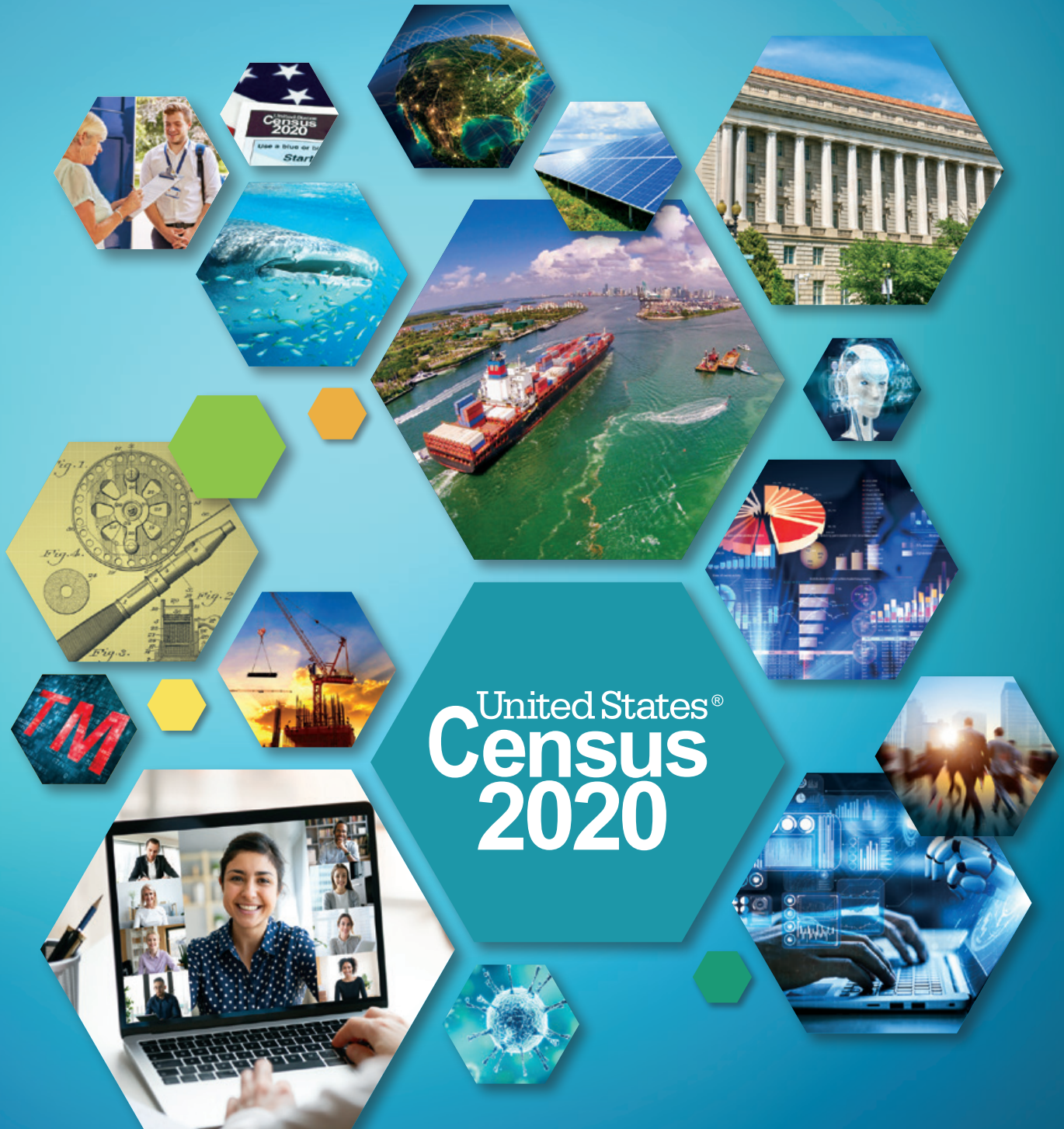




U.S. DEPARTMENT OF COMMERCE FY 2020 AGENCY FINANCIAL REPORT



*This report can be found on the internet at
http://www.osec.doc.gov/ofm/OFM_Publications.html.*

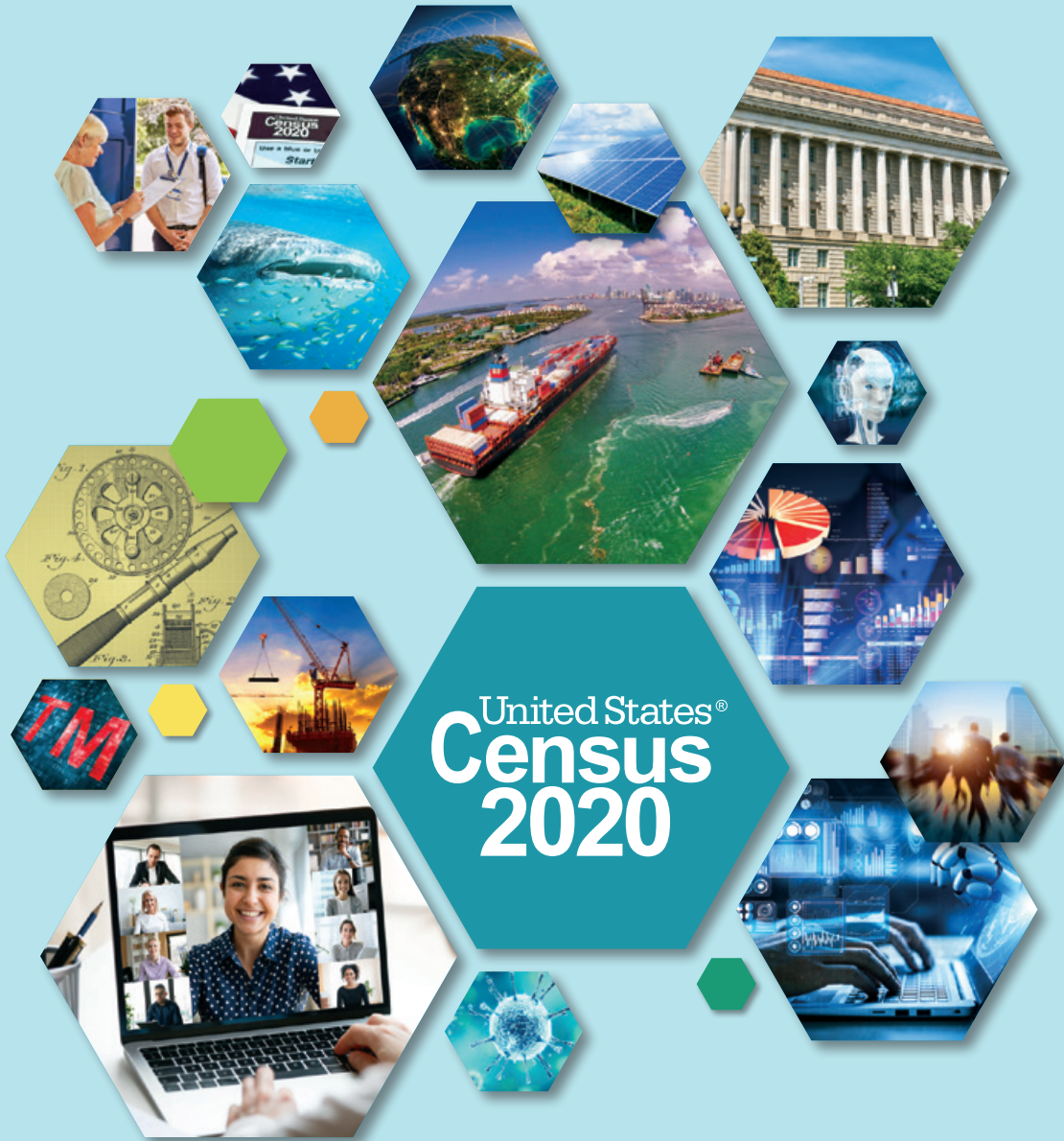
*If you have questions or comments regarding
this report, please contact the Department's
Office of Financial Management
by phone at (202) 482-1207 or
by email at AFRcomments@doc.gov.*

*Office of Financial Management
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230*



U.S. DEPARTMENT OF COMMERCE

FY 2020 AGENCY FINANCIAL REPORT





THE DEPARTMENT AT A GLANCE

HISTORY AND ENABLING LEGISLATION

The Department of Commerce was originally established by Congressional Act on February 14, 1903 as the Department of Commerce and Labor (32 Stat. 826; 5 U.S.C. 591) and was subsequently renamed the U.S. Department of Commerce by President William H. Taft on March 4, 1913 (15 U.S.C. 1512). The defined role of the new Department was “to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, and fishery industries of the United States.”

MISSION

The Department of Commerce creates the conditions for economic growth and opportunity.

ORGANIZATION

The Department is composed of 11 bureaus and Departmental Management.

- Bureau of Industry and Security (BIS)
- Economic Development Administration (EDA)
- Under Secretary for Economic Affairs
 - Bureau of Economic Analysis (BEA)
 - Census Bureau
- International Trade Administration (ITA)
- Minority Business Development Agency (MBDA)
- National Institute of Standards and Technology (NIST)
 - National Technical Information Service (NTIS)
- National Oceanic and Atmospheric Administration (NOAA)
- National Telecommunications and Information Administration (NTIA)
- U.S. Patent and Trademark Office (USPTO)
- Departmental Management (DM)

STRATEGIC GOALS

- Strategic Goal 1: Accelerate American Leadership
- Strategic Goal 2: Enhance Job Creation
- Strategic Goal 3: Strengthen U.S. Economic and National Security
- Strategic Goal 4: Fulfill Constitutional Requirements and Support Economic Activity
- Strategic Goal 5: Deliver Customer-Centric Service Excellence

LOCATION

The Department is headquartered in Washington, D.C., at the Herbert Clark Hoover Building, which is located on eight acres of land covering three city blocks. The Department also has field offices in all states and territories and maintains offices in more than 86 countries worldwide.

EMPLOYEES

As of September 30, 2020, the Department had approximately 54 thousand employees.

INTERNET

The Department's internet address is www.commerce.gov.

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MESSAGE FROM SECRETARY ROSS



I am pleased to present the fiscal year (FY) 2020 *Agency Financial Report* (AFR) for the Department of Commerce. The AFR is an overview of how we manage our resources and provides highlights of our accomplishments and plans.

The mission of the Department of Commerce is to create the conditions for economic growth and opportunity. Our Strategic Plan for FY 2018–2022 structures that work into five priority areas: American Economic Leadership; Job Creation; Strong Economic and National Security; Fulfilling Constitutional and Economic Requirements for Data; and Service Excellence. We have been implementing the plan for over three years and much has been accomplished. Additional data on those accomplishments and text explaining the significance

of trends are now available on the Department’s Commerce Performance Data Pro dashboard, which has established the government-wide benchmark for agency transparency. The site shows the steps taken by the Department to ensure that U.S. trade laws are vigorously enforced, securing U.S. technology and infrastructure from exploitation. The Department protects life and property with precise weather prediction and disaster response. Department leadership has been involved in U.S. Government efforts in the arenas of space commercialization and technological innovation while also working to streamline regulations to ensure they add value without imposing an undue burden on businesses.

Unprecedented actions were taken to deal with unprecedented circumstances in order to conduct a complete and accurate Decennial Census while the Nation and the world suffered under a global pandemic. The Census Bureau also conducted weekly pulse surveys of households and small businesses informing policymakers on challenges and the impact of COVID-19 recovery programming. To quickly gauge economic activity since the emergence of COVID-19, the Bureau of Economic Analysis released research using daily payment card transactions. Four Commerce bureaus are administering approximately \$1.9 billion in CARES Act recovery aid to communities and businesses. This essential relief was provided to Americans while most staff were working remotely and under quarantine conditions. Team Commerce delivered for the Nation while protecting their families and dealing with the stress of a global pandemic.

Remarkably, during the same period, the Department advanced evidence-based decision-making. The bipartisan Foundations for Evidence-Based Policymaking Act of 2018, signed into law by President Trump in January 2019, and the Federal Data Strategy Action Plan require assessments of agency data management

and skills, and an Interim Learning Agenda proposing multi-year priorities for rigorous program evaluation. The Department of Commerce met this new challenge and is positioned to vastly increase the value of our data to both government and business operations.

The enclosed report creates transparency on the sources and uses of the taxpayer funds that support these efforts. The American public deserves no less.

I am pleased to report that our financial management systems are in substantial compliance with the Federal Financial Management Improvement Act (FFMIA) of 1996, applicable financial systems requirements, federal accounting standards, and the U.S. Standard General Ledger, all at the transaction level. In accordance with Office of Management and Budget (OMB) Circulars A-136 and A-11, the financial and performance data published in this report are substantially complete and reliable.

For the twenty-second year in a row, the independent auditors tasked with reviewing our financial statements have provided an unmodified opinion. Furthermore, the Department was able to remove two significant deficiencies noted in the prior year audit, and only received one significant deficiency related to additional improvements needed in information technology general controls.

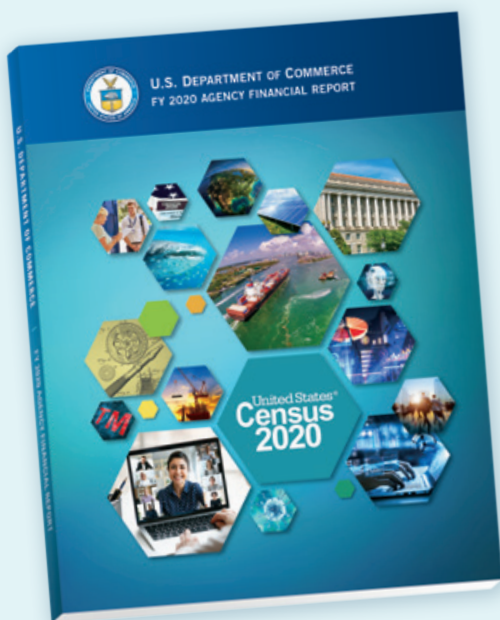
The Federal Managers' Financial Integrity Act of 1982 (FMFIA) and OMB Circular A-123 provide the framework within which Departmental and operating unit managers may determine whether adequate internal controls are in place and operating as they should. We rely on a wide range of studies conducted by programmatic and administrative managers, the Office of Inspector General, the Government Accountability Office, and others to assist in this effort. Based on activities undertaken during FY 2020, the Department is able to provide an unmodified statement of assurance that its internal controls and financial management systems meet the objectives of FMFIA. Additional detailed performance information and results will be released in the Annual Performance Report in February 2021.

I am proud of the work achieved by the Department of Commerce team and look forward to seeing the accomplishments of the future.



Wilbur Ross
Secretary of Commerce
November 10, 2020

HOW TO USE THIS REPORT



This Agency Financial Report (AFR) for the fiscal year ended September 30 (FY) 2020 provides the Department of Commerce's financial and summary performance information in accordance with OMB Circular A-136, *Financial Reporting Requirements*.

