 1,645,619 |
| Total Intragovernmental | <u>1,589,460</u> | <u>1,984,872</u> |
| Accounts Payable | 5,879,495 | 4,203,261 |
| Federal Employee and Veteran Benefits | 1,679,245 | 1,632,616 |
| Environmental and Disposal Liabilities | 78,799 | 76,676 |
| Other Liabilities | 7,378,491 | 7,449,568 |
| Total Liabilities | <u>\$ 16,605,490</u> | <u>\$ 15,346,993</u> |
| NET POSITION | | |
| Unexpended Appropriations - Funds from Dedicated Collections | \$ 32,750 | \$ 35,768 |
| Unexpended Appropriations - All Other Funds | 9,585,702 | 8,649,121 |
| Cumulative Results of Operations - Funds from Dedicated Collections | 15,511,728 | 11,940,472 |
| Cumulative Results of Operations - All Other Funds | 5,277,490 | 5,446,406 |
| Total Net Position | <u>\$ 30,407,670</u> | <u>\$ 26,071,767</u> |
| Total Liabilities and Net Position | <u>\$ 47,013,160</u> | <u>\$ 41,418,760</u> |

These notes are an integral part of the financial statements.

FY 2014 U. S. Department of Justice Annual Financial Statements

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

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

For the Fiscal Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|--------------------|------------------|
| Resources Used to Finance Activities | | |
| Budgetary Resources Obligated | | |
| Obligations Incurred | \$ 38,273,442 | \$ 35,501,730 |
| Less: Spending Authority from Offsetting Collections and Recoveries | <u>6,458,998</u> | <u>6,304,918</u> |
| Obligations Net of Offsetting Collections and Recoveries | 31,814,444 | 29,196,812 |
| Less: Offsetting Receipts | <u>495,904</u> | <u>933,877</u> |
| Net Obligations | 31,318,540 | 28,262,935 |
| Other Resources | | |
| Donations and Forfeitures of Property | 308,307 | 185,772 |
| Transfers-In/Out Without Reimbursement | 3,635 | 2,080 |
| Imputed Financing from Costs Absorbed by Others (Note 19) | 939,382 | 801,659 |
| Other | <u>(8,193)</u> | <u>(6,166)</u> |
| Net Other Resources Used to Finance Activities | <u>1,243,131</u> | <u>983,345</u> |
| Total Resources Used to Finance Activities | 32,561,671 | 29,246,280 |
| 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 | (346,775) | 1,664,943 |
| Resources That Fund Expenses Recognized in Prior Periods (Note 24) | (161,335) | (106,481) |
| Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations | (440,426) | 99,050 |
| Resources That Finance the Acquisition of Assets | (694,913) | (939,222) |
| Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations | <u>(31,852)</u> | <u>(15,500)</u> |
| Total Resources Used to Finance Items not Part of the Net Cost of Operations | <u>(1,675,301)</u> | <u>702,790</u> |
| Total Resources Used to Finance the Net Cost of Operations | \$ 30,886,370 | \$ 29,949,070 |

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 (continued)

| For the Fiscal Years Ended September 30, 2014 and 2013 | 2014 | 2013 |
|---|---------------|---------------|
| Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period | | |
| Components That Will Require or Generate Resources in the Future Period (Note 24) | \$ 139,051 | \$ 260,293 |
| Depreciation and Amortization | 957,904 | 854,143 |
| Revaluation of Assets or Liabilities | 14,897 | (1,912) |
| Other | (19,128) | 89,436 |
| Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period | \$ 1,092,724 | \$ 1,201,960 |
| Net Cost of Operations | \$ 31,979,094 | \$ 31,151,030 |

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 \$6,817,785 and \$6,836,945 as of September 30, 2014 and 2013, respectively, are discussed in Note 11, *Liabilities not Covered by Budgetary Resources*. Decreases in these liabilities result from current year budgetary resources that were used to fund expenses recognized in prior periods. Increases in these liabilities represent unfunded expenses that were recognized in the current period. These increases along with the change in the portion of exchange revenue receivables from the public, which are not considered budgetary resources until collected, represent components of current period net cost of operations that will require or generate budgetary resources in future periods. The changes in liabilities not covered by budgetary resources and receivables generating resources in future periods are comprised of the following:

For the Fiscal Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| Resources that Fund Expenses Recognized in Prior Periods | | |
| Decrease in Accrued Annual and Compensatory Leave Liabilities | \$ (2,656) | \$ (11,087) |
| Other | | |
| Decrease in Contingent Liabilities | - | (1,980) |
| Decrease in Unfunded Capital Lease Liabilities | (8,555) | (7,911) |
| Decrease in RECA Liabilities | (98,804) | (70,772) |
| Decrease in September 11 th Victim Compensation Fund Liabilities | (51,128) | (14,688) |
| Decrease in Other Unfunded Employment Related Liabilities | (192) | (43) |
| Total Other | <u>(158,679)</u> | <u>(95,394)</u> |
| Total Resources that Fund Expenses Recognized in Prior Periods | <u>\$ (161,335)</u> | <u>\$ (106,481)</u> |
| Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods | | |
| Increase in Environmental and Disposal Liabilities | \$ 2,123 | \$ 2,235 |
| (Increase)/Decrease in Exchange Revenue Receivable from the Public | 6,350 | 14,119 |
| Other | | |
| Increase in Actuarial FECA Liabilities | 46,629 | 158,338 |
| Increase in Accrued FECA Liabilities | 3,192 | 5,965 |
| Increase in Deferred Revenue | 44,155 | 68,494 |
| Increase in Contingent Liabilities | 31,554 | - |
| Increase in Other Liabilities | 14,522 | 12,569 |
| (Increase)/Decrease in Surcharge Revenue Receivable from Other Federal Agencies | <u>(9,474)</u> | <u>(1,427)</u> |
| Total Other | <u>130,578</u> | <u>243,939</u> |
| Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods | <u>\$ 139,051</u> | <u>\$ 260,293</u> |

These notes are an integral part of the financial statements.

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

Note 25. Compensation Funds

Radiation Exposure Compensation Act

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

On July 10, 2000, the Radiation Exposure Compensation Act Amendments of 2000, P.L. 106-245, was enacted. Some of the widespread changes 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 on-site participants. Each category requires similar eligibility criteria: if claimants can demonstrate that they contracted a compensable disease after working or residing in a designated location for a specified period of time, they qualify for compensation.

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

The OBDs recognized liabilities of \$561,661 and \$660,465 for estimated future benefits payable by the Department as of September 30, 2014 and 2013, respectively, to eligible individuals under the Act through FY 2023. The estimated liability is based on historical data. Key factors in determining future liability are trends in the number of claims filed, trends in the percentage of claims adjudicated, and trends in the percentage of claims approved. These estimates are then discounted in accordance with the discount rates set by the OMB.

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)

September 11th Victim Compensation Fund

Title II of the *James Zadroga 9/11 Health and Compensation Act of 2010 (Zadroga Act)* P.L. 111-347, reactivated the September 11th Victim Compensation Fund of 2001 and requires a Special Master, appointed by the Attorney General, to provide compensation to any individual (or a personal representative of a deceased individual) who suffered physical harm or was killed as a result of the terrorist-related aircraft crashes of September 11, 2001, or the debris removal efforts that took place in the immediate aftermath of those crashes. The Zadroga Act amends the Air Transportation Safety and System Stabilization Act of 2001, by among other things: Expanding the geographic zone recognized as a 9/11 crash site and providing greater consistency with the World Trade Center Health Program by adding additional forms of proof that may be used to establish eligibility.

The Zadroga Act requires that the total amount of Federal funds paid including compensation with respect to claims filed on or after October 3, 2011, shall not exceed \$2,775,000. Furthermore, the total amount of Federal funds expended during the period from October 3, 2011, through October 3, 2016, may not exceed \$875,000. Based on OMB's guidance, DOJ should return all apportioned unobligated funds at the end of each fiscal year via Treasury's FMS 2108, Year-End Closing Statement. Summarized financial information about appropriated funds received, donations received from the public, benefit payments disbursed and payable, and the Fund balance is presented below:

As of September 30, 2014

| | 2014 | 2013 |
|---|---------------------|---------------------|
| Appropriated Funds Received - Current Year | \$ 200,000 | \$ 322,000 |
| Appropriated Funds Received - Carryforward | 8,728 | 193,788 |
| Rescission | <u>(3,715)</u> | <u>(720)</u> |
| Total Funds Received | <u>\$ 205,013</u> | <u>\$ 515,068</u> |
| Less: Adjudicated Benefit Claims Disbursements | \$ 32,168 | \$ 559 |
| Salaries and Expenses Disbursements | 17,056 | 7,789 |
| Funds Returned to Treasury | <u>145,157</u> | <u>497,992</u> |
| Total Disbursements | <u>194,381</u> | <u>506,340</u> |
| Fund Balance with Treasury | <u>\$ 10,632</u> | <u>\$ 8,728</u> |
| | | |
| Federal Funds Available for September 11th Victim Compensation Fund | \$ 2,751,712 | \$ 2,766,400 |
| Less: Change in Unpaid Obligations | 1,904 | 6,340 |
| Adjudicated Benefit Claims Disbursements | 32,168 | 559 |
| Salaries and Expenses Disbursements | <u>17,056</u> | <u>7,789</u> |
| Total Funded Liabilities | <u>51,128</u> | <u>14,688</u> |
| Unfunded Liability for September 11th Victim Compensation Fund | <u>\$ 2,700,584</u> | <u>\$ 2,751,712</u> |

These notes are an integral part of the financial statements.

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

Note 26. Changes in Accounting Principles

Based upon early implementation of DOJ Financial Management Policy Memorandum, (FMPM) 13-12, *Capitalization of General Property, Plant, and Equipment and Internal Use Software*, most of the Department's components fully or partially revised their capitalization thresholds. Effective FY 2013, the AFF, OBDs, OJP, and FBI revised capitalization thresholds for real property, personal property, and internal use software. The USMS, DEA, and BOP revised capitalization threshold for internal use software only. For FY 2014, USMS and DEA fully implemented the policy and revised their capitalization thresholds real property and personal property. In addition ATF, fully implemented the new policy and revised their capitalization thresholds for real property, personal property and internal use software. This policy is preferable because it increases the efficiency and cost effectiveness of DOJ property management efforts while maintaining a system of internal controls.

Full implementation of revised capitalization thresholds for all components is required by FY 2015. The primary impact of the policy change was an increase in the thresholds for capitalizing and reporting real property, including leasehold improvements; personal property; and internal use software. This change in accounting principle caused a \$130,858 reduction in the overall PP&E balance for FY 2014 and the pre-FY 2014 effects are recognized in the beginning balances of cumulative results of operations on the Consolidated Statements of Changes in Net Position. The effect of the new policy reduced the Department's assets for Property, Plant and Equipment as illustrated in the table below.

FY 2014

| Type of Property | USMS | DEA | ATF | Total |
|-------------------------|--------------------|--------------------|--------------------|---------------------|
| Real Property | \$ (45,883) | \$ (2,721) | \$ (4,190) | \$ (52,794) |
| Personal Property | \$ (23,827) | \$ (36,286) | \$ (12,609) | \$ (72,722) |
| Internal Use Software | \$ - | \$ - | \$ (5,342) | \$ (5,342) |
| Total | \$ (69,710) | \$ (39,007) | \$ (22,141) | \$ (130,858) |

These notes are an integral part of the financial statements.

This page intentionally left blank.

**Required Supplementary Information
Unaudited**

See Independent Auditors' Report on the Financial Statements

**U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2014**

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|-------------------|----------------------|
| Budgetary Resources | | | | | | | | | | |
| Unobligated Balance, Net, Brought Forward, October 1 | \$ 886,738 | \$ 907,841 | \$ 156,392 | \$ 180,633 | \$ 232,812 | \$ 1,124,439 | \$ 33,497 | \$ 273,674 | \$ 198,941 | \$ 3,994,967 |
| Recoveries of Prior Year Unpaid Obligations | 71,239 | 203,380 | 56,907 | 74,255 | 92,113 | 197,730 | 24,952 | 25,649 | - | 746,225 |
| Other Changes in Unobligated Balance | - | 59,185 | (383) | (6,082) | (42) | (38,515) | (752) | (15,832) | - | (2,421) |
| Unobligated Balance from Prior Year Budget Authority, Net | 957,977 | 1,170,406 | 212,916 | 248,806 | 324,883 | 1,283,654 | 57,697 | 283,491 | 198,941 | 4,738,771 |
| Appropriations (discretionary and mandatory) | 4,079,273 | 5,310,067 | 3,138,888 | 2,345,103 | 2,392,785 | 8,345,443 | 1,179,332 | 6,859,000 | - | 33,649,891 |
| Spending Authority from Offsetting Collections (discretionary and mandatory) | 14,242 | 2,724,304 | 99,771 | 206,118 | 508,288 | 1,178,873 | 81,307 | 418,509 | 478,099 | 5,709,511 |
| Total Budgetary Resources | \$ 5,051,492 | \$ 9,204,777 | \$ 3,451,575 | \$ 2,800,027 | \$ 3,225,956 | \$ 10,807,970 | \$ 1,318,336 | \$ 7,561,000 | \$ 677,040 | \$ 44,098,173 |
| Status of Budgetary Resources: | | | | | | | | | | |
| Obligations Incurred (Note 20) | \$ 3,135,920 | \$ 7,843,120 | \$ 3,153,418 | \$ 2,628,413 | \$ 2,983,472 | \$ 9,486,728 | \$ 1,287,533 | \$ 7,260,757 | \$ 494,081 | \$ 38,273,442 |
| Unobligated Balance, End of Year: | | | | | | | | | | |
| Apportioned | 1,836,188 | 1,098,150 | 253,814 | 126,569 | 169,185 | 1,110,032 | 16,466 | 102,538 | - | 4,712,942 |
| Exempt from Apportionment | - | - | - | - | - | - | - | 67,999 | 182,959 | 250,958 |
| Unapportioned | 79,384 | 263,507 | 44,343 | 45,045 | 73,299 | 211,210 | 14,337 | 129,706 | - | 860,831 |
| Total Unobligated Balance - End of Year | 1,915,572 | 1,361,657 | 298,157 | 171,614 | 242,484 | 1,321,242 | 30,803 | 300,243 | 182,959 | 5,824,731 |
| Total Status of Budgetary Resources: | \$ 5,051,492 | \$ 9,204,777 | \$ 3,451,575 | \$ 2,800,027 | \$ 3,225,956 | \$ 10,807,970 | \$ 1,318,336 | \$ 7,561,000 | \$ 677,040 | \$ 44,098,173 |
| Change in Obligated Balance: | | | | | | | | | | |
| Unpaid Obligations: | | | | | | | | | | |
| Unpaid obligations, Brought Forward, October 1 | \$ 3,131,775 | \$ 3,335,991 | \$ 458,721 | \$ 3,914,916 | \$ 506,378 | \$ 2,425,794 | \$ 194,661 | \$ 711,297 | \$ 118,487 | \$ 14,798,020 |
| Obligations Incurred | 3,135,920 | 7,843,120 | 3,153,418 | 2,628,413 | 2,983,472 | 9,486,728 | 1,287,533 | 7,260,757 | 494,081 | 38,273,442 |
| Outlays, Gross (-) | (1,383,256) | (7,456,101) | (3,088,085) | (2,564,377) | (2,820,121) | (8,930,952) | (1,203,304) | (7,220,477) | (441,107) | (35,107,780) |
| Recoveries of Prior Year Unpaid Obligations (-) | (71,239) | (203,380) | (56,907) | (74,255) | (92,113) | (197,730) | (24,952) | (25,649) | - | (746,225) |
| Unpaid Obligations, End of Year | 4,813,200 | 3,519,630 | 467,147 | 3,904,697 | 577,616 | 2,783,840 | 253,938 | 725,928 | 171,461 | 17,217,457 |
| Uncollected Payments: | | | | | | | | | | |
| Uncollected Payments from Federal Sources, Brought Forward, October 1 (-) | (7,177) | (655,863) | (19,669) | (88,979) | (180,761) | (617,526) | (56,039) | (5,508) | (35,383) | (1,666,905) |
| Change in Uncollected Customer Payments from Federal Sources | (4,326) | (144,713) | 1,301 | (29,592) | 31,193 | 10,911 | (673) | 501 | 12,898 | (122,500) |
| Uncollected Customer Payments from Federal Sources, End of Year | \$ (11,503) | \$ (800,576) | \$ (18,368) | \$ (118,571) | \$ (149,568) | \$ (606,615) | \$ (56,712) | \$ (5,007) | \$ (22,485) | \$ (1,789,405) |
| Memorandum (non-add) Entries: | | | | | | | | | | |
| Obligated balance, Start of Year | \$ 3,124,598 | \$ 2,680,128 | \$ 439,052 | \$ 3,825,937 | \$ 325,617 | \$ 1,808,268 | \$ 138,622 | \$ 705,789 | \$ 83,104 | \$ 13,131,115 |
| Obligated balance, End of Year | \$ 4,801,697 | \$ 2,719,054 | \$ 448,779 | \$ 3,786,126 | \$ 428,048 | \$ 2,177,225 | \$ 197,226 | \$ 720,921 | \$ 148,976 | \$ 15,428,052 |

U. S. Department of Justice
Combining Statement of Budgetary Resources - Continued
For the Fiscal Year Ended September 30, 2014

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|----------------------|
| Budgetary Authority and Outlays, Net: | | | | | | | | | | |
| Budgetary Authority, Gross (discretionary and mandatory) | \$ 4,093,515 | \$ 8,034,371 | \$ 3,238,659 | \$ 2,551,221 | \$ 2,901,073 | \$ 9,524,316 | \$ 1,260,639 | \$ 7,277,509 | \$ 478,099 | \$ 39,359,402 |
| Less: Actual Offsetting Collections (discretionary and mandatory) | 9,916 | 2,582,853 | 101,072 | 176,526 | 539,481 | 1,189,784 | 80,634 | 419,010 | 490,997 | 5,590,273 |
| Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory) | (4,326) | (144,713) | 1,301 | (29,592) | 31,193 | 10,911 | (673) | 501 | 12,898 | (122,500) |
| Budget Authority, Net (discretionary and mandatory) | \$ 4,079,273 | \$ 5,306,805 | \$ 3,138,888 | \$ 2,345,103 | \$ 2,392,785 | \$ 8,345,443 | \$ 1,179,332 | \$ 6,859,000 | \$ - | \$ 33,646,629 |
| Outlays, Gross (discretionary and mandatory) | \$ 1,383,256 | \$ 7,456,101 | \$ 3,088,085 | \$ 2,564,377 | \$ 2,820,121 | \$ 8,930,952 | \$ 1,203,304 | \$ 7,220,477 | \$ 441,107 | \$ 35,107,780 |
| Less: Actual Offsetting Collections (discretionary and mandatory) | 9,916 | 2,582,853 | 101,072 | 176,526 | 539,481 | 1,189,784 | 80,634 | 419,010 | 490,997 | 5,590,273 |
| Outlays, Net (discretionary and mandatory) | 1,373,340 | 4,873,248 | 2,987,013 | 2,387,851 | 2,280,640 | 7,741,168 | 1,122,670 | 6,801,467 | (49,890) | 29,517,507 |
| Less: Distributed Offsetting Receipts | 6,280 | 117,706 | - | - | 358,985 | 3,360 | 1,617 | 7,956 | - | 495,904 |
| Agency Outlays, Net (discretionary and mandatory) | \$ 1,367,060 | \$ 4,755,542 | \$ 2,987,013 | \$ 2,387,851 | \$ 1,921,655 | \$ 7,737,808 | \$ 1,121,053 | \$ 6,793,511 | \$ (49,890) | \$ 29,021,603 |