The Department has chosen to produce an AFR. The Department will provide performance results in the FY 2022 Congressional Budget in conjunction with performance plan information as the "FY 2022 Annual Performance Report" for each bureau and will post it on the Department's website at <https://www.osec.doc.gov/bmi/budget/default.htm>.

The Department's annual AFR is available on the Department's website at http://www.osec.doc.gov/ofm/OFM_Publications.html. The Department welcomes feedback on the form and content of this report, and contact information for providing feedback is located inside the front cover of this report.

This report is organized into the following major components:

STATEMENT FROM THE SECRETARY OF COMMERCE (UNAUDITED)

The Secretary's statement includes an assessment of the reliability and completeness of the financial and summary performance information presented in the report and a statement of assurance on the Department's management controls as required by the Federal Managers' Financial Integrity Act (FMFIA).

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)

This section provides an overview of the financial and summary-level performance information contained in the Performance Summary, Financial Section, and Other Information. The MD&A includes an overview of the summary of the performance process and current status of systems, information on management controls and the Department's financial management, analysis of FY 2020 financial condition and results, a summary of COVID-19 activity, and a summary of stewardship information.

FINANCIAL SECTION

This section contains details of the Department's finances in FY 2020. A message from the Department's Chief Financial Officer (CFO) (unaudited) is followed by the independent auditors' report, audited financial statements and notes, required supplementary information (unaudited).

OTHER INFORMATION (Unaudited)

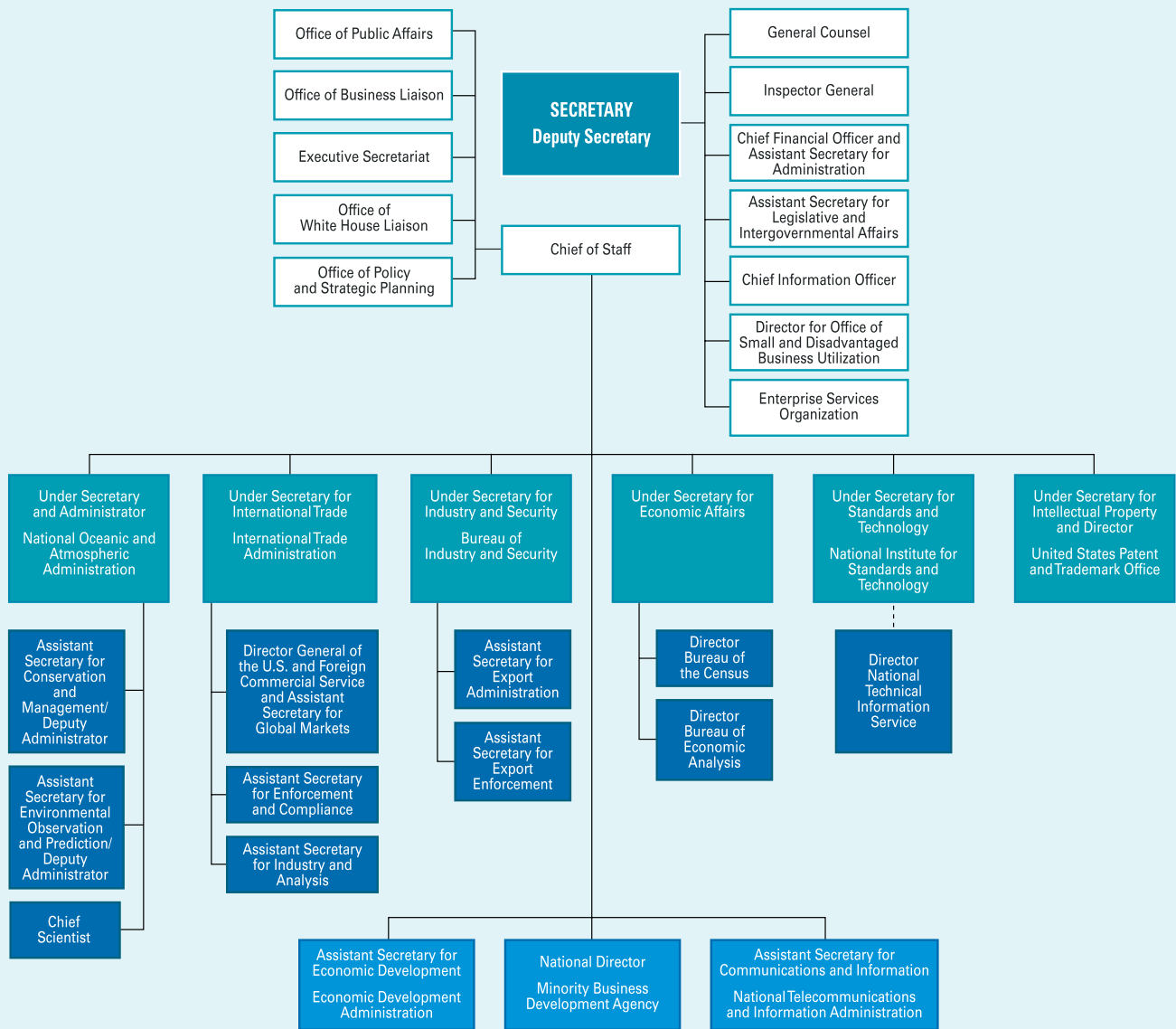
This section provides the Office of Inspector General's (OIG) summary on top management and performance challenges, a summary of financial statement audit and management assurances, payment integrity information, a fraud reduction report, real property information, a schedule of civil monetary penalties' adjustments for inflation, a summary of oversight of expired grant and cooperative agreement awards, a glossary of acronyms, and acknowledgements.

MISSION AND ORGANIZATION

MISSION

TO CREATE THE CONDITIONS FOR ECONOMIC GROWTH AND OPPORTUNITY.

U.S. DEPARTMENT OF COMMERCE



Additional information regarding the components of the Department are available later in the report within the Management's Discussion & Analysis.

THE DEPARTMENT OF COMMERCE PROCESS FOR STRATEGIC PLANNING AND PERFORMANCE REPORTING

BACKGROUND ON STRATEGIC PLANNING AND REQUIRED MONITORING

The Government Performance and Results Act (GPRA) and the Modernization Act of 2010 (GPRAMA) require that federal agencies publish a new strategic plan by the first Monday in February following the year in which the term of the President begins. In February 2018, the Secretary of Commerce issued a 2018 – 2022 Strategic Plan in accordance with GPRAMA and the policies and timetable established by the Office of Management and Budget (OMB).

A team of representatives from across all bureaus in collaboration with the Office of the Secretary developed the Department's Strategic Plan. The Secretary and his Office of Strategic Planning and Policy made final decisions on the plan's structure, content, and emphasis.

In the spring of 2020, the Department conducted the OMB-required Annual Strategic Review (ASR) of progress implementing the Strategic Plan. The ASR findings were delivered to OMB in June. A summary of the ASR performance information is also included in this report.

During the summer of 2020, the Department drafted the Annual Performance Plan and Report (APPR). This initial draft was submitted to OMB, for review, in September along with the FY 2022 OMB Budget Justification. However, it only provided partial information on performance metric results because FY 2020 was not yet completed. However, this draft provides details on strategic objective milestones that were achieved and sets performance metric targets for the next two fiscal years. The final APPR, to be published in February 2021, will include the Department's complete performance information as of September 30, 2020 and is sent to Congress with the President's Budget.

COMMERCE SPECIFIC PLAN MONITORING

The Department's Chief Operating Officer and the Deputy Secretary hold a series of meetings between October and April with the leads for the Strategic Objectives listed in the Strategic Plan. The Deputy Secretary uses these meetings to review data on related performance indicators and progress on milestones. Each spring, the Department conducts its ASR. A summary of findings from this review is sent to OMB in June. The ASR process includes deliberations by multi-bureau Strategic Objective teams. The team meetings foster learning and inform revisions to strategies and performance indicators.

Bureau-level performance indicator review processes vary in approach and schedule but are systematic. Data on mission support metrics and initiatives (e.g., Human Resources, Acquisition, Financial Management, etc.) are tracked on various online dashboards and typically reviewed on a monthly basis by the various "CXOs" (e.g., Chief Financial Officer, Chief Human Capital Officer, Chief Acquisition Officer, and Chief Information Officer).

ORGANIZATION OF THE DEPARTMENT OF COMMERCE STRATEGIC PLAN

The FY 2018 – FY 2022 Department of Commerce Strategic Plan is organized by Strategic Goals, Strategic Objectives, Strategies, and Performance Indicators. This strategic planning structure follows the standardized Federal Performance Framework established in guidance from OMB and is used to organize content in all federal agencies' APPRs.

The goal areas are major elements of the Department's mission, i.e., Accelerate American Leadership, Enhance Job Creation, Strengthen U.S. Economic and National Security, Fulfill Constitutional Requirements and Support Economic Activity, and Deliver Customer-Centric Service Excellence. Strategic objectives (two to five per goal area) state specific important outcomes the Department aims to achieve, e.g., "Reduce and Streamline Regulations." Strategies are the approaches that will be used to achieve a strategic objective, e.g., "Streamline permitting processes." Performance indicators are measures of success, e.g., "cost savings from deregulatory action."

The chart below summarizes the strategic goals and objectives established in the FY 2018 – FY 2022 Strategic Plan. The complete plan can be viewed online at <https://www.commerce.gov/about/strategic-plan>.

Strategic Goal	Strategic Objectives
Goal 1 – Accelerate American Leadership	1.1 – Expand Commercial Space Activities
	1.2 – Advance Innovation
	1.3 – Strengthen Intellectual Property Protection
Goal 2 – Enhance Job Creation	2.1 – Increase Aquaculture Production
	2.2 – Reduce and Streamline Regulations
	2.3 – Strengthen Domestic Commerce and the U.S. Industrial Base
	2.4 – Increase U.S. Exports
	2.5 – Increase Inward Investment Into the United States
Goal 3 – Strengthen U.S. Economic and National Security	3.1 – Enforce the Nation's Trade Laws and Security Laws
	3.2 – Enhance the Nation's Cybersecurity
	3.3 – Reduce Extreme Weather Impacts
	3.4 – Deploy Public Safety Broadband
Goal 4 – Fulfill Constitutional Requirements and Support Economic Activity	4.1 – Conduct a Complete and Accurate Decennial Census
	4.2 – Provide Accurate Data to Support Economic Activity
Goal 5 – Deliver Customer-Centric Service Excellence	5.1 – Engage Commerce Employees
	5.2 – Accelerate Information Technology Modernization
	5.3 – Consolidate Functions for Cost Savings

ORGANIZATIONAL PERFORMANCE OVERVIEW

ADVANCING PERFORMANCE MANAGEMENT FOR THE DATA-DRIVEN ERA

As a premier federal statistical agency and co-lead of the President's Management Agenda Data Goal, the Department of Commerce is striving to lead the way to improve how data is made more easily accessible and useful for the American public. Marking the one-year anniversary of the Foundations for Evidence-Based Policymaking Act (Evidence Act), the Department launched Commerce Performance Data Pro (<https://performance.commerce.gov/>), a new website that provides citizens an interactive online tool for learning more about the Department, its strategic objectives, and the progress it is making.

This new website is an excellent example of how the federal government is making performance data more easily accessible and useful for the American public. Specifically, the Department's full set of performance metrics, trends, and final full year results are now made available to the public in an interactive digital format.

Using Commerce Performance Data Pro, the American public can easily understand the progress the Department is making by exploring its Commerce **Impact Stories** and interacting with the **Citizen's View Dashboards**, charts, key performance indicators (KPI), and featured datasets. Researchers, businesses, and interested citizens, will appreciate the website's engaging stories and data about the Department's programs that impact daily life. Users can interact with the Department's performance data, monitor its efforts to strengthen the U.S. economy, and learn more about efforts to improve many critical services.

The website provides citizens who are interested in the Department of Commerce and want information on its progress with the following capabilities:

- Featured Commerce **Impact Stories** about the Department's focus areas and new strategic initiatives
- Citizen's **View Dashboards** that summarize progress on the Department's strategic plan and show each bureau's performance
- Access to more than 150 **KPI Insights** tiles that measure program results
- Ability to connect directly to datasets using an Application Programming Interface

The Department's Annual Performance Plan and Report and the Annual Budget Submission to Congress that report detailed organizational performance information will continue to be posted for the public in February 2021 on www.performance.gov and www.commerce.gov/about/budget-and-performance.

FY 2020 PERFORMANCE SUMMARY

The Department's 17 Strategic Objectives are the primary unit for strategic analysis and decision-making. The Department's Performance Team provided a standard template to each Strategic Objective Lead's team to facilitate their analysis of progress and their designated status of the strategic objective. All assessments of **Noteworthy Progress**, **On Track**, or **Focus for Improvement** are supported by performance measures and/or milestones and integrate Enterprise Risk Management information to identify vulnerabilities/risks, mitigating actions, issues, and evidence related to the Strategic Objective.

Mission-focused Strategic Objective Leaders (i.e., Strategic Goals 1 – 4) convened their multi-bureau teams to analyze progress and reach consensus on the assessment. Mission support-focused Strategic Objective Leaders' (i.e., Strategic Goal 5) assessments included analysis of relevant President's Management Agenda actions and were assisted by meetings with the Performance Team. The Performance Team analyzed all information submitted by the Strategic Objective Leader, ensured the most recently available data was included, conducted follow up meetings as needed, and presented the progress assessment for the Chief Financial Officer/Assistant Secretary for Administration (CFO/ASA), Performance Improvement Officer (PIO), and Deputy Secretary's consideration.

In collaboration with the CFO/ASA, PIO, and the Secretary's Director of Policy and Strategic Planning, the Deputy Secretary met to discuss findings, approved the strategic objective performance assessments, and addressed plans for any needed follow up activities. The following Department performance information is provided. For the latest and most detailed performance data by Strategic Objective, please visit Commerce Performance Data Pro at <https://performance.commerce.gov/stories/s/qibz-5ts9>.

For the tables below and on the following pages:

 On Track;  Noteworthy Progress;  Focus for Improvement

Goal 1 – Accelerate American Leadership

The United States leads the world in research, invention, and innovation. To strengthen its leadership, the Department is supporting the growth of commercial space activities, investing in foundational research, and protecting intellectual property to ensure creators can be rewarded for their inventions.

The following table shows the strategic objective performance assessments for this strategic goal.

Strategic Objectives	FY 2019 Status	FY 2020 Status
1.1 – Expand Commercial Space Activities	Focus for Improvement	Noteworthy Progress
1.2 – Advance Innovation	On Track	On Track
1.3 – Strengthen Intellectual Property Protection	On Track	On Track

Goal 2 – Enhance Job Creation

Job creation is fundamental to the mission of the Department. American workers thrive in an environment that fosters production and export of competitive products and services, utilization of secure digital technology, and streamlined regulations. The Department helps to create these conditions and American jobs through programs that promote U.S. exports and foreign direct investment (FDI). Exports and FDI are proven generators of well-paying U.S. jobs. For instance, goods and services exported supported 10.7 million well-paying U.S. jobs in 2016. In 2015, majority owned U.S. affiliates of foreign companies directly employed 6.8 million Americans.

The Department is also systematically reviewing regulations to reduce unnecessary burdens on businesses and provides technical assistance to help communities take advantage of digital markets. The Department's work also facilitates community efforts to attract investment and use the internet to create economic opportunity.

The following table shows the strategic objective performance assessments for this strategic goal.

Strategic Objectives	FY 2019 Status	FY 2020 Status
2.1 – Increase Aquaculture Production	On Track	Focus for Improvement
2.2 – Reduce and Streamline Regulations	On Track	On Track
2.3 – Strengthen Domestic Commerce and the U.S. Industrial Base	On Track	On Track
2.4 – Increase U.S. Exports	On Track	Focus for Improvement
2.5 – Increase Inward Investments Into the United States	On Track	On Track

Goal 3 – Strengthen U.S. Economic and National Security

Economic security is national security. America is safer and more prosperous when U.S. trading partners offer reciprocal trade environments, and when effective export controls and cybersecurity standards are enforced. Today, the Nation's economic prosperity and security are challenged by competitors and adversaries that engage in illegal trade practices, steal intellectual property, and engage in cybercrime.

Weather events also challenge economic security. The United States has experienced more than 250 weather disasters since 1980. The total cost of these disaster events exceeded \$1.7 trillion.

Department bureaus operate on multiple fronts to protect Americans and the U.S. economy. The Department enforces compliance with trade laws, provides cybersecurity tools to thwart cybercrime, shares accurate weather information, and is deploying a first-responder broadband network that will protect lives and property.

The following table shows the strategic objective performance assessments for this strategic goal.

Strategic Objectives	FY 2019 Status	FY 2020 Status
3.1 – Enforce the Nation's Trade Laws and Security Laws	Noteworthy Progress	Noteworthy Progress
3.2 – Enhance the Nation's Cybersecurity	Noteworthy Progress	On Track
3.3 – Reduce Extreme Weather Impacts	On Track	On Track
3.4 – Deploy Public Safety Broadband	Noteworthy Progress	Noteworthy Progress

Goal 4 – Fulfill Constitutional Requirements and Support Economic Activity

“We the People” is America’s source of strength. As mandated in Article 1, Section 2 of the U.S. Constitution, every 10 years, the Department of Commerce conducts a nationwide count of every person living in the United States. Data from the 2020 Census will be used to allocate seats in the U.S. House of Representatives among the states. The demographic and housing data from the 2020 Census will also help the federal, state, local, and tribal governments make better decisions about how they spend taxpayer money. These datasets, along with other data and statistics developed by the Department, support research by the private sector and academic institutions, and inform critical business decisions across all sectors of the economy.

The following table shows the strategic objective performance assessments for this strategic goal.

Strategic Objectives	FY 2019 Status	FY 2020 Status
4.1 – Conduct a Complete and Accurate Decennial Census	On Track	On Track
4.2 – Provide Accurate Data to Support Economic Activity	Noteworthy Progress	Noteworthy Progress

Goal 5 – Deliver Customer-Centric Service Excellence

The Department cannot meet its performance targets in Strategic Goals 1 through 4 without quality, timely human resources, information technology (IT), and acquisition services. Success also requires a workforce that is passionate about delivering value to the American public. The President’s Management Agenda directs federal agencies to increase the cost-effectiveness of services and improve human capital management. The Department is responding with strategies to improve service and efficiency using technology, and engaging employees by better aligning their time and efforts to the Department’s priorities.

The following table shows the strategic objective performance assessments for this strategic goal.

Strategic Objectives	FY 2019 Status	FY 2020 Status
5.1 – Engage Commerce Employees	Focus for Improvement	Focus for Improvement
5.2 – Accelerate Information Technology Modernization	On Track	On Track
5.3 – Consolidate Functions for Cost Savings	On Track	On Track

AGENCY PRIORITY GOALS

The GPRAMA requires agencies to establish Agency Priority Goals (APG). APGs set two-year targets for initiatives that can drive significant progress and would benefit from a focused, well-orchestrated sprint. Most major federal departments have three to five APGs that are selected by top leadership and approved by OMB.

As of third quarter FY 2020, only one out of five APGs was assessed as not on track. However, it is currently projected that all five APGs will be accomplished by the end of FY 2021. Quarterly performance indicator data on APGs and Cross-Agency Priority (CAP) Goals address multi-agency priorities. The Department's FY 2020 – FY 2021 APGs are:

- **Conduct a Complete and Accurate 2020 Decennial Census:** The Census Bureau will conduct a complete and accurate 2020 Decennial Census U.S. population count by executing for optimal self-response with a nationwide target of 60.5 percent in 2020, delivering apportionment counts to the President by December 31, 2020, and releasing counts for redistricting by April 1, 2021.

Performance assessment posted on:

Performance.gov: https://www.performance.gov/commerce/APG_commerce_1.html

Commerce Performance Data Pro: <https://performance.commerce.gov/stories/s/xug7-hbs8>

- **Increase the Economic Impact of U.S. Trade:** The International Trade Administration (ITA) supports jobs for American workers and strengthens U.S. economic and national security by facilitating U.S. exports and inward investment. In FY 2020 and FY 2021, ITA will increase the dollar value of U.S. exports and inward investment facilitated by 10 percent annually, while ensuring that over 75 percent of U.S. exporter clients assisted are small and medium-sized enterprises. Due to the COVID-19 global pandemic, ITA is not currently on track to achieve a 10 percent annual increase in the dollar value of U.S. exports and inward investment facilitated in FY 2020.

Performance assessment posted on:

Performance.gov: https://www.performance.gov/commerce/APG_commerce_2.html

Commerce Performance Data Pro: <https://performance.commerce.gov/stories/s/8u42-fhg6>

- **Mitigate Flood Impacts by Demonstrating Improved Decision Support Services to Emergency Managers:** By September 30, 2021, National Oceanic and Atmospheric Administration's (NOAA) National Weather Service will improve its flood related decision support services by expanding the demonstration of a new flood inundation mapping capability to at least an additional 10 percent of the U.S. continental population residing in flood-vulnerable freshwater basins.

Performance assessment posted on:

Performance.gov: https://www.performance.gov/commerce/APG_commerce_3.html

Commerce Performance Data Pro: <https://performance.commerce.gov/stories/s/mvph-pgtn>

- **Rural Wireless Broadband for Public Safety:** The Department will increase the public's safety by providing first responders with access to a nationwide wireless broadband network. As of September 30, 2020, the Department's FirstNet Solution allows the public safety community to serve an additional 8.9 million people within the rural population by providing coverage reaching 55 percent of the entire rural population. By September 30, 2021, the Department will ensure the FirstNet Solution will provide coverage reaching 60 percent of the entire rural population. In September 2019, the FirstNet Solution allowed the public safety community to serve 45 percent of the rural population, or approximately 23 million of the 51 million people who constitute the Nation's rural population.

Performance assessment posted on:

Performance.gov: https://www.performance.gov/commerce/APG_commerce_4.html

Commerce Performance Data Pro: <https://performance.commerce.gov/stories/s/w7uw-qfy3>

- **Space Situational Awareness:** The increasing number of objects and participants in space present new threats that inhibit the growth of space commerce. To better track objects in orbit and predict where they will be at any given time, the Department, as directed by the President per Space Policy Directive 3 (<https://www.whitehouse.gov/presidential-actions/space-policy-directive-3-national-space-traffic-management-policy/>) and in partnership with the Department of Defense and the commercial industry, will coordinate the development and implementation of a modern space situational awareness capability. The Department's Office of Space Commerce will achieve space situational awareness initial operational capability by September 30, 2021.

Performance assessment posted on:

Performance.gov: https://www.performance.gov/commerce/APG_commerce_5.html

Commerce Performance Data Pro: <https://performance.commerce.gov/stories/s/hcpg-q3n5>



LOOKING FORWARD

The Department of Commerce is committed to creating the conditions for economic growth and opportunity. The strategies for meeting that commitment are in the Strategic Plan for FY 2018–2022. It is a living plan that is modified as assessments provide lessons learned. However, based on the third year executing the plan, the structure and approach are working well. The basic infrastructure for increased emphasis on Commercial Space, Aquaculture, and removing trade barriers is in place and the focus is on increasing impact.

The Decennial Census has been a focus for the Department as the ramp up for the 2020 event was completed over the past several years, and data collection was successfully completed on October 15, 2020 with over 99.9% of all addresses in the nation accounted for. In FY 2021 the Department will deliver complete and accurate state population counts to the President in accordance with statutory deadlines. Additionally, the Department will take time to assess both 2020 Decennial Census successes and areas for improvement, so that the lessons learned from the 2020 Census can be used to help achieve success in the 2030 Census.

Challenges highlighted in Inspector General reports will be central to the Department's management plan in FY 2021 and beyond. The Department will continue to respond to the COVID-19 pandemic in 2021, as the Department ensures that Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds are spent appropriately and timely, and that the spending is effectively tracked and reported. Other challenges include environmental satellites, the Nationwide Public Safety Broadband Network, Intellectual Property Confidence, Cybersecurity, and Trade Remedies which are inherently challenging and complex and will receive commensurate resources and disciplined program management oversight.

The President's Management Agenda will continue to provide a framework for efforts to improve Information Technology (IT) Modernization; achieve Data Availability, Accountability and Transparency; and create a workforce for the 21st Century. In response to the President's agenda, there are increased efforts to replace legacy IT systems, including the Business Application Solutions (BAS) project; employ data to assist businesses; and direct staff time and talents to the work that has the most value. New tools and datasets available on the Census and Bureau of Economic Analysis websites support both the goal of empowering businesses with data and reducing the resources needed to provide and use the data. Expanding web-enabled services will be a priority in the coming years.

BALANCING RISK AND OPPORTUNITY

Departmental managers and leaders will continue to handle complex and risky mission and mission support activities, such as preparing for and responding to the COVID-19 pandemic/natural disasters and managing secure IT systems. While it is not possible to eliminate all uncertainties in these types of projects, Department strategies for managing risk will continue to mature.

Enterprise Risk Management (ERM) orchestrates those strategies. The ERM program creates a forum to openly identify and discuss risks and develop mitigation plans. There are cascading roles of leadership and responsibility for ERM across the Department and its bureaus including a governance structure. The Department Management Council focuses on managing the Department's top risks and challenges.

Governance and oversight processes produce the following items: The Agency Risk Profile, Government Accountability Office (GAO) High-Risk List, and the Mission Critical Programs and Activities List. Aligned action plans heavily influence the allocation of leadership time and attention.

In FY 2021, ERM is seeking to update its Agency Risk Profile guidance and further integrate program management, audit, performance, financial management, and budget to the risk management process.

MANAGEMENT CONTROLS

The Department's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act (FMFIA). During FY 2020, the Department assessed its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of this evaluation, the Department can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2020 was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

The Department conducted its assessment of the effectiveness of internal control over reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, the Department can provide reasonable assurance that its internal control over reporting as of June 30, 2020 was operating effectively and no material weaknesses were found in the design or operation of the internal control over reporting. Furthermore, no material weaknesses related to internal control over reporting were identified between July 1 and September 30.

Based on reviews conducted by the Department, it has been able to determine that its financial systems are in conformance with the Federal Financial Management Improvement Act (FFMIA) of 1996.



Thomas F. Gilman
Chief Financial Officer
and Assistant Secretary for Administration
November 10, 2020



Wilbur Ross
Secretary of Commerce
November 10, 2020

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA) OF 1982

The objective of the Department's management control system is to provide reasonable assurance that:

- Obligations and costs are in compliance with applicable laws;
- Assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
- Revenues and expenditures applicable to Agency operations are properly recorded and accounted for, permitting accurate accounts, reliable financial reports, and full accountability for assets; and
- Programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

During FY 2020, the Department reviewed its management control system in accordance with the requirements of FMFIA, and OMB and Departmental guidelines.

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires federal agencies to annually evaluate and report on the effectiveness and efficiency of their internal controls and financial management systems to ensure the integrity of federal programs and operations. Section 2 of FMFIA requires that federal agencies report, based on annual assessments, any material weaknesses that have been identified in connection with their internal and administrative controls, while Section 4 requires conformance with federal financial systems requirements. Based on their FY 2020 evaluations, the Department's 12 bureaus signed, certified and submitted their Statements of Assurance and can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations was operating effectively and financial management systems comply with federal financial systems requirements. No material weaknesses were found in either the design or operation of the internal controls nor its financial systems

The efficiency of the Department's operations is continually evaluated using information obtained from reviews conducted by the Government Accountability Office (GAO) and the Office of Inspector General (OIG), evaluations conducted by other federal agencies such as the Office of Personnel Management, and other specifically requested studies. The diverse reviews that took place during FY 2020 that were key to the organization provide assurance that Department systems and management controls comply with standards established under FMFIA.

The revised Appendix A to OMB Circular A-123, *Management of Reporting and Data Integrity Risk* expands assurance for internal controls over reporting beyond finance. In preparing the Department's statement of assurance, attention was given to activities related to the DATA Act, OIG Top Management Challenges, GAO High Risk List, performance reporting, strategic plans and performance metrics, real property and asset management, human resource reporting, the Coronavirus Aid, Relief, and Economic Security Act and Coronavirus disease. Controls related to risks in the Department's risk profile and fraud risk were also considered in providing assurance on internal controls.

As reported in the FY 2020 Department Agency Financial Report, there is a significant deficiency related to Department-wide information technology (IT) access controls, configuration management, and security management. The Department will continue to address significant deficiency areas and strengthen its IT security posture in the new fiscal year.

FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA) OF 1996

Under FFMIA, the Department is required to have financial management systems that comply with federal financial management system requirements, federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level. In FY 2020, the Department remained in compliance with FFMIA.

REPORT ON OIG AUDIT FOLLOW-UP

This report shows audit follow-up activity on OIG audits, as well as the amount of potential monetary benefits the OIG found could be achieved through implementing open recommendations in these reports. Reports are closed when final action has been taken to implement all recommendations.

SUMMARY OF ACTIVITY ON AUDIT REPORTS OCTOBER 1, 2019 THROUGH SEPTEMBER 30, 2020

	NUMBER OF REPORTS ^{1,2}	POTENTIAL MONETARY BENEFITS OF OPEN RECOMMENDATIONS ³
Beginning Balance	22	\$ 8,597,107,602
New Reports	19	610,944,402
Total Reports Open During the Period	41	9,208,052,004
Total Reports Closed During the Period ⁴	10	(8,878,423,315)
Ending Balance	31	\$ 329,628,689

¹ The table includes Performance Audits, Evaluations, and Inspections. Audits comply with standards established by the Comptroller General of the United States for audits of federal establishments, organizations, programs, activities, and functions. Evaluations and inspections include evaluations, inquiries, and similar types of reviews that do not constitute an audit or a criminal investigation.

² Until this year, the Department has included in this report only audits for which there has been resolution, i.e., management and the OIG have agreed on an action plan to address recommendations. This year, we have started including all audits for which a final report with recommendations have been issued.