**U. S. Department of Justice
Combining Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2013**

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|-------------------|----------------------|
| Budgetary Resources | | | | | | | | | | |
| Unobligated Balance, Net, Brought Forward, October 1 | \$ 762,009 | \$ 1,127,089 | \$ 101,959 | 177,965 | \$ 167,398 | \$ 1,099,469 | \$ 46,209 | \$ 395,915 | \$ 158,419 | \$ 4,036,432 |
| Recoveries of Prior Year Unpaid Obligations | 76,720 | 281,144 | 42,537 | 109,297 | 124,497 | 358,191 | 21,838 | 14,780 | - | 1,029,004 |
| Other Changes in Unobligated Balance | - | 15,854 | 46,940 | (3,468) | (386) | (16,230) | (1,570) | (60,086) | - | (18,946) |
| Unobligated Balance from Prior Year Budget Authority, Net | 838,729 | 1,424,087 | 191,436 | 283,794 | 291,509 | 1,441,430 | 66,477 | 350,609 | 158,419 | 5,046,490 |
| Appropriations (discretionary and mandatory) | 1,849,037 | 4,838,144 | 3,045,350 | 2,168,196 | 2,255,829 | 7,419,644 | 1,070,888 | 6,527,205 | - | 29,174,293 |
| Spending Authority from Offsetting Collections (discretionary and mandatory) | 20,595 | 2,115,083 | 86,010 | 209,014 | 497,424 | 1,237,756 | 79,299 | 415,990 | 614,743 | 5,275,914 |
| Total Budgetary Resources | \$ 2,708,361 | \$ 8,377,314 | \$ 3,322,796 | \$ 2,661,004 | \$ 3,044,762 | \$ 10,098,830 | \$ 1,216,664 | \$ 7,293,804 | \$ 773,162 | \$ 39,496,697 |
| Status of Budgetary Resources: | | | | | | | | | | |
| Obligations Incurred (Note 20) | \$ 1,821,623 | \$ 7,469,473 | \$ 3,166,404 | \$ 2,480,371 | \$ 2,811,950 | \$ 8,974,391 | \$ 1,183,167 | \$ 7,020,130 | \$ 574,221 | \$ 35,501,730 |
| Unobligated Balance, End of Year: | | | | | | | | | | |
| Apportioned | 639,271 | 671,491 | 126,660 | 170,590 | 203,634 | 831,392 | 15,908 | 99,040 | - | 2,757,986 |
| Exempt from Apportionment | - | - | - | - | - | - | - | 67,666 | 198,941 | 266,607 |
| Unapportioned | 247,467 | 236,350 | 29,732 | 10,043 | 29,178 | 293,047 | 17,589 | 106,968 | - | 970,374 |
| Total Unobligated Balance - End of Year | 886,738 | 907,841 | 156,392 | 180,633 | 232,812 | 1,124,439 | 33,497 | 273,674 | 198,941 | 3,994,967 |
| Total Status of Budgetary Resources: | \$ 2,708,361 | \$ 8,377,314 | \$ 3,322,796 | \$ 2,661,004 | \$ 3,044,762 | \$ 10,098,830 | \$ 1,216,664 | \$ 7,293,804 | \$ 773,162 | \$ 39,496,697 |
| Change in Obligated Balance: | | | | | | | | | | |
| Unpaid Obligations: | | | | | | | | | | |
| Unpaid obligations, Brought Forward, October 1 | \$ 2,849,380 | \$ 4,179,328 | \$ 537,767 | \$ 4,278,196 | \$ 722,184 | \$ 3,072,245 | \$ 258,628 | \$ 868,945 | \$ 163,704 | \$ 16,930,377 |
| Obligations Incurred | 1,821,623 | 7,469,473 | 3,166,404 | 2,480,371 | 2,811,950 | 8,974,391 | 1,183,167 | 7,020,130 | 574,221 | 35,501,730 |
| Outlays, Gross (-) | (1,462,508) | (8,031,666) | (3,202,913) | (2,734,354) | (2,903,259) | (9,262,651) | (1,225,296) | (7,162,998) | (619,438) | (36,605,083) |
| Recoveries of Prior Year Unpaid Obligations (-) | (76,720) | (281,144) | (42,537) | (109,297) | (124,497) | (358,191) | (21,838) | (14,780) | - | (1,029,004) |
| Unpaid Obligations, End of Year | 3,131,775 | 3,335,991 | 458,721 | 3,914,916 | 506,378 | 2,425,794 | 194,661 | 711,297 | 118,487 | 14,798,020 |
| Uncollected Payments: | | | | | | | | | | |
| Uncollected Payments from Federal Sources, Brought Forward, October 1 (-) | (8,889) | (840,730) | (160,071) | (27,583) | (185,933) | (568,468) | (67,071) | (10,038) | (21,578) | (1,890,361) |
| Change in Uncollected Customer Payments from Federal Sources | 1,712 | 184,867 | 140,402 | (61,396) | 5,172 | (49,058) | 11,032 | 4,530 | (13,805) | 223,456 |
| Uncollected Customer Payments from Federal Sources, End of Year | (7,177) | (655,863) | (19,669) | (88,979) | (180,761) | (617,526) | (56,039) | (5,508) | (35,383) | (1,666,905) |
| Memorandum (non-add) Entries: | | | | | | | | | | |
| Obligated balance, Start of Year | \$ 2,840,491 | \$ 3,338,598 | \$ 377,696 | \$ 4,250,613 | \$ 536,251 | \$ 2,503,777 | \$ 191,557 | \$ 858,907 | \$ 142,126 | \$ 15,040,016 |
| Obligated balance, End of Year | \$ 3,124,598 | \$ 2,680,128 | \$ 439,052 | \$ 3,825,937 | \$ 325,617 | \$ 1,808,268 | \$ 138,622 | \$ 705,789 | \$ 83,104 | \$ 13,131,115 |

U. S. Department of Justice
Combining Statement of Budgetary Resources - Continued
For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|---------------|
| Budgetary Authority and Outlays, Net: | | | | | | | | | | |
| Budgetary Authority, Gross (discretionary and mandatory) | \$ 1,869,632 | \$ 6,953,227 | \$ 3,131,360 | \$ 2,377,210 | \$ 2,753,253 | \$ 8,657,400 | \$ 1,150,187 | \$ 6,943,195 | \$ 614,743 | \$ 34,450,207 |
| Less: Actual Offsetting Collections (discretionary and mandatory) | 22,306 | 2,299,950 | 226,412 | 147,618 | 502,596 | 1,188,698 | 90,331 | 420,520 | 600,938 | 5,499,369 |
| Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory) | 1,712 | 184,867 | 140,402 | (61,396) | 5,172 | (49,058) | 11,032 | 4,530 | (13,805) | 223,456 |
| Budget Authority, Net (discretionary and mandatory) | \$ 1,849,038 | \$ 4,838,144 | \$ 3,045,350 | \$ 2,168,196 | \$ 2,255,829 | \$ 7,419,644 | \$ 1,070,888 | \$ 6,527,205 | \$ - | \$ 29,174,294 |
| | | | | | | | | | | |
| Outlays, Gross (discretionary and mandatory) | \$ 1,462,508 | \$ 8,031,666 | \$ 3,202,913 | \$ 2,734,354 | \$ 2,903,259 | \$ 9,262,651 | \$ 1,225,296 | \$ 7,162,998 | \$ 619,438 | \$ 36,605,083 |
| Less: Actual Offsetting Collections (discretionary and mandatory) | 22,306 | 2,299,950 | 226,412 | 147,618 | 502,596 | 1,188,698 | 90,331 | 420,520 | 600,938 | 5,499,369 |
| Outlays, Net (discretionary and mandatory) | 1,440,202 | 5,731,716 | 2,976,501 | 2,586,736 | 2,400,663 | 8,073,953 | 1,134,965 | 6,742,478 | 18,500 | 31,105,714 |
| Less: Distributed Offsetting Receipts | 5,106 | 540,343 | - | - | 345,852 | (3,938) | 41,520 | 4,994 | - | 933,877 |
| Agency Outlays, Net (discretionary and mandatory) | \$ 1,435,096 | \$ 5,191,373 | \$ 2,976,501 | \$ 2,586,736 | \$ 2,054,811 | \$ 8,077,891 | \$ 1,093,445 | \$ 6,737,484 | \$ 18,500 | \$ 30,171,837 |

This page intentionally left blank.

**Required Supplementary Stewardship Information
Unaudited**

See Independent Auditors' Report on the Financial Statements

U.S. Department of Justice
Consolidated Stewardship Investments
For the Fiscal Years Ended September 30, 2014, 2013, 2012, 2011 and 2010

The Bureau of Justice Assistance administers the Correctional Systems and Correctional Alternatives for Tribal Lands (CSCATL) 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 CSCATL funds are available to tribes within the 50 states. The Tribal Law and Order Act of 2010 (Public Law 111-211) expanded the CSCATL 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 CSCATL strategy broadly addresses tribal justice systems and lends support to tribes that:

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

CSCATL and VOI/TIS funds from fiscal years 2010 through September 30, 2014, are as follows:

| Dollars in Thousands | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|------------------|------------------|------------------|------------------|------------------|
| Recipients of Non-Federal Physical Property: | | | | | |
| Grants to Indian Tribes | \$ 39,431 | \$ 52,980 | \$ 97,553 | \$ 52,339 | \$ 24,768 |
| Grants to States | (12) | - | 84 | (1,139) | 11,389 |
| Total Non-Federal Physical Property | <u>\$ 39,419</u> | <u>\$ 52,980</u> | <u>\$ 97,637</u> | <u>\$ 51,200</u> | <u>\$ 36,157</u> |