³ In some audits, the OIG identifies potential monetary benefits that could be realized when or if the recommendations are implemented. Potential Monetary Benefits of open recommendations include Questioned Costs and Funds to Be Put to Better Use.

- Questioned Costs: This is a cost questioned by the OIG because of (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that an expenditure of funds for the intended purpose is unnecessary or unreasonable.
- Funds to Be Put to Better Use: This dollar value results from an OIG recommendation that funds could be used more efficiently if Departmental Management took action to implement and complete the recommendation. Such actions may include (1) reductions in outlays; (2) deobligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the Department, a contractor, or a grantee; (5) avoidance of unnecessary expenditures identified in preaward reviews of contracts or grant agreements; or (6) any other savings specifically identified.

⁴ The Potential Monetary Benefits amount in this row includes potential monetary benefits of recommendations that were closed even though the corresponding reports remained open.

FINANCIAL MANAGEMENT AND ANALYSIS

INTRODUCTION

Under the Secretary's leadership, the Department is continuing to give the highest priority to providing accurate financial data to its internal and external customers, and to its accountability for all assets. Ensuring that there are strong internal controls throughout the Department remains a priority. The Department has created a financial management environment that complies with federal laws and regulations and that provides its executives with timely, accurate financial and performance information. This is evidenced with the Department continuing to receive unmodified audit opinions, maintaining a single integrated financial system, and continuing its compliance with the Federal Financial Management Improvement Act (FFMIA).

Highlights of accomplishments for FY 2020 and future initiatives are discussed further below.

FINANCIAL MANAGEMENT SYSTEMS

The Department maintains an FFMIA-compliant financial management system, Commerce Business Systems (CBS), which provides reliable, timely information within a sophisticated security infrastructure. The system is capable of producing both financial and budget reports from information generated within the financial management system. CBS consists of a Core Financial System, including the Commerce Purchase Card System and the Budget and Execution Data Warehouse. CBS is interfaced with the Electronic Travel System (E2), the SmartPay3 bankcard system, the U.S. Department of Agriculture's National Finance Center Payroll System, and the U.S. Department of the Treasury's (Treasury) Automated Standard Application for Payments.

The financial information from CBS is integrated in the Corporate Database for consolidated financial reporting, resulting in a single integrated financial management system. The Corporate Database is a commercial, off-the-shelf software package for consolidating financial data and producing financial reports. The Corporate Database is an integrated solution that provides financial statements and Adjusted Trial Balances reported at the Department, bureau, and Treasury Appropriation/Fund Group level. It also provides the ability to perform data analysis and produce the Department's footnotes, financial analysis reports, and other additional information required for the government-wide financial statements.

The Department continues to participate in a government-wide work group for Government Invoicing (G-Invoicing), a Treasury-led initiative to standardize the interagency agreement process across the government. The Department participates in this work group to help guide the implementation of the initiatives across the government as well as to plan for the changes needed to CBS so that the Department is ready to implement by the mandatory date. Additionally, the Department remains dedicated to providing quarterly submissions to meet the Digital Accountability and Transparency Act (DATA Act) requirements, as well as addressing any necessary modifications as required.

During FY 2020, the Department accomplished the following initiatives.

- Continued participation in government-wide G-Invoicing work group;
- Released request for proposal (RFP), conducted technical review, and awarded contract for the Business Applications Solution (BAS) project;

- Began Phase I implementation activities for the BAS project;
- Continued Tier 2/production support operations for E2;
- Continued implementation of E2 support functionality for additional employees due to the Census Decennial (approximately 500 thousand new travelers);
- Continued design and development activities for Business Intelligence (BI) solution to meet the Department's needs for DATA Act metrics reporting;
- Successfully lead the Department in quarterly DATA Act submissions to Treasury;
- Implemented functional changes for the Annual Comparability Index (ACI) Process Re-engineering, which is part of the Pay for Performance System. The new ACI system will compare federal civil service salaries and those of the private sector and calculate eligible CAPS (Commerce Alternative Personnel System) employees' ACI salary rates and pay;
- Conducted operations and maintenance activities for the Department's Chief Financial Officer/Assistant Secretary for Administration (CFO/ASA) Dashboard application. The CFO/ASA Dashboard provides a Department-wide, executive-level overview of the Department's highest priority and highest risk mission and administrative initiatives; and
- Completed National Oceanic and Atmospheric Administration (NOAA) hardware refresh activities.

In FY 2021 and beyond, the Department will continue its efforts to enhance its financial systems. The Department plans to accomplish the following.

- Complete Phase I BAS Implementation activities and prepare for deployment of NOAA on new financial and acquisition system in the beginning of FY 2022;
- Migrate all of the Department of Commerce (except the U.S. Patent and Trademark Office [USPTO]) to the Sunflower Personal, Real and Fleet Property system as part of the BAS project;
- Continue to integrate with Treasury on planning and implementation activities and provide their Quality Service Management Offices team with regular status updates regarding the BAS project;
- Support E2 functionality for the end of the Census Decennial;
- Provide operations and maintenance support activities for the SmartPay3 interface files for CBS;
- Work with CWTSatoTravel to design, build, and deploy new E2 travel data analytics capabilities in conjunction with other agency E2 customers;
- Add new Unique Entity Id (UEI) to CBS and interfaces for C.Suite and Central Contractor Registration/System for Award Management (CCR/SAM) vendors to replace Data Universal Numbering System (DUNS);
- Continue design, development, and testing activities for a BI solution to meet the Department's needs for DATA Act metrics reporting; and
- Continue testing activities for G-Invoicing.

FINANCIAL REPORTING AND POLICY

The Department's accomplishments during FY 2020 include the following:

- Comprehensive efforts toward helping to ensure the integrity of the Department's disbursements included the following:
 - Bureaus identified and reported improper payments data to the Department quarterly, including recaptures of improper payments data, identified reasons for improper payments, and continually implemented appropriate actions to minimize future improper payments. For more information on the Department's payment integrity efforts during FY 2020, see the *Payment Integrity* subsection included in *Other Information*;
 - Each of the Department's bureaus/reporting entities updated or prepared in FY 2020 their scheduled program/activity improper payment risk assessments as required by Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, *Requirements for Payment Integrity Improvement*. The Department's reporting entities' improper payment risk assessments of their programs/activities are prepared over a one to three-year cycle depending on the size of the reporting entity, and also include assessments of the control, procurement, and grants management environments. The Department's improper payment risk assessments are now in the continuous process stage of being updated/prepared every three years, unless significant changes occur, in which case an assessment will be updated more frequently. For more information on the Department's efforts during FY 2020 regarding improper payments risk assessments, see the *Payment Integrity* subsection included in *Other Information*;
 - A contractor prepared a Statistical Sampling and Estimation Plan for NOAA's Bipartisan Budget Act of 2018 disaster-related FY 2019 disbursements in order to yield a statistically valid improper payments estimate, and performed the FY 2019 disbursements testing, which did not identify any FY 2019 improper payments; and
 - In March 2020, the Department's Office of Financial Management performed a review of the statuses of sustained disallowed costs of \$10 thousand or more, issued between May 1, 2018 through November 30, 2019. Sustained disallowed costs could result, from Single Audit Act audit reports related to grants/cooperative agreements, Office of Inspector General (OIG) audits or reviews, post-payment reviews, closeout reviews, grants/cooperative agreement-specific audits or reviews, and contracts/obligations-specific audits or reviews. The statuses of the sustained disallowed costs are utilized by the Department for its comprehensive payment integrity and overpayment recapture efforts, including reporting, monitoring, recapturing, and corrective actions; the statuses are further followed up on by the Department as appropriate.
- Adjusted the Department's civil monetary penalties for inflation in January 2020, in accordance with the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996 and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. For more information on the Department's civil monetary penalties as of January 15, 2020, see the *Civil Monetary Penalties' Adjustments for Inflation* subsection included in *Other Information*;
- The Department's Office of Financial Management performed a review of capitalization thresholds for accounting for General Property, Plant, and Equipment, including a review of capitalization thresholds for single-asset acquisitions and personal property bulk acquisitions, for the Census Bureau, the National Institute of Standards and Technology (NIST), NOAA, and USPTO. There were not any changes made to the Department's capitalization thresholds for General Property, Plant, and Equipment as a result of the review;
- The Department performed the Year 2 evaluation of the Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*, which "establishes principles to ensure that disclosures about Public-Private Partnerships (P3) are presented in the

reporting entity's general purpose federal financial reports (GPFFR).” As a result of the evaluation performed by the Department in FY 2020, it was determined that there continues to be three arrangements or transactions to be included in the notes to the financial statements as a P3;

- The Department performed the Year 3 evaluation of FASAB's SFFAS 47, *Reporting Entity*, which sets forth guidance to include, in the Department's financial statements or as footnote disclosures, “all organizations (1) budgeted for by elected officials of the federal government; (2) owned by the federal government; or (3) controlled by the federal government with risk of loss or expectation of benefits,” and which also further provides guidance on footnote disclosure requirements for significant relationships with other parties. As a result of the evaluation performed by the Department in FY 2020, there continues to be one organization to be included in the notes to the financial statements as a disclosure entity; and
- Quarterly financial metrics were compiled, analyzed, and reported to individual bureaus, which also included a status report comparing bureau results with Departmental performance goals. The results of bureaus' metrics and any corrective actions needed were discussed at bureau CFO individual monthly meetings.

In FY 2021 and beyond, the Department plans to accomplish the following amongst other items:

- Adjust the Department's civil monetary penalties for inflation in January 2021, in accordance with the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996 and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015;
- Continue annual evaluations of SFFAS 47, *Reporting Entity*, and SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*;
- Begin the implementation process for FASAB's SFFAS 54, *Leases*, effective FY 2024 and early adoption is not permitted, which revises the financial reporting standards for federal lease accounting. It provides a comprehensive set of lease accounting standards to recognize federal lease activities in a reporting entity's general purpose federal financial reports and includes appropriate disclosures; and
- Upgrade the Corporate Database as dictated by changes to financial reporting requirements and technology advances.

GRANTS MANAGEMENT

Under the CFO/ASA, the Office of Acquisition Management (OAM) is responsible for the Department's enterprise-wide grants management policy, projects, and oversight. The Department's focus is to standardize policy and procedures for its financial assistance programs and to strengthen compliance. In addition, OAM's targeted efforts continue to transform the decentralized Department grants management community into an effective and efficient partnership.

In coordination with the Department's Office of the Chief Information Officer and the Office of Financial Management, OAM is overseeing the development of a Grants Enterprise Management Solution (GEMS) which will be a common grants management system that will replace the currently separated grants management systems in use by the Department's three major grant issuing bureaus, NOAA, NIST, and Economic Development Administration (EDA). The GEMS project has completed both the Concept Initiation and Conceptual Phases; the project's development phase is expected to extend through FY 2023 with EDA, NIST, and NOAA expected to begin transitioning from their current grants management systems to GEMS in FY 2021.

OAM's Financial Assistance Policy and Oversight Division (FAPOD) coordinates the Department's implementation of all applicable statutes, regulations, Executive Orders, and OMB circulars, as well as the provisions of 2 CFR, Part 200 (Uniform Guidance), to establish more efficient and user-friendly requirements for both Department awarding units and recipients. OAM/FAPOD collaborates with partners in the Department's financial assistance community to review and update the Department's Grants and Cooperative Agreements Manual (Grants Manual) as well as develop updated Financial Assistance Standard Terms and Conditions (ST&C) consistent with the issued guidance—both the Grants Manual and the ST&Cs undergo annual reviews and updates.

FAPOD conducts Grants Management Reviews to evaluate the internal grants administration policies and procedures of the operating units, including field or remote locations. NIST, NOAA, and EDA grants operating units are evaluated once every three years and more frequent reviews are scheduled when justified by operational issues. The scope of the review includes but is not limited to compliance with applicable public laws, regulations, OMB circulars, the Grants Manual, as well as internal grants administration policies of the operating unit.

OAM/FAPOD is an active member of the Financial Assistance Committee for E-Government (FACE); the authority of the FACE flows from the Award Committee for E-Government, a governance group chartered under the Chief Acquisition Officers Council. OAM/FAPOD participates in numerous FACE subcommittees that represent the needs of the financial assistance community, serving as the community voice for the composition, review and feedback on financial assistance policy guidance; the analysis and reporting of outcomes from the Integrated Award Environment portfolio, grants.gov, and other government-wide systems; and, the requirement development and collection of government-wide financial assistance data—which supports the implementation of lessons learned from the DATA Act Pilot Program Report to Congress and the President's Management Agenda Cross-Agency Priority Goal #8, Results-Oriented Accountability for Grants.

HUMAN CAPITAL

The Department of Commerce acknowledges that people are key to mission accomplishment and remains committed to building and maintaining a highly skilled, diverse, and engaged workforce. To attract diverse and qualified employees, the Department leveraged various recruitment programs including those that target veterans and people with disabilities in all occupations. In FY 2020, approximately 1,391 veterans and 2,887 people with disabilities were hired, of which 24 were veterans and 25 were people with disabilities in the accounting and budgeting occupations. The Department also hosted approximately 383 Pathways Program participants, which consists of paid interns, recent college graduates, and Presidential Management Fellows. Of these, approximately 34 served as accountants, budget analysts, and auditors within finance and accounting offices in the Bureau of Economic Analysis (BEA), Census Bureau, International Trade Administration (ITA), NIST, NOAA, and OIG, including two new hires.

To continue to attract and retain qualified employees and help address some of the challenges brought on by the pandemic, telework was used extensively across the Department. In FY 2020, approximately 67 percent of Departmental employees (95 percent of accounting and budgeting employees) engaged in telework. Telework helped facilitate employee work-life balance and potentially increased employee satisfaction and engagement. Additionally, Federal Employee Viewpoint Survey (FEVS) results are analyzed each year to put strategies in place so that the Department remains an employer of choice. In FY 2020, the Department continued working on strategies to improve the FEVS Employee Engagement Index (EEI) scores of the identified bottom 20 percent sub-units, supporting the President's Management Agenda Cross-Agency Priority Goal #3, Improve Performance Management and Engagement. Overall, the Department's EEI score remains five percentage points above the government score, at 73 percent based on the 2019 FEVS. The Department also takes pride in ranking

fourth out of 17 large agencies in the 2019 Best Places to Work in the federal government based on results from the FEVS. Feedback from the 2020 FEVS will be analyzed to gauge employee perception and satisfaction in the different FEVS categories, including the new pandemic-related section.

In FY 2020, Enterprise Services (ES) continued its progress towards implementing intra-departmental, multi-function enterprise service operations in the areas of human resources (HR), information technology (IT), acquisitions, and financial management to the Department. The ES model focuses on improving the customer experience and providing greater value to its clients, directly supporting the Department's 2018–2022 Strategic Plan (Strategic Goal 5 – Deliver Customer-Centric Service Excellence). In support of the Department's HR program, ES continued to deliver Personnel Action Request (PAR), payroll, benefits, time and attendance, and eOPF support services to over 21 thousand employees across the Department. In addition, ES initiated the solicitation of the new indefinite delivery, indefinite quantity (IDIQ) contract for the PAR, payroll, and benefits service delivery. The contract was awarded on October 7, 2020. The new contract will also include an updated and expanded version of the ES Portal providing greater flexibility for the ES customers. In FY 2021, ES will be actively engaged, in consultation with the bureaus, with the design, build, and stand-up of talent acquisition services for the Department. This initiative will substantially lower cost-per-hire across the Department and is projected to yield more than \$60 million in cost avoidance over the first five years of talent acquisition service delivery.

The Department continued making progress in the goals and priorities outlined in its Human Capital Operating Plan (HCOP) for 2018–2022. Over 80 percent of action items supporting the four HCOP goals (Workforce Analysis, Empower and Engage Commerce Employees, Improve Internal and External Service Delivery Processes, and Maximize Employee Performance) and the two HCOP priorities (Deploying Communication Tools and Securing Technological Solutions for Human Capital Analysis) are completed. Based on feedback from the Office of Personnel Management (OPM), the Department closed out its current HCOP as of September 30, 2020 and developed a new HCOP for FY 2021. The new HCOP is a one-year operational plan providing milestones and metrics for the implementation of human capital initiatives. Additionally, OPM started conducting annual Human Capital Reviews with agencies, including the Department, in 2019. These reviews took the form of an open discussion on numerous human capital initiatives including associated risks, barriers, and successful practices. In order to give agencies more time to focus on pandemic-related issues, the 2020 annual Human Capital Review was cancelled.

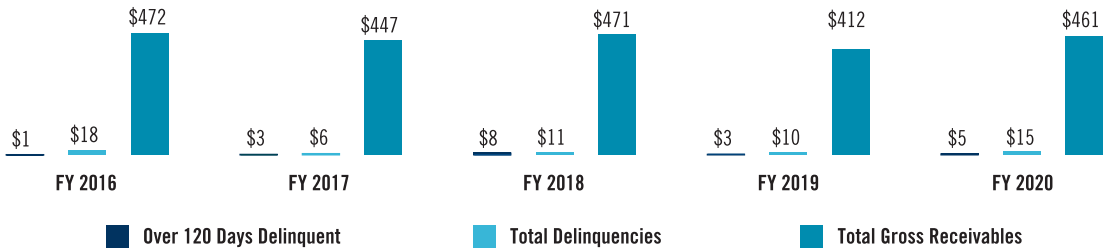
RECEIVABLES WITH THE PUBLIC AND DEBT COLLECTION MANAGEMENT

The Department provides policies and procedures for the management and collection of non-tax debts owed to Departmental entities in its debt collection regulations, *Commerce Debt Collection*. These regulations adopt and incorporate all provisions of the Federal Claims Collections Standards (FCCS), which were jointly published by Treasury and the U.S. Department of Justice. The Department's debt collection regulations supplement FCCS by prescribing procedures, consistent with FCCS, as necessary and appropriate for Departmental debt collection management operations. FCCS clarifies and simplifies federal debt collection procedures and reflects changes under the Debt Collection Improvement Act of 1996 and the General Accounting Office Act of 1996. The Department also provides guidance for debt collection management in its *Credit and Debt Management Operating Standards and Procedures Handbook*, to ensure that consistent debt collection management practices are established and followed throughout the Department, and to establish and enhance Departmental debt collection management practices.

Applicable bureaus updated, in 2019, their Credit Management and Debt Collection Plans, which set forth their plans for effectively managing credit extension, account servicing, and debt collection management. These plans are updated at least every five years and include any bureaus cross-serviced. Furthermore, NOAA updated, also in 2019, its Strategic Credit

Program Review for active loan programs within the Fisheries Finance Program. This review is updated at least every two years and is a review of the effectiveness in achieving program goals.

GROSS RECEIVABLES WITH THE PUBLIC AS OF SEPTEMBER 30¹ (In Millions)

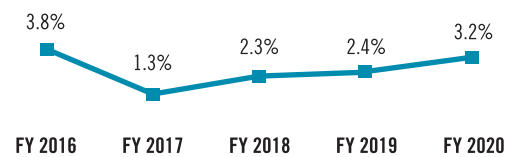


¹ The source for this table's data is the Department's Treasury Report on Receivables (TROR). There are reporting methodology differences between the gross receivables in TROR and gross receivables reported in the Department's notes to the financial statements; therefore, the amounts will not agree.

The Department's total gross receivables with the public increased \$49 million, or 12.0 percent, from \$412 million as of September 30, 2019 to \$461 million as of September 30, 2020, as reported on the Department's Treasury Report on Receivables, which is the primary means for the Department to provide comprehensive information to Treasury on its receivables with the public. Total delinquencies with the public, as a percentage of total gross receivables with the public, increased from 2.4 percent as of September 30, 2019 to 3.2 percent as of September 30, 2020. Receivables with the public that were 120 days or more delinquent as a percentage of total gross receivables with the public, increased from 0.7 percent as of September 30, 2019 to 1.1 percent as of September 30, 2020.

Prescreening procedures, account-servicing standards, determined collection of delinquent debt, and extensive referrals of delinquent debt to Treasury have all contributed to effective Departmental debt collection management. The Debt Collection Improvement Act of 1996 established Treasury as the debt collection agency for eligible federal agency debts. Once receivables are delinquent by 120 days or more, in accordance with Treasury requirements, such receivables are referred to Treasury's Bureau of the Fiscal Service for collection through its Cross-servicing Program and/or its Treasury Offset Program.

TOTAL DELINQUENCIES WITH THE PUBLIC AS A PERCENTAGE OF TOTAL GROSS RECEIVABLES AS OF SEPTEMBER 30

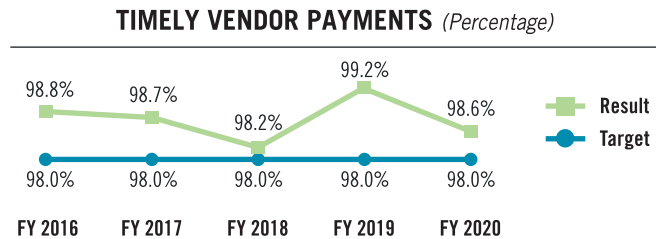


PAYMENT PRACTICES

PROMPT PAYMENT

The Prompt Payment Act of 1982 requires agencies to pay their bills to vendors on a timely basis (within 30 days of receipt of relevant documents) and to pay interest penalties when payments are made late. The Department closely monitors its prompt payment performance, and the bureaus submit quarterly reports of prompt payment performance to the Deputy CFO.

The Department's prompt payment performance decreased from 99.2 percent in FY 2019 to 98.62 percent in FY 2020. The number of invoices paid late increased from 1,365 in FY 2019 to 3,066 in FY 2020. The Department continues to focus on improving its prompt payment percentage by working closely with its bureaus to identify opportunities for new or improved business processes. OMB Memorandum M-15-19, *Improving Government Efficiency and Saving Taxpayer Dollars Through Electronic Invoicing* (July 17, 2015), required federal agencies to transition to electronic invoicing for appropriate federal procurements. The Department is currently taking steps to transition from its primary financial management system used by most of the bureaus to the Oracle E-Business suite for those bureaus. The Department plans to implement Oracle's solution for an electronic invoice processing system, as part of the multi-year BAS project. USPTO had a solution in place by the end of FY 2018, and vendor adoption began in FY 2019. USPTO increased the usage of the Vendor Portal in FY 2020 with the addition of new vendors and processed over \$13.0 million in electronic payments in FY 2020.



OMB Memorandum M-17-26, *Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda* (June 15, 2017), encourages agencies to accelerate payments, to the best of their ability, to small businesses and prime contractors with small business subcontractors. This did not change an agency's responsibility to comply with the Prompt Payment Act and OMB's implementing regulations thereto (5 CFR Part 1315, *Prompt Payment*).

BANKCARDS

The Department remains committed to the use of bankcards (purchase cards) as a means to improve mission support by streamlining the procurement and payment processes and by reducing administrative costs. The Department uses a data analytics program to review purchase and travel card transactions Department-wide to identify patterns, trends, and anomalies for possible further investigation. The Department works with its bureaus to implement corrective actions, monitor internal controls, perform data analytics, and conduct necessary reviews and tests to ensure proper internal controls are in place. The Department uses GSA's SmartPay3 as its bankcard program and is continuing its initiatives for more effective training, oversight, and risk management reviews to enhance the purchase card program.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements in the financial section have been prepared to report the overall financial position, financial condition, and results of operations of the Department, pursuant to the requirements of 31 U.S.C. 3515(b). The statements have been prepared from the books and records of the Department in accordance with the generally accepted accounting principles (GAAP) for federal entities and the formats prescribed in OMB Circular A-136, *Financial Reporting Requirements*. Reports produced and used to monitor and control budgetary resources are prepared from the same records. The financial statements should be read with the realization that they are for a component of the U.S. government.

ANALYSIS OF FY 2020 FINANCIAL CONDITION AND RESULTS

FINANCIAL HIGHLIGHTS

<i>(Dollars in Thousands)</i>	Percentage Change	FY 2020	FY 2019	
Condensed Balance Sheets:				
As of September 30, 2020 and 2019				
ASSETS:				
Fund Balance with Treasury	4%	\$ 31,259,517	\$ 29,957,914	
General Property, Plant, and Equipment, Net	-1%	16,292,468	16,481,013	
Direct Loans and Loan Guarantees, Net	-1%	394,200	398,770	
Investments, Net	1%	7,671,062	7,569,381	
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network, Net	40%	4,774,779	3,408,729	
Other	52%	599,466	394,743	
TOTAL ASSETS	5%	\$ 60,991,492	\$ 58,210,550	TOTAL ASSETS <i>(In Billions)</i>
LIABILITIES:				
Unearned Revenue	8%	\$ 1,821,688	\$ 1,679,251	
Federal Employee Benefits Liabilities	2%	943,625	927,714	
Accounts Payable	8%	2,499,035	2,321,133	
Accrued Payroll and Annual Leave	83%	1,251,910	685,310	
Debt to Treasury	-2%	388,069	395,369	
Liability to General Fund of the U.S. Government for Deficit Reduction	1%	7,671,062	7,569,382	
Accrued Grants	51%	211,116	140,196	
Other	46%	435,583	299,277	
TOTAL LIABILITIES	9%	\$ 15,222,088	\$ 14,017,632	TOTAL LIABILITIES <i>(In Billions)</i>
NET POSITION:				
Unexpended Appropriations	15%	\$ 13,040,173	\$ 11,314,698	
Cumulative Results of Operations	-0.5%	32,729,231	32,878,220	
TOTAL NET POSITION	4%	\$ 45,769,404	\$ 44,192,918	TOTAL NET POSITION <i>(In Billions)</i>
TOTAL LIABILITIES AND NET POSITION	5%	\$ 60,991,492	\$ 58,210,550	
Condensed Financing Sources:				
For the Years Ended September 30, 2020 and 2019				
Appropriations Received, Net of Reductions	39%	\$ 17,186,690	\$ 12,363,492	
Imputed Financing Sources from Cost Absorbed by Others	-17%	286,717	346,178	
Transfer In of Auction Proceeds from Federal Communications Commission	-100%	-	1,155,251	
Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction	-92%	(101,680)	(1,324,946)	
Other	-60%	135,665	335,602	
TOTAL FINANCING SOURCES	36%	\$ 17,507,392	\$ 12,875,577	TOTAL FINANCING SOURCES <i>(In Billions)</i>

(continued on next page)

(continued from previous page)

<i>(Dollars in Thousands)</i>	Percentage Change	FY 2020	FY 2019	
Condensed Statements of Net Cost:				
For the Years Ended September 30, 2020 and 2019				
Condensed Statements of Net Cost:				NET COST OF OPERATIONS <i>(In Billions)</i>
Gross Departmental Costs	37%	\$ 20,543,526	\$ 14,957,439	\$15.93
Less: Earned Revenue	5%	(4,612,620)	(4,381,245)	\$10.58
NET COST OF OPERATIONS	51%	\$ 15,930,906	\$ 10,576,194	FY 2020 FY 2019
Selected Budgetary Information:				
For the Years Ended September 30, 2020 and 2019				
TOTAL BUDGETARY RESOURCES:				TOTAL BUDGETARY RESOURCES <i>(In Billions)</i>
Unobligated Balance from Prior-years Budget Authority, Net	5%	\$ 5,609,476	\$ 5,361,688	\$28.93
Appropriations	39%	17,396,628	12,560,110	\$23.34
Borrowing Authority	244%	101,520	29,485	
Spending Authority from Offsetting Collections	8%	5,819,553	5,391,377	
TOTAL BUDGETARY RESOURCES	24%	\$ 28,927,177	\$ 23,342,660	FY 2020 FY 2019
				NEW OBLIGATIONS AND UPWARD ADJUSTMENTS <i>(In Billions)</i>
New Obligations and Upward Adjustments	27%	\$ 22,723,382	\$ 17,873,423	\$22.72
				\$17.87
				OUTLAYS, NET <i>(In Billions)</i>
Outlays, Net	40%	\$ 15,924,152	\$ 11,362,876	\$15.92
				\$11.36
				FY 2020 FY 2019

COMPOSITION OF ASSETS AND ASSETS BY RESPONSIBILITY SEGMENT

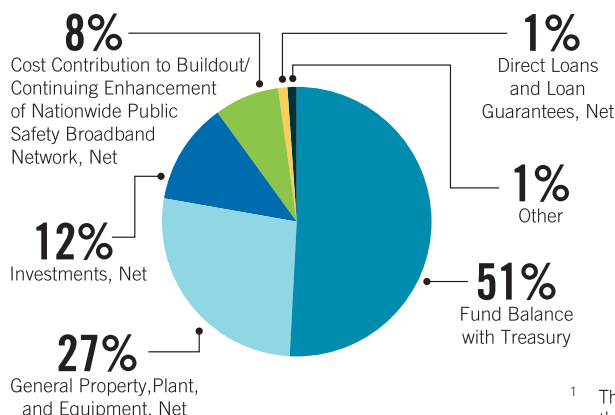
The composition and distribution by responsibility segment (by percentage) of the Department's assets remained consistent from September 30, 2019 to September 30, 2020.

Departmental assets amounted to \$60.99 billion as of September 30, 2020.

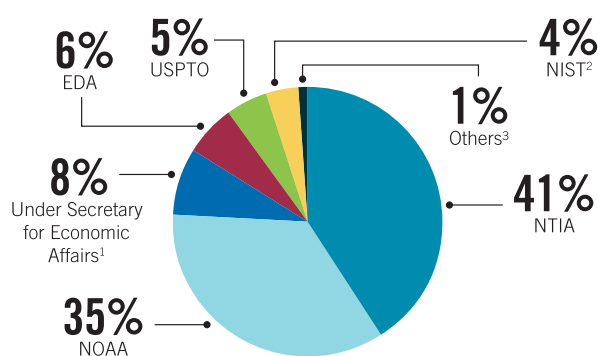
- **\$31.26 billion of Fund Balance with the U.S. Department of the Treasury** (Treasury) is the aggregate amount of funds available to make authorized expenditures and pay liabilities.
- **\$16.29 billion of General Property, Plant, and Equipment (PP&E), Net of Accumulated Depreciation** (Cost of \$28.45 billion less Accumulated Depreciation of \$12.16 billion), includes \$7.40 billion of Satellites/Weather Systems Personal Property; \$5.63 billion of Construction-in-progress, primarily of satellites and weather measuring and monitoring systems; \$1.61 billion of Structures, Facilities, and Leasehold Improvements; and \$1.65 billion of other General PP&E.
- **\$394.2 million of Direct Loans and Loan Guarantees, Net of Allowances for Subsidy Cost (Present Value) and Loan Losses**, primarily relating to the National Oceanic and Atmospheric Administration (NOAA) direct loan programs.