Other Information
Unaudited

See Independent Auditors' Report on the Financial Statements

**U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2014**

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---------------------|---------------------|-------------------|----------------------|---------------------|---------------------|-------------------|---------------------|-------------------|---------------------|----------------------|
| ASSETS | | | | | | | | | | | |
| Intragovernmental | | | | | | | | | | | |
| Fund Balance with U.S. Treasury | \$ 124,255 | \$ 4,752,671 | \$ 759,137 | \$ 15,749,752 | \$ 686,209 | \$ 3,479,026 | \$ 221,986 | \$ 1,085,079 | \$ 20,434 | \$ - | \$ 26,878,549 |
| Investments, Net | 8,334,306 | 294,300 | - | - | - | - | - | - | 311,602 | - | 8,940,208 |
| Accounts Receivable, Net | 9,242 | 307,552 | 10,872 | 4,446 | 36,263 | 388,269 | 28,825 | 4,130 | 22,382 | (304,309) | 507,672 |
| Other Assets | 40 | 29,742 | 1,701 | 31,855 | 25,190 | 14,489 | 1,019 | 11,089 | - | (41,063) | 74,062 |
| Total Intragovernmental | 8,467,843 | 5,384,265 | 771,710 | 15,786,053 | 747,662 | 3,881,784 | 251,830 | 1,100,298 | 354,418 | (345,372) | 36,400,491 |
| Cash and Monetary Assets | 101,690 | 46 | - | - | 21,752 | 57,551 | 9,472 | 454 | - | - | 190,965 |
| Accounts Receivable, Net | - | 38,338 | 114 | 1,729 | 6,204 | 36,498 | 228 | 5,041 | 5,174 | - | 93,326 |
| Inventory and Related Property, Net | - | - | 3,182 | - | 17,381 | 9,748 | - | 18,410 | 78,628 | - | 127,349 |
| Forfeited Property, Net | 138,265 | - | - | - | - | - | - | - | - | - | 138,265 |
| General Property, Plant and Equipment, Net | 628 | 131,950 | 214,257 | 5,087 | 282,785 | 2,852,468 | 170,426 | 5,945,633 | 75,156 | - | 9,678,390 |
| Advances and Prepayments | - | 1,306 | - | 352,125 | 8,429 | 11,887 | 1,057 | 4,352 | 80 | - | 379,236 |
| Other Assets | - | - | 184 | - | - | 42 | - | 4,412 | 500 | - | 5,138 |
| Total Assets | \$ 8,708,426 | \$ 5,555,905 | \$ 989,447 | \$ 16,144,994 | \$ 1,084,213 | \$ 6,849,978 | \$ 433,013 | \$ 7,078,600 | \$ 513,956 | \$ (345,372) | \$ 47,013,160 |
| LIABILITIES | | | | | | | | | | | |
| Intragovernmental | | | | | | | | | | | |
| Accounts Payable | \$ 108,261 | \$ 186,034 | \$ 59,977 | \$ 18,297 | \$ 37,719 | \$ 172,566 | \$ 18,603 | \$ 40,794 | \$ 3,059 | \$ (303,554) | \$ 341,756 |
| Accrued FECA Liabilities | - | 9,458 | 16,164 | 17 | 26,084 | 32,827 | 20,573 | 162,818 | 2,161 | - | 270,102 |
| Custodial Liabilities | - | 675,228 | - | - | 4,737 | - | - | - | - | - | 679,965 |
| Other Liabilities | 198 | 31,347 | 5,605 | 46,330 | 15,368 | 90,814 | 4,857 | 35,316 | 109,620 | (41,818) | 297,637 |
| Total Intragovernmental | 108,459 | 902,067 | 81,746 | 64,644 | 83,908 | 296,207 | 44,033 | 238,928 | 114,840 | (345,372) | 1,589,460 |
| Accounts Payable | 4,524,908 | 321,169 | 162,780 | 45,474 | 94,155 | 298,023 | 54,502 | 332,795 | 45,689 | - | 5,879,495 |
| Accrued Grant Liabilities | - | 99,372 | - | 386,161 | - | - | - | - | - | - | 485,533 |
| Actuarial FECA Liabilities | - | 59,445 | 103,274 | 168 | 167,925 | 200,670 | 128,126 | 997,135 | 22,502 | - | 1,679,245 |
| Accrued Payroll and Benefits | 864 | 60,806 | 22,156 | 2,693 | 29,487 | 101,066 | 15,330 | 74,250 | 4,015 | - | 310,667 |
| Accrued Annual and Compensatory Leave Liabilities | 1,766 | 174,729 | 43,307 | 6,248 | 97,326 | 269,900 | 47,694 | 175,406 | 6,887 | - | 823,263 |
| Environmental and Disposal Liabilities | - | - | - | - | - | 11,407 | - | 67,392 | - | - | 78,799 |
| Deferred Revenue | 138,265 | - | - | - | 522,045 | - | - | 2,152 | - | - | 662,462 |
| Seized Cash and Monetary Instruments | 1,373,316 | - | - | - | 450 | 33,616 | 3,061 | - | - | - | 1,410,443 |
| Contingent Liabilities | - | 6,440 | - | - | 28,177 | 11,147 | 1,500 | 10,861 | - | - | 58,125 |
| Capital Lease Liabilities | - | - | - | - | - | - | - | 161 | 30 | - | 191 |
| Radiation Exposure Compensation Act Liabilities | - | 561,661 | - | - | - | - | - | - | - | - | 561,661 |
| 9/11 Victim Compensation Fund | - | 2,700,584 | - | - | - | - | - | - | - | - | 2,700,584 |
| Other Liabilities | - | 130,457 | 12,203 | - | 11,508 | 7,761 | 753 | 202,880 | - | - | 365,562 |
| Total Liabilities | \$ 6,147,578 | \$ 5,016,730 | \$ 425,466 | \$ 505,388 | \$ 1,034,981 | \$ 1,229,797 | \$ 294,999 | \$ 2,101,960 | \$ 193,963 | \$ (345,372) | \$ 16,605,490 |
| NET POSITION | | | | | | | | | | | |
| Unexpended Appropriations - Funds from Dedicated Collections | \$ - | \$ 32,750 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 32,750 |
| Unexpended Appropriations - All Other Funds | - | 2,743,717 | 480,555 | 2,664,388 | 416,009 | 2,640,676 | 162,725 | 477,632 | - | - | 9,585,702 |
| Cumulative Results of Operations - Funds from Dedicated Collections | 2,560,848 | 216,951 | - | 12,971,522 | (332,973) | - | - | 95,380 | - | - | 15,511,728 |
| Cumulative Results of Operations - All Other Funds | - | (2,454,243) | 83,426 | 3,696 | (33,804) | 2,979,505 | (24,711) | 4,403,628 | 319,993 | - | 5,277,490 |
| Total Net Position | \$ 2,560,848 | \$ 539,175 | \$ 563,981 | \$ 15,639,606 | \$ 49,232 | \$ 5,620,181 | \$ 138,014 | \$ 4,976,640 | \$ 319,993 | \$ - | \$ 30,407,670 |
| Total Liabilities and Net Position | \$ 8,708,426 | \$ 5,555,905 | \$ 989,447 | \$ 16,144,994 | \$ 1,084,213 | \$ 6,849,978 | \$ 433,013 | \$ 7,078,600 | \$ 513,956 | \$ (345,372) | \$ 47,013,160 |

**U. S. Department of Justice
Consolidating Balance Sheet
As of September 30, 2013**

| | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|---|---------------------|---------------------|-------------------|----------------------|---------------------|---------------------|-------------------|---------------------|-------------------|---------------------|----------------------|
| ASSETS | | | | | | | | | | | |
| Intragovernmental | | | | | | | | | | | |
| Fund Balance with U.S. Treasury | \$ 110,344 | \$ 4,864,402 | \$ 610,946 | \$ 12,960,107 | \$ 565,885 | \$ 2,896,019 | \$ 166,940 | \$ 1,033,784 | \$ 17,644 | \$ - | \$ 23,226,071 |
| Investments, Net | 6,068,165 | 318,275 | - | - | - | - | - | - | 264,520 | - | 6,650,960 |
| Accounts Receivable, Net | 3,322 | 273,984 | 15,992 | 4,857 | 47,032 | 319,723 | 26,418 | 4,348 | 35,262 | (278,611) | 452,327 |
| Other Assets | - | 49,978 | 6,052 | 39,907 | 37,257 | 22,779 | 1,021 | - | - | (64,624) | 92,370 |
| Total Intragovernmental | 6,181,831 | 5,506,639 | 632,990 | 13,004,871 | 650,174 | 3,238,521 | 194,379 | 1,038,132 | 317,426 | (343,235) | 30,421,728 |
| Cash and Monetary Assets | 64,219 | 46 | - | - | 14,983 | 85,326 | 9,681 | 543 | - | - | 174,798 |
| Accounts Receivable, Net | - | 43,992 | 130 | 225 | 4,295 | 24,088 | 296 | 5,053 | 3,813 | - | 81,892 |
| Inventory and Related Property, Net | - | - | 2,860 | - | 8,505 | 7,263 | - | 18,775 | 95,411 | - | 132,814 |
| Forfeited Property, Net | 141,354 | - | - | - | - | - | - | - | - | - | 141,354 |
| General Property, Plant and Equipment, Net | 603 | 143,530 | 281,488 | 7,622 | 352,660 | 2,713,644 | 197,183 | 6,239,845 | 80,748 | - | 10,017,323 |
| Advances and Prepayments | - | 1,151 | - | 406,686 | 12,387 | 18,423 | 1,163 | 4,315 | 49 | - | 444,174 |
| Other Assets | - | - | 184 | - | - | - | 28 | 4,189 | 276 | - | 4,677 |
| Total Assets | \$ 6,388,007 | \$ 5,695,358 | \$ 917,652 | \$ 13,419,404 | \$ 1,043,004 | \$ 6,087,265 | \$ 402,730 | \$ 7,310,852 | \$ 497,723 | \$ (343,235) | \$ 41,418,760 |
| LIABILITIES | | | | | | | | | | | |
| Intragovernmental | | | | | | | | | | | |
| Accounts Payable | \$ 105,395 | \$ 176,035 | \$ 44,845 | \$ 21,825 | \$ 28,681 | \$ 188,580 | \$ 11,830 | \$ 36,356 | \$ 3,476 | \$ (277,770) | \$ 339,253 |
| Accrued FECA Liabilities | - | 9,603 | 17,207 | 24 | 26,949 | 31,303 | 20,828 | 158,816 | 2,135 | - | 266,865 |
| Custodial Liabilities | - | 1,171,842 | - | - | 2,856 | - | - | - | - | - | 1,174,698 |
| Other Liabilities | 146 | 36,309 | 4,687 | 67,173 | 7,882 | 57,541 | 4,210 | 31,241 | 60,332 | (65,465) | 204,056 |
| Total Intragovernmental | 105,541 | 1,393,789 | 66,739 | 89,022 | 66,368 | 277,424 | 36,868 | 226,413 | 65,943 | (343,235) | 1,984,872 |
| Accounts Payable | 2,847,058 | 292,972 | 213,150 | 20,591 | 80,006 | 323,056 | 38,013 | 347,010 | 41,405 | - | 4,203,261 |
| Accrued Grant Liabilities | - | 121,574 | - | 266,055 | - | - | - | - | - | - | 387,629 |
| Actuarial FECA Liabilities | - | 60,484 | 103,024 | 327 | 169,801 | 191,516 | 129,310 | 956,439 | 21,715 | - | 1,632,616 |
| Accrued Payroll and Benefits | 1,278 | 53,231 | 20,855 | 5,540 | 25,606 | 84,948 | 13,008 | 61,401 | 3,754 | - | 269,621 |
| Accrued Annual and Compensatory Leave Liabilities | 1,726 | 178,487 | 42,572 | 5,958 | 96,571 | 273,017 | 49,123 | 171,578 | 7,337 | - | 826,369 |
| Environmental and Disposal Liabilities | - | - | - | - | - | 10,451 | - | 66,225 | - | - | 76,676 |
| Deferred Revenue | 141,354 | - | - | - | 477,890 | - | - | 2,196 | - | - | 621,440 |
| Seized Cash and Monetary Instruments | 1,435,283 | - | - | - | 470 | 46,371 | 3,563 | - | - | - | 1,485,687 |
| Contingent Liabilities | - | 5,000 | - | - | 8,466 | 8,420 | - | 4,685 | - | - | 26,571 |
| Capital Lease Liabilities | - | - | - | - | - | - | - | 8,716 | 47 | - | 8,763 |
| Radiation Exposure Compensation Act Liabilities | - | 660,465 | - | - | - | - | - | - | - | - | 660,465 |
| 9/11 Victim Compensation Fund | - | 2,751,712 | - | - | - | - | - | - | - | - | 2,751,712 |
| Other Liabilities | - | 200,739 | 15,440 | - | 9,886 | 7,669 | 956 | 176,621 | - | - | 411,311 |
| Total Liabilities | \$ 4,532,240 | \$ 5,718,453 | \$ 461,780 | \$ 387,493 | \$ 935,064 | \$ 1,222,872 | \$ 270,841 | \$ 2,021,284 | \$ 140,201 | \$ (343,235) | \$ 15,346,993 |
| NET POSITION | | | | | | | | | | | |
| Unexpended Appropriations - Funds from Dedicated Collections | \$ - | \$ 35,768 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 35,768 |
| Unexpended Appropriations - All Other Funds | - | 2,602,197 | 299,299 | 2,969,711 | 386,251 | 1,822,476 | 131,994 | 437,193 | - | - | 8,649,121 |
| Cumulative Results of Operations - Funds from Dedicated Collections | 1,855,767 | 244,863 | - | 10,057,641 | (311,492) | - | - | 93,693 | - | - | 11,940,472 |
| Cumulative Results of Operations - All Other Funds | - | (2,905,923) | 156,573 | 4,559 | 33,181 | 3,041,917 | (105) | 4,758,682 | 357,522 | - | 5,446,406 |
| Total Net Position | \$ 1,855,767 | \$ (23,095) | \$ 455,872 | \$ 13,031,911 | \$ 107,940 | \$ 4,864,393 | \$ 131,889 | \$ 5,289,568 | \$ 357,522 | \$ - | \$ 26,071,767 |
| Total Liabilities and Net Position | \$ 6,388,007 | \$ 5,695,358 | \$ 917,652 | \$ 13,419,404 | \$ 1,043,004 | \$ 6,087,265 | \$ 402,730 | \$ 7,310,852 | \$ 497,723 | \$ (343,235) | \$ 41,418,760 |

**U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2014**

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|--------------------|----------------------|
| Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law | | | | | | | | | | | |
| Gross Cost - Intragovernmental | \$ - | \$ 67,879 | \$ 21,480 | \$ - | \$ 12,857 | \$ 1,610,242 | \$ - | \$ - | \$ - | \$ (27,927) | \$ 1,684,531 |
| Gross Cost - With the Public | - | 110,675 | 77,133 | - | 102,432 | 3,481,744 | 3,439 | - | - | - | 3,775,423 |
| Subtotal Gross Costs | - | 178,554 | 98,613 | - | 115,289 | 5,091,986 | 3,439 | - | - | (27,927) | 5,459,954 |
| Earned Revenues - Intragovernmental | - | 13,041 | - | - | 44,964 | 302,342 | - | - | - | (27,927) | 332,420 |
| Earned Revenues - With the Public | - | (62) | - | - | 5 | 7,803 | - | - | - | - | 7,746 |
| Subtotal Earned Revenues | - | 12,979 | - | - | 44,969 | 310,145 | - | - | - | (27,927) | 340,166 |
| Subtotal Net Cost of Operations | \$ - | \$ 165,575 | \$ 98,613 | \$ - | \$ 70,320 | \$ 4,781,841 | \$ 3,439 | \$ - | \$ - | \$ - | \$ 5,119,788 |
| Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law | | | | | | | | | | | |
| Gross Cost - Intragovernmental | \$ 508,771 | \$ 1,935,673 | \$ 65,262 | \$ 38,570 | \$ 950,691 | \$ 751,137 | \$ 410,755 | \$ - | \$ - | \$ (1,200,070) | \$ 3,460,789 |
| Gross Cost - With the Public | 2,577,527 | 3,578,846 | 229,916 | 950,134 | 1,913,690 | 2,296,397 | 862,728 | 8,717 | - | - | 12,417,955 |
| Subtotal Gross Costs | 3,086,298 | 5,514,519 | 295,178 | 988,704 | 2,864,381 | 3,047,534 | 1,273,483 | 8,717 | - | (1,200,070) | 15,878,744 |
| Earned Revenues - Intragovernmental | 14,065 | 865,136 | - | 4,520 | 455,799 | 297,393 | 79,447 | - | - | (1,200,070) | 516,290 |
| Earned Revenues - With the Public | - | 806,545 | - | 33 | 319,738 | 5,043 | 1,245 | - | - | - | 1,132,604 |
| Subtotal Earned Revenues | 14,065 | 1,671,681 | - | 4,553 | 775,537 | 302,436 | 80,692 | - | - | (1,200,070) | 1,648,894 |
| Subtotal Net Cost of Operations | \$ 3,072,233 | \$ 3,842,838 | \$ 295,178 | \$ 984,151 | \$ 2,088,844 | \$ 2,745,098 | \$ 1,192,791 | \$ 8,717 | \$ - | \$ - | \$ 14,229,850 |
| Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels | | | | | | | | | | | |
| Gross Cost - Intragovernmental | \$ - | \$ 125,539 | \$ 532,778 | \$ 147,660 | \$ - | \$ 284,534 | \$ - | \$ 1,752,810 | \$ 85,469 | \$ (235,640) | \$ 2,693,150 |
| Gross Cost - With the Public | - | 413,517 | 2,140,198 | 1,461,732 | - | 634,305 | - | 6,090,658 | 458,026 | - | 11,198,436 |
| Subtotal Gross Costs | - | 539,056 | 2,672,976 | 1,609,392 | - | 918,839 | - | 7,843,468 | 543,495 | (235,640) | 13,891,586 |
| Earned Revenues - Intragovernmental | - | 8,658 | 54,199 | 18,865 | - | 330,135 | - | 27,191 | 432,822 | (215,849) | 656,021 |
| Earned Revenues - With the Public | - | 293 | 3,655 | - | - | 165,566 | - | 391,318 | 45,277 | - | 606,109 |
| Subtotal Earned Revenues | - | 8,951 | 57,854 | 18,865 | - | 495,701 | - | 418,509 | 478,099 | (215,849) | 1,262,130 |
| Subtotal Net Cost of Operations | \$ - | \$ 530,105 | \$ 2,615,122 | \$ 1,590,527 | \$ - | \$ 423,138 | \$ - | \$ 7,424,959 | \$ 65,396 | \$ (19,791) | \$ 12,629,456 |
| Total Net Cost of Operations | \$ 3,072,233 | \$ 4,538,518 | \$ 3,008,913 | \$ 2,574,678 | \$ 2,159,164 | \$ 7,950,077 | \$ 1,196,230 | \$ 7,433,676 | \$ 65,396 | \$ (19,791) | \$ 31,979,094 |

U. S. Department of Justice
Consolidating Statement of Net Cost
For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|--------------------|----------------------|
| Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law | | | | | | | | | | | |
| Gross Cost - Intragovernmental | \$ - | \$ 60,951 | \$ 37,872 | \$ - | \$ 12,714 | \$ 1,361,909 | \$ - | \$ - | \$ - | \$ (116,086) | \$ 1,357,360 |
| Gross Cost - With the Public | - | 119,418 | 42,396 | - | 125,342 | 3,649,619 | 4,834 | - | - | - | 3,941,609 |
| Subtotal Gross Costs | - | 180,369 | 80,268 | - | 138,056 | 5,011,528 | 4,834 | - | - | (116,086) | 5,298,969 |
| Earned Revenues - Intragovernmental | - | 13,530 | - | - | 44,666 | 457,250 | - | - | - | (116,086) | 399,360 |
| Earned Revenues - With the Public | - | 25 | - | - | 4 | 16,344 | - | - | - | - | 16,373 |
| Subtotal Earned Revenues | - | 13,555 | - | - | 44,670 | 473,594 | - | - | - | (116,086) | 415,733 |
| Subtotal Net Cost of Operations | \$ - | \$ 166,814 | \$ 80,268 | \$ - | \$ 93,386 | \$ 4,537,934 | \$ 4,834 | \$ - | \$ - | \$ - | \$ 4,883,236 |
| Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law | | | | | | | | | | | |
| Gross Cost - Intragovernmental | \$ 501,418 | \$ 1,841,653 | \$ 79,516 | \$ 59,681 | \$ 898,217 | \$ 829,830 | \$ 375,869 | \$ - | \$ - | \$ (945,821) | \$ 3,640,363 |
| Gross Cost - With the Public | 1,286,133 | 3,940,314 | 164,286 | 989,297 | 1,896,782 | 2,199,434 | 868,544 | 7,907 | - | - | 11,352,697 |
| Subtotal Gross Costs | 1,787,551 | 5,781,967 | 243,802 | 1,048,978 | 2,794,999 | 3,029,264 | 1,244,413 | 7,907 | - | (945,821) | 14,993,060 |
| Earned Revenues - Intragovernmental | 12,201 | 768,886 | - | 11,164 | 439,466 | 342,743 | 74,433 | - | - | (945,821) | 703,072 |
| Earned Revenues - With the Public | - | 438,594 | - | - | 280,596 | 397 | 847 | - | - | - | 720,434 |
| Subtotal Earned Revenues | 12,201 | 1,207,480 | - | 11,164 | 720,062 | 343,140 | 75,280 | - | - | (945,821) | 1,423,506 |
| Subtotal Net Cost of Operations | \$ 1,775,350 | \$ 4,574,487 | \$ 243,802 | \$ 1,037,814 | \$ 2,074,937 | \$ 2,686,124 | \$ 1,169,133 | \$ 7,907 | \$ - | \$ - | \$ 13,569,554 |
| Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels | | | | | | | | | | | |
| Gross Cost - Intragovernmental | \$ - | \$ 133,700 | \$ 492,089 | \$ 77,203 | \$ - | \$ 254,103 | \$ - | \$ 1,671,102 | \$ 97,638 | \$ (395,115) | \$ 2,330,720 |
| Gross Cost - With the Public | - | 419,283 | 2,350,380 | 1,578,410 | - | 798,910 | - | 5,944,800 | 549,915 | - | 11,641,698 |
| Subtotal Gross Costs | - | 552,983 | 2,842,469 | 1,655,613 | - | 1,053,013 | - | 7,615,902 | 647,553 | (395,115) | 13,972,418 |
| Earned Revenues - Intragovernmental | - | 15,523 | 52,811 | 26,882 | - | 358,899 | - | 20,950 | 573,233 | (374,046) | 674,252 |
| Earned Revenues - With the Public | - | 34 | 4,941 | 314 | - | 154,485 | - | 398,643 | 41,509 | - | 599,926 |
| Subtotal Earned Revenues | - | 15,557 | 57,752 | 27,196 | - | 513,384 | - | 419,593 | 614,742 | (374,046) | 1,274,178 |
| Subtotal Net Cost of Operations | \$ - | \$ 537,426 | \$ 2,784,717 | \$ 1,628,417 | \$ - | \$ 539,629 | \$ - | \$ 7,196,309 | \$ 32,811 | \$ (21,069) | \$ 12,698,240 |
| Total Net Cost of Operations | \$ 1,775,350 | \$ 5,278,727 | \$ 3,108,787 | \$ 2,666,231 | \$ 2,168,323 | \$ 7,763,687 | \$ 1,173,967 | \$ 7,204,216 | \$ 32,811 | \$ (21,069) | \$ 31,151,030 |