- **\$7.67 billion of Investments, Net** consist of non-marketable, market-based Treasury bills of \$6.10 billion invested by the National Telecommunications and Information Administration's (NTIA) Public Safety Trust Fund, and non-marketable, market-based Treasury notes also invested by NTIA's Public Safety Trust Fund of \$1.57 billion, resulting primarily from transfers in of auction proceeds from the Federal Communications Commission (FCC) during FY 2019 and FY 2018, and also resulting from interest earned on investments that is reinvested. Section 6413 of the Middle Class Tax Relief and Job Creation Act of 2012 specifies that amounts in the Public Safety Trust Fund be invested in accordance with 31 U.S.C. Section 9702.
- **\$4.77 billion of Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network (NPSBN), Net of Accumulated Amortization** (Cost Contributions of \$5.01 billion less Accumulated Amortization of \$239.4 million) captures NTIA's cumulative cost contributions, net of accumulated amortization, toward the buildout and continuing enhancement of the NPSBN under the First Responder Network Authority's contract with AT&T to build, deploy, operate, and maintain the NPSBN. Cost contributions for continuing enhancement to the NPSBN began in the fourth quarter of FY 2020, and amortization of such cost contributions has not yet begun as of September 30, 2020.
- **\$599.5 million of Other Assets** primarily includes Inventory, Materials, and Supplies, Net of Allowance for Excess, Obsolete, and Unserviceable Items of \$202.0 million; Accounts Receivable, Net of Allowance for Uncollectible Accounts, of \$193.9 million; and Advances and Prepayments of \$163.9 million.

**COMPOSITION OF THE DEPARTMENT'S ASSETS
AS OF SEPTEMBER 30, 2020**



**ASSETS BY RESPONSIBILITY SEGMENT
AS OF SEPTEMBER 30, 2020**



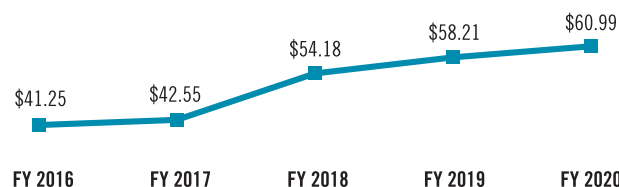
1 The bureaus that fall under the Under Secretary for Economic Affairs are the Bureau of Economic Analysis (BEA) and the Census Bureau.
 2 NIST includes NIST and the National Technical Information Service (NTIS).
 3 Others includes Departmental Management (DM), the Bureau of Industry and Security (BIS), the International Trade Administration (ITA), the Minority Business Development Agency (MBDA), and Intra-Departmental Eliminations.

TRENDS IN ASSETS

Departmental assets increased \$2.78 billion, or 5 percent, from \$58.21 billion as of September 30, 2019 to \$60.99 billion as of September 30, 2020.

- **Cost Contribution to Buildout/Continuing Enhancement of NPSBN, Net** increased \$1.37 billion, or 40 percent, from \$3.41 billion to \$4.77 billion, due to additional actual/estimated work completed in FY 2020 by AT&T primarily for its buildout of the NPSBN.

TRENDS IN TOTAL ASSETS AS OF SEPTEMBER 30 (In Billions)



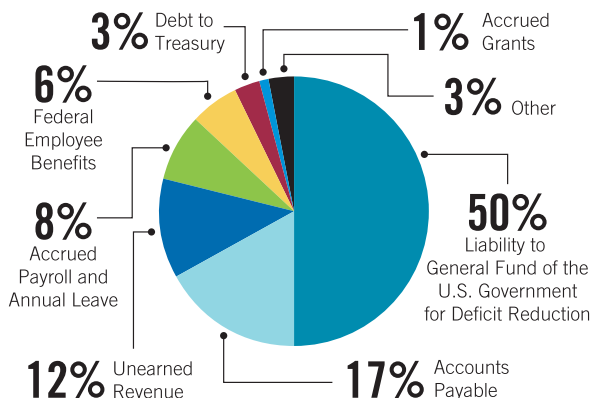
COMPOSITION OF LIABILITIES AND LIABILITIES BY RESPONSIBILITY SEGMENT

The composition and distribution by responsibility segment (by percentage) of the Department's liabilities remained consistent from September 30, 2019 to September 30, 2020.

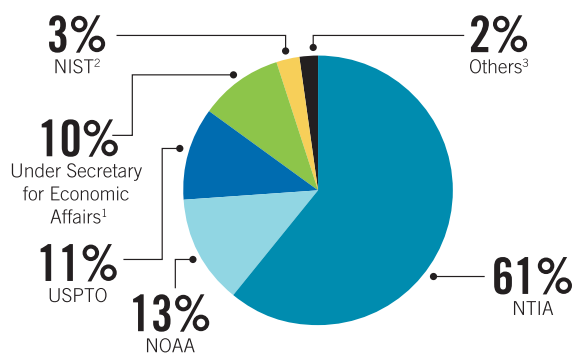
Liabilities of the Department amounted to \$15.22 billion as of September 30, 2020.

- **\$1.82 billion of Unearned Revenue** primarily includes the portion of monies received under customer orders or similar revenue-generating activities for which goods and services have not yet been provided or rendered by the Department. The Department's Unearned Revenue largely includes \$1.19 billion of the U.S. Patent and Trademark Office's (USPTO) unearned revenue for patent and trademark application and user fees that are pending action by USPTO, and also includes \$293.6 million of the Census Bureau's unearned portions of monies received for customer orders. The Department's Unearned Revenue also includes the balances of customer deposit accounts held by the Department for which orders have not yet been received, and liabilities for collections held in clearing accounts.
- **\$943.6 million of Federal Employee Benefits Liabilities** is comprised of the actuarial present value of projected benefits for the NOAA Corps Retirement System and NOAA Corps Blended Retirement System of \$749.4 million and for the NOAA Corps Post-retirement Health Benefits of \$47.9 million, and the Department's Actuarial Federal Employees' Compensation Act (FECA) Liability of \$146.3 million, which represents the actuarial liability for future workers' compensation benefits.
- **\$2.50 billion of Accounts Payable** consists primarily of amounts owed for goods, services, or capitalized assets received, progress on contract performance by others, and other expenses due.
- **\$1.25 billion of Accrued Payroll and Annual Leave** includes salaries and wages and annual leave earned by employees, but not disbursed, as of September 30, 2020.
- **\$388.1 million of Debt to Treasury** represents borrowings for NOAA's direct loan programs.
- **\$7.67 billion of NTIA Public Safety Trust Fund's Liability to General Fund of the U.S. Government for Deficit Reduction**—Priority 8 of Section 6413 of the Middle Class Tax Relief and Job Creation Act of 2012 specifies that any remaining funds deposited in NTIA's Public Safety Trust Fund be deposited in the General Fund of the U.S. government for deficit reduction after the end of FY 2022.
- **\$211.1 million of Accrued Grants** relates to a diverse array of financial assistance programs and projects, including the Economic Development Administration's (EDA) accrued grants of \$92.6 million for its grant investments that help communities generate jobs, retain existing jobs, and stimulate industrial and commercial growth; NOAA's accrued grants of \$73.5 million for grants awarded to state and local governments, non-profit research institutions, and colleges and universities for research and conservation initiatives; and the National Institute of Standards and Technology's (NIST) accrued grants of \$41.1 million for its grant investments and cooperative agreements that fund programs in a variety of fields such as energy, food safety, electronics research, strategic manufacturing technology, and the Hollings Manufacturing Extension Partnership.
- **\$435.6 million of Other Liabilities** primarily includes Environmental and Disposal Liabilities of \$150.3 million, including \$70.9 million for asbestos-related cleanup costs, and \$67.3 million for a nuclear reactor operated by NIST; Accrued Benefits of \$82.8 million that are payable to other federal entities; Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Savings Contracts Liability of \$74.4 million; and Custodial Payable to Treasury of \$38.1 million.

COMPOSITION OF THE DEPARTMENT'S LIABILITIES AS OF SEPTEMBER 30, 2020



LIABILITIES BY RESPONSIBILITY SEGMENT AS OF SEPTEMBER 30, 2020



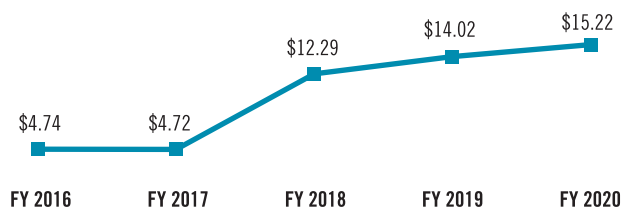
¹ The bureaus that fall under the Under Secretary for Economic Affairs are BEA and the Census Bureau.
² NIST includes NIST and NTIS.
³ Others includes BIS, DM, EDA, ITA, MBDA, and Intra-Departmental Eliminations.

TRENDS IN LIABILITIES

Liabilities of the Department increased \$1.20 billion, or 9 percent, from \$14.02 billion as of September 30, 2019 to \$15.22 billion as of September 30, 2020.

- Accrued Payroll and Annual Leave** increased \$566.6 million, or 83 percent, from \$685.3 million to \$1.25 billion, primarily due to increased accrued payroll and annual leave of \$420.1 million, from \$44.1 million to \$464.2 million, in Census Bureau's Periodic Censuses and Programs fund group, largely resulting from increased staffing for the 2020 Decennial Census.

TRENDS IN TOTAL LIABILITIES AS OF SEPTEMBER 30 (In Billions)



COMPOSITION OF AND TRENDS IN NET POSITION

Net Position is the residual difference between assets and liabilities, and is composed of Unexpended Appropriations and Cumulative Results of Operations.

Unexpended Appropriations represent the total amount of unexpended budget authority that is classified as appropriations, both obligated and unobligated. Unexpended Appropriations is increased for Appropriations Received, is reduced for Appropriations Used, and is adjusted for other changes in appropriations, such as transfers and rescissions. Cumulative Results of Operations is the net result of the Department's operations since inception.

Total Net Position increased \$1.58 billion, or 4 percent, from \$44.19 billion as of September 30, 2019 to \$45.77 billion as of September 30, 2020.

Unexpended Appropriations increased \$1.73 billion, or 15 percent, from \$11.31 billion as of September 30, 2019 to \$13.04 billion as of September 30, 2020, primarily due to:

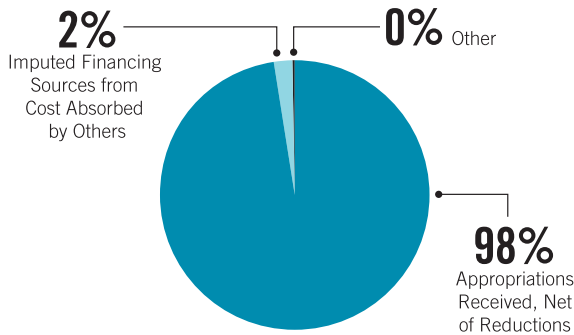
- An increase in Unexpended Appropriations for EDA's Economic Development Assistance Program fund group of \$1.41 billion, from \$1.97 billion to \$3.38 billion, or 72 percent, largely resulting from \$1.50 billion of supplemental funds received in FY 2020 under Public Law 116-136, *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), Division B, *Emergency Appropriations for Coronavirus Health Response and Agency Operations*, Title II, for economic adjustment assistance to prevent, prepare for, and respond to coronavirus, domestically or internationally, including for necessary expenses for responding to economic injury as a result of coronavirus.
- An increase in Unexpended Appropriations for NOAA's Fisheries Disaster Assistance fund group of \$204.3 million, from \$355.0 million to \$559.2 million, primarily resulting from \$300.0 million of supplemental funds received in FY 2020 under the CARES Act, Division B, Title II, to carry out an assistance program, including direct relief payments, for tribal, subsistence, commercial, and charter fishery participants affected by COVID-19.

COMPOSITION OF AND TRENDS IN FINANCING SOURCES

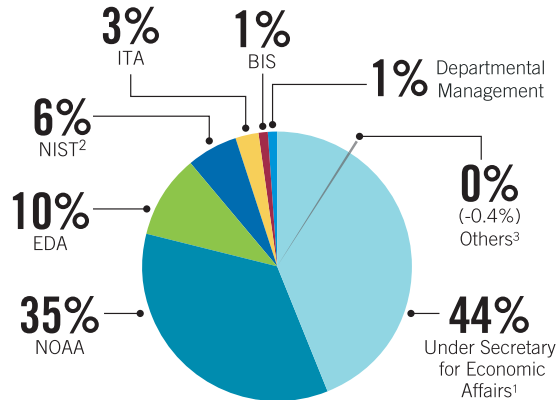
The composition (by percentage) of the Department's financing sources, as reported in the *Department's Consolidated Statements of Changes in Net Position*, changed somewhat from FY 2019 to FY 2020 due to the decrease in transfers in of auction proceeds from FCC, from \$1.16 billion in FY 2019 to zero in FY 2020, discussed further below in this section. As a result, Transfer in of Auction Proceeds from FCC decreased from 9 percent of the Department's financing sources to zero percent, and Other decreased from -8 percent of the Department's financing sources to zero percent.

The distribution by responsibility segment (by percentage) of the Department's Total Financing Sources changed somewhat from FY 2019 to FY 2020. Primarily due to a significant increase in Appropriations Received from FY 2019 to FY 2020 for the Census Bureau's Periodic Censuses and Programs fund group of \$3.73 billion, discussed further below in this section, the Under Secretary for Economic Affairs (the Bureau of Economic Analysis (BEA) and the Census Bureau) portion of the Departmental total increased from 31 percent in FY 2019 to 44 percent in FY 2020. Mainly as a result of the above noted increase for the Under Secretary for Economic Affairs, and also as a result of a significant increase in Appropriations Received from FY 2019 to FY 2020 for EDA's Economic Development Assistance Programs fund group of \$927.5 million, also discussed further below, NOAA's portion of the Departmental total decreased from 47 percent in FY 2019 to 35 percent in FY 2020.

**COMPOSITION OF THE DEPARTMENT'S
FY 2020 FINANCING SOURCES**



**FY 2020 FINANCING SOURCES
BY RESPONSIBILITY SEGMENT**



¹ The bureaus that fall under the Under Secretary for Economic Affairs are BEA and the Census Bureau.

² NIST includes NIST and NTIS.