**U. S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2014**

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|------------------------------------|----------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|-------------------|-------------|--------------|------------------|
| Unexpended Appropriations | | | | | | | | | | | |
| Beginning Balances | | | | | | | | | | | |
| Funds from Dedicated Collections | - \$ | 35,768 \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | 35,768 |
| All Other Funds | - | 2,602,197 | 299,299 | 2,969,711 | 386,251 | 1,822,476 | 131,994 | 437,193 | - | - | 8,649,121 |
| Budgetary Financing Sources | | | | | | | | | | | |
| Appropriations Received | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 41,680 | - | - | - | - | - | - | - | - | 41,680 |
| All Other Funds | - | 5,169,742 | 2,727,800 | 1,659,218 | 2,018,000 | 8,343,284 | 1,179,000 | 6,859,000 | - | - | 27,956,044 |
| Appropriations Transferred-In/Out | | | | | | | | | | | |
| All Other Funds | - | (33,104) | 410,705 | (6,732) | 25,195 | (34,706) | (420) | (15,832) | - | - | 345,106 |
| Other Adjustments | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 317 | - | - | - | - | - | - | - | - | 317 |
| All Other Funds | - | (206,664) | - | (66,482) | - | - | - | - | - | - | (273,146) |
| Appropriations Used | | | | | | | | | | | |
| Funds from Dedicated Collections | - | (45,015) | - | - | - | - | - | - | - | - | (45,015) |
| All Other Funds | - | (4,788,454) | (2,957,249) | (1,891,327) | (2,013,437) | (7,490,378) | (1,147,849) | (6,802,729) | - | - | (27,091,423) |
| Total Financing Sources | | | | | | | | | | | |
| Funds from Dedicated Collections | - | (3,018) | - | - | - | - | - | - | - | - | (3,018) |
| All Other Funds | - | 141,520 | 181,256 | (305,323) | 29,758 | 818,200 | 30,731 | 40,439 | - | - | 936,581 |
| Net Change | | | | | | | | | | | |
| Funds from Dedicated Collections | - | (3,018) | - | - | - | - | - | - | - | - | (3,018) |
| All Other Funds | - | 141,520 | 181,256 | (305,323) | 29,758 | 818,200 | 30,731 | 40,439 | - | - | 936,581 |
| Ending Balances | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 32,750 | - | - | - | - | - | - | - | - | 32,750 |
| All Other Funds | - | 2,743,717 | 480,555 | 2,664,388 | 416,009 | 2,640,676 | 162,725 | 477,632 | - | - | 9,585,702 |
| Total All Funds | \$ - \$ | 2,776,467 \$ | 480,555 \$ | 2,664,388 \$ | 416,009 \$ | 2,640,676 \$ | 162,725 \$ | 477,632 \$ | - \$ | - \$ | 9,618,452 |

**U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2014**

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|--|---------------------|-----------------------|-------------------|----------------------|---------------------|---------------------|--------------------|---------------------|-------------------|--------------|----------------------|
| Cumulative Results of Operations | | | | | | | | | | | |
| Beginning Balances | | | | | | | | | | | |
| Funds from Dedicated Collections | \$ 1,855,767 | \$ 244,863 | \$ - | \$ 10,057,641 | \$ (311,492) | \$ - | \$ - | \$ 93,693 | \$ - | \$ - | \$ 11,940,472 |
| All Other Funds | - | (2,905,923) | 156,573 | 4,559 | 33,181 | 3,041,917 | (105) | 4,758,682 | 357,522 | - | 5,446,406 |
| Adjustments: | | | | | | | | | | | |
| Changes in Accounting Principles (Note 26) | | | | | | | | | | | |
| Funds from Dedicated Collections | - | - | - | - | (7,673) | - | - | - | - | - | (7,673) |
| All Other Funds | - | - | (69,710) | - | (31,334) | - | (22,141) | - | - | - | (123,185) |
| Beginning Balances, as Adjusted | | | | | | | | | | | |
| Funds from Dedicated Collections | 1,855,767 | 244,863 | - | 10,057,641 | (319,165) | - | - | 93,693 | - | - | 11,932,799 |
| All Other Funds | - | (2,905,923) | 86,863 | 4,559 | 1,847 | 3,041,917 | (22,246) | 4,758,682 | 357,522 | - | 5,323,221 |
| Budgetary Financing Sources | | | | | | | | | | | |
| Other Adjustments | | | | | | | | | | | |
| All Other Funds | - | (30,000) | - | - | - | - | - | - | - | - | (30,000) |
| Appropriations Used | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 45,015 | - | - | - | - | - | - | - | - | 45,015 |
| All Other Funds | - | 4,788,454 | 2,957,249 | 1,891,327 | 2,013,437 | 7,490,378 | 1,147,849 | 6,802,729 | - | - | 27,091,423 |
| Nonexchange Revenues | | | | | | | | | | | |
| Funds from Dedicated Collections | 6,280 | 897 | - | 3,591,494 | - | - | - | - | - | - | 3,598,671 |
| All Other Funds | - | - | - | 293 | - | 29 | - | - | - | - | 322 |
| Donations and Forfeitures of Cash and Cash Equivalents | | | | | | | | | | | |
| Funds from Dedicated Collections | 4,158,820 | - | - | - | - | - | - | - | - | - | 4,158,820 |
| Transfers-In/Out Without Reimbursement | | | | | | | | | | | |
| Funds from Dedicated Collections | (693,000) | - | - | - | - | - | - | - | - | - | (693,000) |
| All Other Funds | - | 99,561 | - | - | - | (1,651) | - | - | - | - | 97,910 |
| Other Financing Sources | | | | | | | | | | | |
| Donations and Forfeitures of Property | | | | | | | | | | | |
| Funds from Dedicated Collections | 308,307 | - | - | - | - | - | - | - | - | - | 308,307 |
| Transfers-In/Out Without Reimbursement | | | | | | | | | | | |
| Funds from Dedicated Collections | (4,930) | - | - | - | - | - | - | - | - | - | (4,930) |
| All Other Funds | - | (111,548) | (23) | (21) | 3,900 | 112,458 | 3,169 | 630 | - | - | 8,565 |
| Imputed Financing from Costs Absorbed by Others | | | | | | | | | | | |
| Funds from Dedicated Collections | 1,837 | 955 | - | - | 11,843 | - | - | 5,021 | - | - | 19,656 |
| All Other Funds | - | 168,952 | 48,250 | 4,603 | 80,525 | 294,644 | 42,747 | 271,929 | 27,867 | (19,791) | 919,726 |
| Other Financing Sources | | | | | | | | | | | |
| All Other Funds | - | - | - | - | - | (8,193) | - | - | - | - | (8,193) |
| Total Financing Sources | | | | | | | | | | | |
| Funds from Dedicated Collections | 3,777,314 | 46,867 | - | 3,591,494 | 11,843 | - | - | 5,021 | - | - | 7,432,539 |
| All Other Funds | - | 4,915,419 | 3,005,476 | 1,896,202 | 2,097,862 | 7,887,665 | 1,193,765 | 7,075,288 | 27,867 | (19,791) | 28,079,753 |
| Net Cost of Operations | | | | | | | | | | | |
| Funds from Dedicated Collections | (3,072,233) | (74,779) | - | (677,613) | (25,651) | - | - | (3,334) | - | - | (3,853,610) |
| All Other Funds | - | (4,463,739) | (3,008,913) | (1,897,065) | (2,133,513) | (7,950,077) | (1,196,230) | (7,430,342) | (65,396) | 19,791 | (28,125,484) |
| Net Change | | | | | | | | | | | |
| Funds from Dedicated Collections | 705,081 | (27,912) | - | 2,913,881 | (13,808) | - | - | 1,687 | - | - | 3,578,929 |
| All Other Funds | - | 451,680 | (3,437) | (863) | (35,651) | (62,412) | (2,465) | (355,054) | (37,529) | - | (45,731) |
| Ending Balances | | | | | | | | | | | |
| Funds from Dedicated Collections | 2,560,848 | 216,951 | - | 12,971,522 | (332,973) | - | - | 95,380 | - | - | 15,511,728 |
| All Other Funds | - | (2,454,243) | 83,426 | 3,696 | (33,804) | 2,979,505 | (24,711) | 4,403,628 | 319,993 | - | 5,277,490 |
| Total All Funds | \$ 2,560,848 | \$ (2,237,292) | \$ 83,426 | \$ 12,975,218 | \$ (366,777) | \$ 2,979,505 | \$ (24,711) | \$ 4,499,008 | \$ 319,993 | \$ - | \$ 20,789,218 |
| Net Position - Funds from Dedicated Collections | | | | | | | | | | | |
| | 2,560,848 | 249,701 | - | 12,971,522 | (332,973) | - | - | 95,380 | - | - | 15,544,478 |
| Net Position - All Other Funds | | | | | | | | | | | |
| | - | 289,474 | 563,981 | 2,668,084 | 382,205 | 5,620,181 | 138,014 | 4,881,260 | 319,993 | - | 14,863,192 |
| Net Position - Total | \$ 2,560,848 | \$ 539,175 | \$ 563,981 | \$ 15,639,606 | \$ 49,232 | \$ 5,620,181 | \$ 138,014 | \$ 4,976,640 | \$ 319,993 | \$ - | \$ 30,407,670 |

U. S. Department of Justice
Consolidating Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|--|-------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|-------------------|-------------|--------------|---------------------|
| Unexpended Appropriations | | | | | | | | | | | |
| Beginning Balances | | | | | | | | | | | |
| Funds from Dedicated Collections | \$ - | \$ 25,963 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 25,963 |
| All Other Funds | - | 3,355,787 | 259,570 | 3,478,217 | 499,366 | 2,151,355 | 175,104 | 649,416 | - | - | 10,568,815 |
| Budgetary Financing Sources | | | | | | | | | | | |
| Appropriations Received | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 80,267 | - | - | - | - | - | - | - | - | 80,267 |
| All Other Funds | - | 5,162,454 | 2,853,383 | 1,625,218 | 2,051,904 | 8,276,009 | 1,153,575 | 6,920,217 | - | - | 28,042,760 |
| Appropriations Transferred-In/Out | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 5,343 | - | - | - | - | - | - | - | - | 5,343 |
| All Other Funds | - | (148,325) | 436,713 | (10,533) | 21,557 | (134,901) | (1,223) | 87,214 | - | - | 250,502 |
| Other Adjustments | | | | | | | | | | | |
| Funds from Dedicated Collections | - | (3,419) | - | - | - | - | - | - | - | - | (3,419) |
| All Other Funds | - | (678,225) | (197,806) | (172,141) | (145,260) | (730,365) | (83,035) | (540,312) | - | - | (2,547,144) |
| Appropriations Used | | | | | | | | | | | |
| Funds from Dedicated Collections | - | (72,386) | - | - | - | - | - | - | - | - | (72,386) |
| All Other Funds | - | (5,089,494) | (3,052,561) | (1,951,050) | (2,041,316) | (7,739,622) | (1,112,427) | (6,679,342) | - | - | (27,665,812) |
| Total Financing Sources | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 9,805 | - | - | - | - | - | - | - | - | 9,805 |
| All Other Funds | - | (753,590) | 39,729 | (508,506) | (113,115) | (328,879) | (43,110) | (212,223) | - | - | (1,919,694) |
| Net Change | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 9,805 | - | - | - | - | - | - | - | - | 9,805 |
| All Other Funds | - | (753,590) | 39,729 | (508,506) | (113,115) | (328,879) | (43,110) | (212,223) | - | - | (1,919,694) |
| Ending Balances | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 35,768 | - | - | - | - | - | - | - | - | 35,768 |
| All Other Funds | - | 2,602,197 | 299,299 | 2,969,711 | 386,251 | 1,822,476 | 131,994 | 437,193 | - | - | 8,649,121 |
| Total All Funds | \$ - | \$ 2,637,965 | \$ 299,299 | \$ 2,969,711 | \$ 386,251 | \$ 1,822,476 | \$ 131,994 | \$ 437,193 | \$ - | \$ - | \$ 8,684,889 |

U. S. Department of Justice
Consolidating Statement of Changes in Net Position - Continued
For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Eliminations | Consolidated |
|--|---------------------|-----------------------|-------------------|----------------------|---------------------|---------------------|-------------------|---------------------|-------------------|--------------|----------------------|
| Cumulative Results of Operations | | | | | | | | | | | |
| Beginning Balances | | | | | | | | | | | |
| Funds from Dedicated Collections | \$ 1,619,856 | \$ 254,631 | \$ - | \$ 9,273,109 | \$ (286,360) | \$ - | \$ - | \$ 86,212 | \$ - | \$ - | \$ 10,947,448 |
| All Other Funds | - | (3,076,951) | 169,455 | 10,185 | 52,899 | 2,830,304 | 18,787 | 5,065,402 | 361,774 | - | 5,431,855 |
| Budgetary Financing Sources | | | | | | | | | | | |
| Other Adjustments | | | | | | | | | | | |
| All Other Funds | - | (26,000) | - | - | - | - | - | - | - | - | (26,000) |
| Appropriations Used | | | | | | | | | | | |
| Funds from Dedicated Collections | - | 72,386 | - | - | - | - | - | - | - | - | 72,386 |
| All Other Funds | - | 5,089,494 | 3,052,561 | 1,951,050 | 2,041,316 | 7,739,622 | 1,112,427 | 6,679,342 | - | - | 27,665,812 |
| Nonexchange Revenues | | | | | | | | | | | |
| Funds from Dedicated Collections | 5,106 | 1,341 | - | 1,489,583 | - | - | - | - | - | - | 1,496,030 |
| All Other Funds | - | - | - | 320 | - | 2 | - | - | - | - | 322 |
| Donations and Forfeitures of Cash and Cash Equivalents | | | | | | | | | | | |
| Funds from Dedicated Collections | 1,826,480 | - | - | - | - | - | - | - | - | - | 1,826,480 |
| Transfers-In/Out Without Reimbursement | | | | | | | | | | | |
| All Other Funds | - | 147,559 | - | - | - | (7,329) | - | - | - | - | 140,230 |
| Other Financing Sources | | | | | | | | | | | |
| Donations and Forfeitures of Property | | | | | | | | | | | |
| Funds from Dedicated Collections | 185,769 | - | - | - | - | - | - | - | - | - | 185,769 |
| All Other Funds | - | - | - | - | - | - | - | 3 | - | - | 3 |
| Transfers-In/Out Without Reimbursement | | | | | | | | | | | |
| Funds from Dedicated Collections | (7,273) | - | - | - | - | - | - | (7) | - | - | (7,280) |
| All Other Funds | - | 4,837 | 1,670 | 110 | 4,762 | (7,803) | 5,645 | 139 | - | - | 9,360 |
| Imputed Financing from Costs Absorbed by Others | | | | | | | | | | | |
| Funds from Dedicated Collections | 1,179 | 951 | - | - | 9,055 | - | - | 4,033 | - | - | 15,218 |
| All Other Funds | - | 149,419 | 41,674 | 4,074 | 68,340 | 256,974 | 37,003 | 221,467 | 28,559 | (21,069) | 786,441 |
| Other Financing Sources | | | | | | | | | | | |
| All Other Funds | - | - | - | - | - | (6,166) | - | - | - | - | (6,166) |
| Total Financing Sources | | | | | | | | | | | |
| Funds from Dedicated Collections | 2,011,261 | 74,678 | - | 1,489,583 | 9,055 | - | - | 4,026 | - | - | 3,588,603 |
| All Other Funds | - | 5,365,309 | 3,095,905 | 1,955,554 | 2,114,418 | 7,975,300 | 1,155,075 | 6,900,951 | 28,559 | (21,069) | 28,570,002 |
| Net Cost of Operations | | | | | | | | | | | |
| Funds from Dedicated Collections | (1,775,350) | (84,446) | - | (705,051) | (34,187) | - | - | 3,455 | - | - | (2,595,579) |
| All Other Funds | - | (5,194,281) | (3,108,787) | (1,961,180) | (2,134,136) | (7,763,687) | (1,173,967) | (7,207,671) | (32,811) | 21,069 | (28,555,451) |
| Net Change | | | | | | | | | | | |
| Funds from Dedicated Collections | 235,911 | (9,768) | - | 784,532 | (25,132) | - | - | 7,481 | - | - | 993,024 |
| All Other Funds | - | 171,028 | (12,882) | (5,626) | (19,718) | 211,613 | (18,892) | (306,720) | (4,252) | - | 14,551 |
| Ending Balances | | | | | | | | | | | |
| Funds from Dedicated Collections | 1,855,767 | 244,863 | - | 10,057,641 | (311,492) | - | - | 93,693 | - | - | 11,940,472 |
| All Other Funds | - | (2,905,923) | 156,573 | 4,559 | 33,181 | 3,041,917 | (105) | 4,758,682 | 357,522 | - | 5,446,406 |
| Total All Funds | \$ 1,855,767 | \$ (2,661,060) | \$ 156,573 | \$ 10,062,200 | \$ (278,311) | \$ 3,041,917 | \$ (105) | \$ 4,852,375 | \$ 357,522 | \$ - | \$ 17,386,878 |
| Net Position - Funds from Dedicated Collections | | | | | | | | | | | |
| | 1,855,767 | 280,631 | - | 10,057,641 | (311,492) | - | - | 93,693 | - | - | 11,976,240 |
| Net Position - All Other Funds | | | | | | | | | | | |
| | - | (303,726) | 455,872 | 2,974,270 | 419,432 | 4,864,393 | 131,889 | 5,195,875 | 357,522 | - | 14,095,527 |
| Net Position - Total | \$ 1,855,767 | \$ (23,095) | \$ 455,872 | \$ 13,031,911 | \$ 107,940 | \$ 4,864,393 | \$ 131,889 | \$ 5,289,568 | \$ 357,522 | \$ - | \$ 26,071,767 |