³ Others includes MBDA, NTIA, and USPTO.

Total financing sources of the Department increased significantly, increasing \$4.63 billion, or 36 percent, from \$12.88 billion in FY 2019 to \$17.51 billion in FY 2020.

Significant line item increases or decreases in Departmental financing sources from FY 2019 to FY 2020 include:

- **Appropriations Received, Net of Reductions**

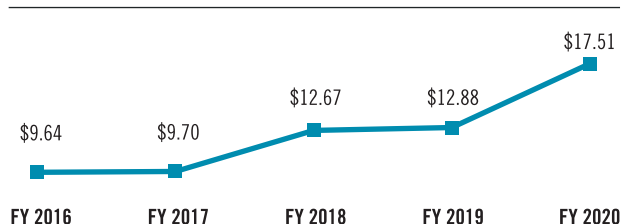
significantly increased \$4.82 billion, or 39 percent, from \$12.36 billion in FY 2019 to \$17.19 billion in FY 2020, primarily due to:

- Appropriations Received for the Census Bureau's Periodic Censuses and Programs fund group increased \$3.73 billion, or 105 percent, from \$3.55 billion to \$7.28 billion, largely resulting from increased funding for the 2020 Decennial Census;
- Appropriations Received for EDA's Economic Development Assistance Programs fund group increased \$927.5 million, from \$865.0 million to \$1.79 billion, or 107 percent, largely resulting from \$1.50 billion of supplemental funds received in FY 2020 under the CARES Act, offset by a \$600.0 million decrease in supplemental funds received for disaster relief activities, from \$600.0 million in FY 2019 (Public Law 116-20, *Additional Supplemental Appropriations for Disaster Relief Act, 2019*) to zero in FY 2020.

- **Transfer In of Auction Proceeds from FCC** significantly decreased \$1.16 billion, or 100 percent, from \$1.16 billion to zero. The transfers in from FCC to NTIA's Public Safety Trust Fund represent auction proceeds that depend on applicable FCC auction activity and results.

- **Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction** significantly decreased \$1.22 billion, or 92 percent, from \$(1.32) billion to \$(101.7) million, primarily as a result of the 100 percent reduction in auction proceeds transferred in from FCC to NTIA's Public Safety Trust Fund as discussed above.

TRENDS IN TOTAL FINANCING SOURCES (In Billions)

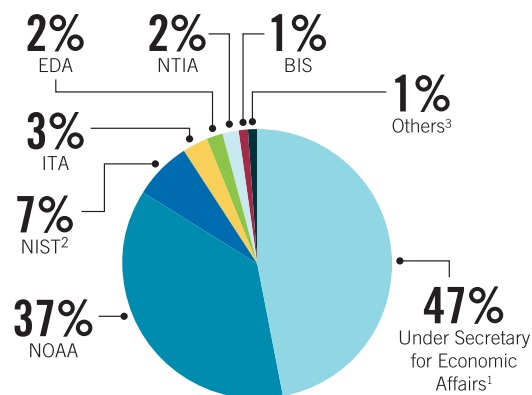


COMPOSITION OF FY 2020 NET COST OF OPERATIONS AND NET COST OF OPERATIONS BY RESPONSIBILITY SEGMENT

In FY 2020, the Department's Net Cost of Operations amounted to \$15.93 billion, which consists of Gross Costs of \$20.54 billion less Earned Revenue of \$4.61 billion.

The distribution by responsibility segment (by percentage) of the Department's Net Cost of Operations changed significantly from FY 2019 to FY 2020. Primarily due to a significant increase in Gross Costs from FY 2019 to FY 2020 for the Census Bureau's Periodic Censuses and Programs fund group of \$4.56 billion, discussed in the Trends in Net Cost of Operations section, the Under Secretary for Economic Affairs portion of the Departmental total increased from 26 percent in FY 2019 to 47 percent in FY 2020. Mainly as a result of the above noted increase for the Under Secretary for Economic Affairs, NOAA's portion of the Departmental total decreased from 53 percent in FY 2019 to 37 percent in FY 2020.

FY 2020 NET COST OF OPERATIONS BY RESPONSIBILITY SEGMENT



¹ The bureaus that fall under the Under Secretary for Economic Affairs are BEA and the Census Bureau.

² NIST includes NIST and NTIS.

³ Others includes DM, MBDA, and USPTO.

Note: The Gross Costs and Earned Revenue amounts presented in the following paragraphs include transactions with other Departmental entities (intra-Departmental transactions), in order to communicate the full scope of each organization's Gross Costs and Earned Revenue amounts. As a result, the Gross Costs amounts discussed below may not agree with the Gross Costs presented on the Department's FY 2020 Consolidated Statement of Net Cost, which excludes intra-Departmental transactions.

- **NOAA's FY 2020 Net Cost of Operations** was \$5.94 billion (Gross Costs of \$6.21 billion less Earned Revenue of \$273.9 million). NOAA's mission relates to science, service, and stewardship—to understand and predict changes in climate, weather, oceans, and coasts; to share that knowledge and information with others; and to conserve and manage coastal and marine ecosystems and resources. NOAA's Gross Costs include costs related to improving weather, water quality, and climate reporting and forecasting; and enabling informed decision-making through an expanded understanding of the U.S. economy, society, and environment by providing data, standards, and services. By setting the broad Administration goals of promoting national security, public safety, economic growth, and job creation, NOAA provides the observational infrastructure, capabilities, and staff to produce timely and accurate weather forecasts and warnings; recapitalizes the NOAA fleet to ensure the continued collection of at-sea data vital to the US economy for fisheries management and nautical charting; supports the government's legal obligations to manage and conserve marine resources; and fosters safe and efficient ocean and coastal navigation.

- <https://www.noaa.gov/about-our-agency>

- **USPTO's FY 2020 Net Cost of Operations** of \$(34.1) million (Gross Costs of \$3.62 billion less Earned Revenue of \$3.66 billion) relates to its patents and trademark programs. USPTO is the federal agency for granting U.S. patents and registering trademarks. The strength and vitality of the U.S. economy depends directly on effective mechanisms that protect new ideas and investments in innovation and creativity. USPTO advises the President, the Secretary of Commerce, and federal agencies on intellectual property (IP) policy, protection, and enforcement; and promotes the stronger and more effective IP protection around the world. USPTO furthers effective IP protection for the Nation's innovators and entrepreneurs worldwide by working with other federal agencies to secure strong IP provisions in free trade and other international agreements. It also provides training, education, and capacity-building programs designed to foster respect for IP and encourage the development of strong IP enforcement regimes by the Nation's trading partners.

- <https://www.uspto.gov/about-us>

- The **Under Secretary for Economic Affairs FY 2020 Net Cost of Operations** was \$7.56 billion (Gross Costs of \$7.85 billion less Earned Revenue of \$288.8 million). The Under Secretary for Economic Affairs provides leadership and policy guidance to the Department's economic and statistical community, including oversight to BEA and the Census Bureau.

BEA promotes a better understanding of the Nation's economy by providing timely, relevant, and accurate economic accounts data in an objective and cost-effective manner.

- <https://www.bea.gov/about/who-we-are>

The Census Bureau's FY 2020 Net Cost of Operations (included in the Undersecretary for Economic Affairs results above) was \$7.45 billion (Gross Costs of \$7.74 billion less Earned Revenue of \$285.7 million). The Census Bureau serves as the leading source of quality data about the Nation's people and economy. Data that the Census Bureau collects includes the Population and Housing Census (every 10 years), Economic Census (every 5 years), Census of Governments (every 5 years), American Community Survey (annually), economic indicators, and demographic and economic surveys provided to survey sponsors.

- https://www.census.gov/about/what.html#par_textimage

- **NIST's FY 2020 Net Cost of Operations** was \$1.06 billion (Gross Costs of \$1.30 billion less Earned Revenue of \$235.6 million), which includes NIST and the National Technical Information Service (NTIS), as NIST provides oversight for NTIS. NIST's FY 2020 Net Cost of Operations, by itself, was \$1.06 billion (Gross Costs of \$1.22 billion less Earned Revenue of \$156.1 million). NIST promotes American innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve the Nation's quality of life. NIST's Gross Costs include costs for Scientific and Technical Research and Services, Industrial Technology Services, and Construction of Research Facilities. The NIST Laboratories conducts world-class research, often in close collaboration with industry, which advances the Nation's technology infrastructure and helps American companies continually improve products and services.

NTIS serves as the largest central resource for government-funded scientific, technical, engineering, and business-related information by housing more than three million publications. NTIS's new mission is to provide innovative data services to federal agencies through joint venture partnerships with the private sector, advance federal data priorities, promote economic growth, and enable operational excellence.

- <https://www.nist.gov/about-nist/our-organization/mission-vision-values>

- <https://www.ntis.gov/about/about-us.html>

- **ITA's FY 2020 Net Cost of Operations** was \$513.0 million (Gross Costs of \$541.5 million less Earned Revenue of \$28.5 million). ITA fosters economic growth and prosperity through global trade by strengthening the competitiveness of American industry, promoting trade and investment, and ensuring fair trade through the rigorous enforcement of the Nation's trade laws and agreements. ITA leads the Department's export and investment platform, working with several other bureaus, and inside and outside the Department, including working with the U.S. Trade Representative, to provide greater access to markets and customers by removing trade barriers.

- <https://www.trade.gov/about-us>

- **EDA's FY 2020 Net Cost of Operations** was \$397.8 million (Gross Costs of \$402.5 million less Earned Revenue of \$4.7 million). EDA leads the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. EDA plays a critical role in fostering regional economic development efforts in communities across the United States. Through strategic investments that foster job creation and attract private investment, EDA supports development in economically distressed areas of the United States. EDA works directly with local economic development officials to make grant investments that are well-defined, timely, and linked to a long-term, sustainable economic development strategy.

- <https://www.eda.gov/about/>

- **NTIA's FY 2020 Net Cost of Operations** was \$184.4 million (Gross Costs of \$347.4 million less Earned Revenue of \$163.0 million). NTIA is the federal agency that is principally responsible for advising the President on telecommunications and information policy issues. NTIA's programs and policymaking focus largely on expanding broadband Internet access and adoption in America, expanding the use of spectrum by all users, and ensuring that the Internet remains an engine for continued innovation and economic growth. NTIA's activities include managing the federal use of spectrum and identifying additional spectrum for commercial use and administering grant programs that further the deployment and use of broadband and other technologies in America.

NTIA includes the First Responder Network Authority, an independent authority, which was created by the Middle Class Tax Relief and Job Creation Act of 2012 to provide emergency responders with the first high-speed, nationwide network dedicated to public safety.

- <https://www.ntia.doc.gov/>

- <https://firstnet.gov>

- **Departmental Management's (DM) FY 2020 Net Cost of Operations** was \$139.9 million (Gross Costs of \$484.3 million less Earned Revenue of \$344.4 million), which includes Gifts and Bequests, Herbert C. Hoover Building Renovation Project, Nonrecurring Expenses Fund, Office of Inspector General, Salaries and Expenses, and Working Capital Fund. DM's objective is to develop and provide policies and procedures for administrative planning, oversight, coordination, direction, and guidance to ensure implementation of the Department's mission.

- <http://www.osec.doc.gov/bmi/budget/FY19BIB/FinalBiBFY2019.pdf>

- **Other Departmental Bureaus' FY 2020 Net Cost of Operations** was \$170.6 million (Gross Costs of \$172.0 million less Earned Revenue of \$1.4 million), which is comprised of the Bureau of Industry and Security (BIS) and the Minority Business Development Agency (MBDA). **BIS** advances the Nation's national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued strategic technology leadership by the United States. **MBDA** helps to create and sustain American jobs by promoting the growth and global competitiveness of businesses owned and operated by minority entrepreneurs.

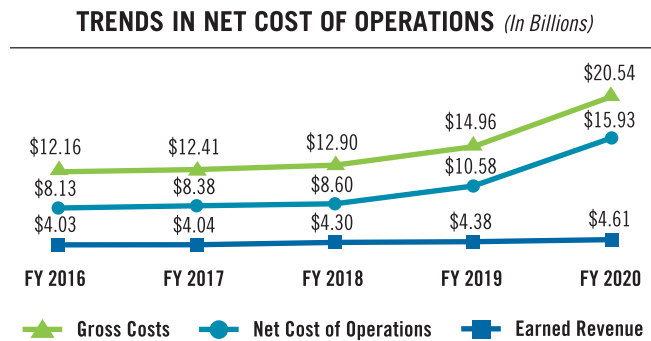
- <https://www.bis.doc.gov/index.php/about-bis>

- <https://www.mbda.gov/about/whatwedo>

TRENDS IN NET COST OF OPERATIONS

The Department's Net Cost of Operations significantly increased \$5.35 billion, or 51 percent, from \$10.58 billion in FY 2019 to \$15.93 billion in FY 2020. Gross Costs increased \$5.59 billion, or 37 percent, from \$14.96 billion to \$20.54 billion. Earned Revenue increased \$231.4 million, or 5 percent, from \$4.38 billion to \$4.61 billion. The increase in Gross Costs is primarily due to:

- Gross Costs for the Census Bureau's Periodic Census and Programs fund group increased \$4.56 billion, or 180 percent, from \$2.53 billion in FY 2019 to \$7.09 billion in FY 2020, primarily due to increased expenses incurred for the 2020 Decennial Census. The FY 2020 increased expenses for the 2020 Decennial Census include contract services as well as increased staffing.
- Gross Costs for NOAA increased \$311.6 million, or 5 percent, from \$5.90 billion in FY 2019 to \$6.21 billion in FY 2020, primarily due to an increase in expenses associated with various satellite programs.