U. S. Department of Justice
Combining Statement of Custodial Activity
For the Fiscal Year Ended September 30, 2013

| Dollars in Thousands | AFF/SADF | OBDs | USMS | OJP | DEA | FBI | ATF | BOP | FPI | Combined | |
|---|-----------|-------------|---------------------|-------------|-------------|-------------------|---------------|------------------|--------------|-------------|------------------|
| Revenue Activity | | | | | | | | | | | |
| Sources of Cash Collections | | | | | | | | | | | |
| Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986 | \$ | - \$ | 5,595,261 \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | 5,595,261 | |
| Fees and Licenses | - | - | - | - | 15,000 | - | 28,392 | - | - | 43,392 | |
| Fines, Penalties and Restitution Payments - Civil | - | - | - | - | 86,630 | 195 | 20 | - | - | 86,845 | |
| Fines, Penalties and Restitution Payments - Criminal | - | 42,295 | - | - | - | 260 | 48 | - | - | 42,603 | |
| Miscellaneous | - | 47 | - | - | - | 417 | 41,520 | 46 | - | 42,030 | |
| Total Cash Collections | \$ | - \$ | 5,637,603 \$ | - \$ | - \$ | 101,630 \$ | 872 \$ | 69,980 \$ | 46 \$ | - \$ | 5,810,131 |
| Accrual Adjustments | - | - | - | - | (916) | 5 | (3) | - | - | (914) | |
| Total Custodial Revenue | \$ | - \$ | 5,637,603 \$ | - \$ | - \$ | 100,714 \$ | 877 \$ | 69,977 \$ | 46 \$ | - \$ | 5,809,217 |
| Disposition of Collections | | | | | | | | | | | |
| Transferred to Federal Agencies | - | (509) | - | - | - | - | - | - | - | (509) | |
| Library of Congress | - | (136,258) | - | - | - | - | - | - | - | (136,258) | |
| U.S. Department of Agriculture | - | (6,000) | - | - | - | - | - | - | - | (6,000) | |
| U.S. Department of Commerce | - | (36,174) | - | - | - | - | - | - | - | (36,174) | |
| U.S. Department of the Interior | - | (99,558) | - | - | - | - | - | - | - | (99,558) | |
| U.S. Department of Justice | - | (3,897) | - | - | - | - | - | - | - | (3,897) | |
| U.S. Department of Labor | - | (26,790) | - | - | - | - | - | - | - | (26,790) | |
| U.S. Postal Service | - | (2,208) | - | - | - | - | - | - | - | (2,208) | |
| U.S. Department of State | - | (2,025,807) | - | - | - | - | - | - | - | (2,025,807) | |
| U.S. Department of the Treasury | - | (43,447) | - | - | - | - | - | - | - | (43,447) | |
| Office of Personnel Management | - | (1) | - | - | - | - | - | - | - | (1) | |
| National Credit Union Administration | - | (757) | - | - | - | - | - | - | - | (757) | |
| Federal Communications Commission | - | (699) | - | - | - | - | - | - | - | (699) | |
| Social Security Administration | - | (8) | - | - | - | - | - | - | - | (8) | |
| Smithsonian Institution | - | (123,179) | - | - | - | - | - | - | - | (123,179) | |
| U.S. Department of Veterans Affairs | - | (2) | - | - | - | - | - | - | - | (2) | |
| Equal Employment Opportunity Commission | - | (51,966) | - | - | - | - | - | - | - | (51,966) | |
| General Services Administration | - | (3) | - | - | - | - | - | - | - | (3) | |
| Securities and Exchange Commission | - | (419) | - | - | - | - | - | - | - | (419) | |
| Federal Deposit Insurance Corporation | - | (414) | - | - | - | - | - | - | - | (414) | |
| Railroad Retirement Board | - | (291) | - | - | - | - | - | - | - | (291) | |
| Tennessee Valley Authority | - | (185,060) | - | - | - | - | - | - | - | (185,060) | |
| Environmental Protection Agency | - | (5,185) | - | - | - | - | - | - | - | (5,185) | |
| U.S. Department of Transportation | - | (131,067) | - | - | - | - | - | - | - | (131,067) | |
| U.S. Department of Homeland Security | - | (44,212) | - | - | - | - | - | - | - | (44,212) | |
| Agency for International Development | - | (14,792) | - | - | - | - | - | - | - | (14,792) | |
| Small Business Administration | - | (1,151,278) | - | - | - | - | - | - | - | (1,151,278) | |
| U.S. Department of Health and Human Services | - | (5,288) | - | - | - | - | - | - | - | (5,288) | |
| National Aeronautics and Space Administration | - | (13,855) | - | - | - | - | - | - | - | (13,855) | |
| Export-Import Bank of the United States | - | (24,226) | - | - | - | - | - | - | - | (24,226) | |
| U.S. Department of Housing and Urban Development | - | (10,585) | - | - | - | - | - | - | - | (10,585) | |
| U.S. Department of Energy | - | (23,219) | - | - | - | - | - | - | - | (23,219) | |
| U.S. Department of Education | - | (114,607) | - | - | - | - | - | - | - | (114,607) | |
| Independent Agencies | - | (503,972) | - | - | (101,630) | (872) | (69,540) | (46) | - | (676,060) | |
| Treasury General Fund | - | (120,707) | - | - | - | - | - | - | - | (120,707) | |
| U.S. Department of Defense | - | (416,166) | - | - | - | - | - | - | - | (416,166) | |
| Transferred to the Public | - | (52,289) | - | - | 916 | (5) | - | - | - | (51,378) | |
| (Increase)/Decrease in Amounts Yet to be Transferred | - | (104,397) | - | - | - | - | (437) | - | - | (104,834) | |
| Refunds and Other Payments | - | (158,311) | - | - | - | - | - | - | - | (158,311) | |
| Retained by the Reporting Entity | - | (5,637,603) | - | - | (100,714) | (877) | (69,977) | (46) | - | (5,809,217) | |
| Total Disposition Of Collections | - | (5,637,603) | - | - | (100,714) | (877) | (69,977) | (46) | - | (5,809,217) | |
| Net Custodial Activity | \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - | |

**U. S. Department of Justice
Combined Schedules of Spending
For the Fiscal Years Ended September 30, 2014 and 2013**

| Dollars in Thousands | 2014 | 2013 |
|---|-----------------------------|-----------------------------|
| What Money is Available to Spend? | | |
| Total Resources | \$ 44,098,174 | \$ 39,496,697 |
| Less: Amount Available but Not Agreed to be Spent | 4,963,900 | 3,024,593 |
| Less: Amount Not Available to be Spent | 860,832 | 970,374 |
| Total Amounts Agreed to be Spent | <u>\$ 38,273,442</u> | <u>\$ 35,501,730</u> |
| How was the Money Spent? | | |
| Personnel Compensation and Benefits | | |
| 1100 Personnel Compensation | \$ 10,935,896 | \$ 10,574,604 |
| 1200 Personnel Benefits | 4,424,219 | 4,256,801 |
| 1300 Former Personnel | 25,228 | 5,312 |
| Other Program Related Expenses | | |
| 2100 Travel & Transportation of Persons | 367,340 | 384,746 |
| 2200 Transportation of Things | 66,872 | 98,202 |
| 2300 Rent, Communications, and Utilities | 3,435,448 | 3,087,135 |
| 2400 Printing and Reproduction | 20,318 | 24,125 |
| 2500 Other Contractual Services | 13,288,564 | 11,998,687 |
| 2600 Supplies and Materials | 1,507,066 | 1,550,916 |
| 3100 Equipment | 1,216,303 | 792,419 |
| 3200 Land and Structures | 149,992 | 163,838 |
| 4100 Grants, Subsidies, and Contributions | 2,614,757 | 2,429,742 |
| 4200 Insurance Claims and Indemnities | 221,318 | 126,354 |
| 4300 Interest and Dividends | 2 | 8,849 |
| 4400 Refunds for Forfeited Assets | 119 | - |
| Total Amounts Agreed to be Spent | <u>\$ 38,273,442</u> | <u>\$ 35,501,730</u> |
| Who did the Money go to? | | |
| For Profit | 13,583,274 | 13,356,478 |
| Government | 9,561,357 | 6,569,570 |
| Employees | 10,908,865 | 12,685,553 |
| Grants | 2,614,757 | 2,423,936 |
| Other | 1,605,189 | 466,193 |
| Total Amounts Agreed to be Spent | <u>\$ 38,273,442</u> | <u>\$ 35,501,730</u> |

U.S. Department of Justice
Freeze the Footprint
For the Fiscal Year Ended September 30, 2014

Under the leadership of the Attorney General, the Department continued its efforts during FY 2014 to freeze its real property footprint and monitor space utilization across the Department. The Department successfully reduced its overall square footage in FY 2013 from the FY 2012 benchmark level. While unique mission related requirements and planned construction projects already in the pipeline for organizations such as the FBI, USMS, DEA, and the EOIR are projected to increase the Department's overall real estate footprint at the end of FY 2014, the vast majority of the Department components have diligently maintained or reduced their footprint. These difficult mission related challenges come with the various law enforcement and litigation assignments of the Department to protect federal courthouses, house and secure prisoners awaiting trial, and continue to enforce drug trafficking, immigration laws, and other direct mission activities. These assignments and related activities require special space usage in buildings classified as office space by the General Services Administration.

One of the primary focuses of the Department is to monitor expiring leases for potential reductions in space as their lifecycle comes to an end. Over time, new build out standards and mobile workplace initiatives will increasingly provide the potential to reduce space. As an example, this year the Department received Congressional approval for a prospectus that will consolidate four existing lease locations into no more than two, and reduce square footage by 30% (approximately 200,000 square feet) for several litigation divisions located in Washington, DC. With adequate funding, these types of projects will further allow the Department to continue reducing the overall square footage to adhere to the Freeze the Footprint goals.

The Department continues its commitment to adhering to a no growth strategy for the majority of the Department, and where feasible, reducing its footprint.

Information for the Department is displayed below:

Freeze the Footprint Baseline Comparison
For the Fiscal Year Ended September 30, 2014

| | FY 2012 Baseline | FY 2013 | Change |
|----------------|------------------|------------|----------|
| Square Footage | 48,472,795 | 48,458,660 | -0.0292% |

Reporting of Operation and Maintenance Costs - Owned and Directly Leased
For the Fiscal Year Ended September 30, 2014

| | FY 2012 Baseline | FY 2013 | Change |
|--|------------------|---------------|--------|
| Operation and Maintenance Costs (in whole dollars) | \$ 35,224,094 | \$ 36,795,414 | 4.461% |

This page intentionally left blank.