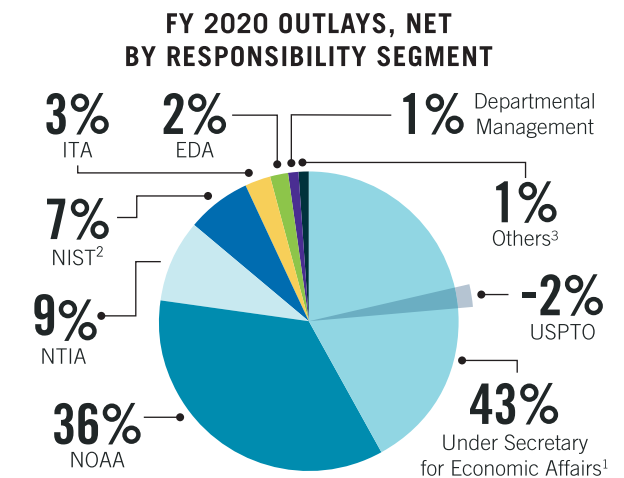
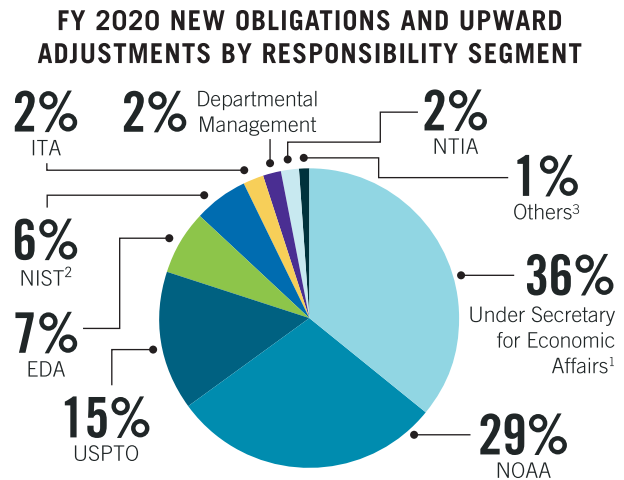
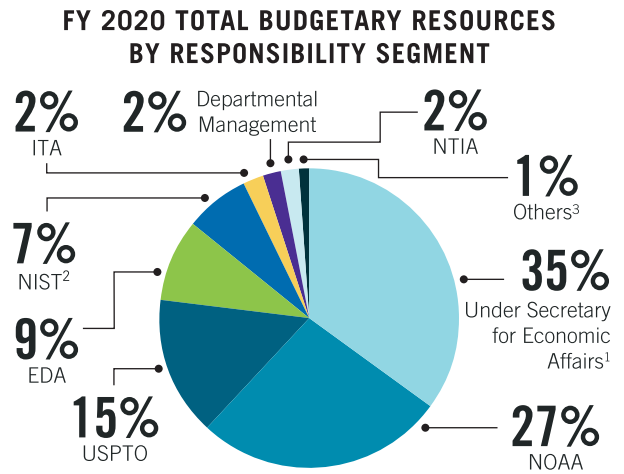


SELECTED BUDGETARY INFORMATION BY RESPONSIBILITY SEGMENT

The distribution by responsibility segment (by percentage) of the Department's Total Budgetary Resources changed somewhat from FY 2019 to FY 2020. Primarily due to a significant increase in Appropriations from FY 2019 to FY 2020 for the Census Bureau's Periodic Censuses and Programs fund group of \$3.73 billion, discussed in the following *Trends in Selected Budgetary Information* section, the Under Secretary for Economic Affairs portion of the Departmental total increased from 27 percent in FY 2019 to 35 percent in FY 2020. Mainly as a result of the above noted increase for the Under Secretary for Economic Affairs, and also as a result of a significant increase in Appropriations from FY 2019 to FY 2020 for EDA's Economic Development Assistance Programs fund group of \$910.0 million, discussed in the *Trends in Selected Budgetary Information* section, NOAA's portion of the Departmental total decreased from 33 percent in FY 2019 to 27 percent in FY 2020.

The distribution by responsibility segment (by percentage) of the Department's New Obligations and Upward Adjustments changed somewhat from FY 2019 to FY 2020. Primarily due to a significant increase in New Obligations and Upward Adjustments from FY 2019 to FY 2020 for the Census Bureau's Periodic Censuses and Programs fund group of \$3.15 billion, discussed in the following *Trends in Selected Budgetary Information* section, the Under Secretary for Economic Affairs portion of the Departmental total increased from 26 percent in FY 2019 to 36 percent in FY 2020. Mainly as a result of the above noted increase for the Under Secretary for Economic Affairs, and also as a result of a significant increase in New Obligations and Upward Adjustments from FY 2019 to FY 2020 for EDA's Economic Development Assistance Programs fund group of \$831.8 million, discussed in the *Trends in Selected Budgetary Information* section, NOAA's portion of the Departmental total decreased from 36 percent in FY 2019 to 29 percent in FY 2020.

The distribution by responsibility segment (by percentage) of the Department's Outlays, Net (which is comprised of Outlays, Gross less Actual Offsetting Collections) changed significantly from FY 2019 to FY 2020. Due to a significant increase in Outlays, Net from FY 2019 to FY 2020 for Census Bureau's Periodic Censuses and Programs fund group of \$4.18 billion, discussed in the following *Trends in Selected Budgetary Information* section, the Under Secretary for Economic Affairs



¹ The bureaus that fall under the Under Secretary for Economic Affairs are BEA and the Census Bureau.
² NIST includes NIST and NTIS.
³ Others includes BIS and MBDA.

portion of the Departmental total increased from 23 percent in FY 2019 to 43 percent in FY 2020. Mainly as a result of the above noted increase for the Under Secretary for Economic Affairs, NOAA's portion of the Departmental total decreased from 47 percent in FY 2019 to 36 percent in FY 2020.

TRENDS IN SELECTED BUDGETARY INFORMATION

The Department's Total Budgetary Resources increased significantly by \$5.58 billion, or 24 percent, from \$23.34 billion in FY 2019 to \$28.93 billion in FY 2020, primarily due to a large increase in Appropriations of \$4.84 billion, or 39 percent, from \$12.56 billion in FY 2019 to \$17.40 billion in FY 2020, primarily due to:

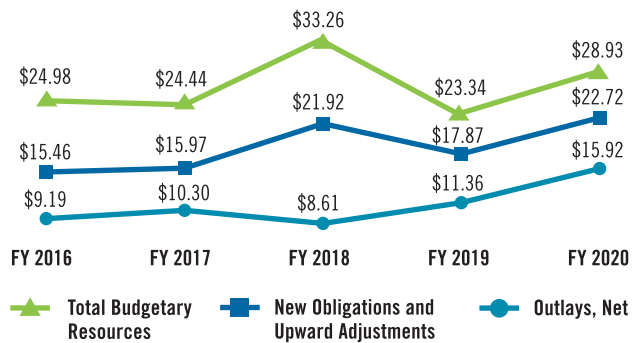
- Appropriations for the Census Bureau's Periodic Censuses and Programs fund group increased \$3.73 billion, or 105 percent, from \$3.55 billion to \$7.28 billion, largely resulting from increased funding for the 2020 Decennial Census;
- Appropriations for EDA's Economic Development Assistance Programs fund group increased \$910.0 million, or 107 percent, from \$852.5 million to \$1.76 billion, largely resulting from \$1.50 billion of supplemental funds received in FY 2020 under the CARES Act, offset by a \$600.0 million decrease in supplemental funds received for disaster relief activities, from \$600.0 million in FY 2019 (Public Law 116-20, *Additional Supplemental Appropriations for Disaster Relief Act, 2019*) to zero in FY 2020.

The Department's New Obligations and Upward Adjustments increased significantly \$4.85 billion, or 27 percent, from \$17.87 billion in FY 2019 to \$22.72 billion in FY 2020, primarily due to:

- New Obligations and Upward Adjustments for the Census Bureau's Periodic Censuses and Programs fund group increased \$3.15 billion, or 92 percent, from \$3.44 billion to \$6.58 billion, largely resulting from increased funding for the 2020 Decennial Census.
- New Obligations and Upward Adjustments for EDA's Economic Development Assistance Programs fund group increased \$831.8 million, or 128 percent, from \$651.7 million to \$1.48 billion, largely resulting from \$1.50 billion of supplemental funds received in FY 2020 under the CARES Act.

The Department's Outlays, Net increased \$4.56 billion, or 40 percent, from \$11.36 billion in FY 2019 to \$15.92 billion in FY 2020, largely resulting from a significant increase in Outlays, Net for the Census Bureau's Periodic Censuses and Programs fund group of \$4.18 billion, or 183 percent, from \$2.29 billion to \$6.47 billion, primarily due to increased funding for the 2020 Decennial Census.

TRENDS IN SELECTED BUDGETARY INFORMATION (In Billions)



CORONAVIRUS DISEASE 2019 (COVID-19)

As a result of the COVID-19 pandemic of 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136) (CARES Act). The Department received \$1.90 billion under the CARES Act. The funds were split up amongst the two divisions of the Act. Division A is comprised of six titles, each separately named, that authorize various programs and provide budget authority aimed at keeping American workers paid and employed; providing assistance to American workers, families, and businesses; supporting the health care system; providing economic stabilization; providing economic relief funding to state, local, tribal, and territorial governments; and providing borrowing authority for the U.S. Postal Service. Division B is comprised of an additional 13 titles that provide supplemental appropriations for various agencies, including the Department.

Under Division A, Title I, *Keeping American Workers Paid and Employed Act*, the Department received the following funds:

- \$10.0 million for MBDA to provide technical assistance via its minority business centers to small business concerns, remaining available for obligation until September 30, 2021.

Under Division B, *Emergency Appropriations for Coronavirus Health Response and Agency Operations*, the Department received the following funds:

- \$1.50 billion for EDA's Economic Development Assistance Programs to prevent, prepare for, and respond to COVID-19, domestically or internationally through economic adjustment assistance, remaining available for obligation until September 30, 2022.
 - Up to two percent of this amount may be transferred to EDA's Salary and Expenses account for administration and oversight activities.
 - \$3.0 million of the amount is directed to be transferred to the Department's OIG for investigations and audits related to the funding provided.
- NIST received a total of \$66.0 million in supplemental appropriations to be used to prevent, prepare for, and respond to coronavirus, domestically or internationally, by supporting continuity of operations, remaining available until September 30, 2021.
 - \$50.0 million for the Hollings Manufacturing Extension Partnership program to assist manufacturers to prevent, prepare for, and respond to coronavirus.
 - \$10.0 million for the Manufacturing USA program, including to support development and manufacturing of medical countermeasures and biomedical equipment and supplies.
 - \$6.0 million for supporting continuity of operations, including measurement science to support viral testing and biomanufacturing.
- NOAA received \$20.0 million in supplemental appropriations to be used to prevent, prepare for, and respond to coronavirus, domestically or internationally, by supporting continuity of operations. Additionally, \$300.0 million was appropriated for NOAA to carry out an assistance program, including direct relief payments, for tribal, subsistence, commercial, and charter fishery participants affected by COVID-19. All the funds related to the two above items are available for obligation until September 30, 2021.
 - Up to two percent of the \$300.0 million may be used for administration and oversight activities.

The additional appropriations received by the Department under the CARES Act has resulted in an increase in volume and value of grants and financial assistance by the Departmental bureaus detailed above. In order to support this increased volume, there is also an increase in staffing costs by EDA as additional employees are hired to oversee the COVID-19 grant funding. There is also a temporary increase in assets, budgetary resources, and expenses as the funds are received, obligated, and disbursed by the Department. Of the funds received by the Department, approximately \$1.20 billion has been obligated in FY 2020 with an additional \$698.3 million in unobligated funds remaining available for obligation. Additional details regarding the COVID-19 funds received under the CARES Act are provided in Note 27, *COVID-19 Reporting*, of the notes to the financial statements.

SUMMARY OF STEWARDSHIP INFORMATION

STEWARDSHIP ASSETS

The Department has certain resources entrusted to it and certain stewardship responsibilities it assumes. The physical properties of Stewardship Assets resemble those of the General Property, Plant, and Equipment that is capitalized traditionally in the financial statements of federal entities. Given the nature of these assets, federal standard-setting bodies have determined that valuation is unduly burdensome and matching costs with specific periods is not meaningful. Therefore, federal accounting standards require the disclosure of the nature and quantity of these assets. The National Oceanic and Atmospheric Administration (NOAA) is the primary bureau within the Department that maintains Stewardship Assets, while the National Institute of Standards and Technology (NIST) and the Census Bureau also maintain Stewardship Assets.

NOAA maintains the following Stewardship Assets: 14 National Marine Sanctuaries; five Marine National Monuments (Marianas Trench, the Northeast Canyons and Seamounts, Pacific Remote Islands, Papahānaumokuākea, and Rose Atoll); Aleutian Islands Habitat Conservation Area; NOAA Habitat Blueprint (10 Habitat Focus Areas); and Land in St. George, AK and St. Paul, AK. In addition to the Stewardship Assets, NOAA also maintains the following Heritage Non-collection Type and Collection-type Heritage Assets: National Marine Fisheries Service (NMFS) Galveston Laboratory Buildings (5) in Galveston, TX; NMFS St. George Seal Skin Processing Plant (building) in St. George, AK; NMFS St. George Cottage (building) in St. George, AK; Office of Oceanic and Atmospheric Research (OAR) Great Lakes Environmental Research Laboratory/Lake Michigan Field Station (building) in Muskegon, MI; OAR Air Resources Lab (building) in Oak Ridge, TN; eight National Environmental Satellite, Data, and Information Service buildings in Gilmore Creek, Fairbanks, AK; one Northwest Fisheries Science Center building in Seattle, WA; two Western Regional Center hangars (buildings) in Seattle, WA; NOAA Central Library (photographs and motion pictures); National Ocean Service Thunder Bay Sanctuary Research Collection (data cards, photograph negatives, document copies, photographs, books, and other items); Florida Keys National Marine Sanctuary Collection (artifacts from shipwrecks and wrecking events occurring in the Florida Keys); and other artifacts, documents, artwork, books, films, instruments, maps, and records.

NIST maintains Collection-type Heritage Assets under its Museum and History Program, which collects, preserves, and exhibits artifacts, such as scientific instruments, equipment, and objects of significance to NIST and predecessor agencies. The Census Bureau maintains Collection-type Heritage Assets that help illustrate the social, educational, and cultural heritage of the Census Bureau, including artifacts, artwork, books, films, instruments, records, publications, books, manuscripts, photographs, and maps.

STEWARDSHIP INVESTMENTS

Stewardship investments are substantial investments made by the federal government for the benefit of the Nation, but are not physical assets owned by the federal government. Though treated as expenses when incurred to determine the Department's Net Cost of Operations, these items merit special treatment, so that users of federal financial reports know the extent of investments that are made for the long-term benefit of the Nation.

Investments in Non-federal Physical Property:

Non-federal physical property investments are expenses included in the Department's Net Cost of Operations for the purchase, construction, or major renovation of physical property owned by state and local governments. Based on a review of the Department's programs, the Economic Development Administration (EDA) and NOAA have significant investments in non-federal physical property.

The following table summarizes EDA's and NOAA's investments in non-federal physical property for FY 2020 and FY 2019:

(In Millions)

Program	FY 2020	FY 2019
EDA:		
Public Works	\$ 122.8	\$ 123.4
Economic Adjustment Assistance	10.7	14.4
Assistance to Coal Communities	25.5	25.6
Assistance to Nuclear Closure Communities	3.2	–
Disaster Recovery	353.4	318.2
CARES Act (Coronavirus Aid, Relief, and Economic Security Act)	4.4	–
EDA Subtotal	520.0	481.6
NOAA:		
National Estuarine Research Reserves	4.5	1.6
Coastal and Estuarine Land Conservation Program	–	0.1
NOAA Subtotal	4.5	1.7
Total	\$ 524.5	\$ 483.3

EDA's investments in non-federal physical property, other than Disaster Recovery, require matching funds by state and local governments of 20 to 50 percent. Disaster Recovery grants do not require matching funds and can be up to 100 percent of the investment costs.

Most of the Department's increase in stewardship investments during FY 2020 is attributed to investments made related to natural disasters including wildfires, hurricanes, and floods occurring between 2017 and 2019.

EDA:

Public Works: The Public Works program promotes long-term economic development in distressed areas by providing investments for vital public infrastructure and development facilities. These critical investments enable communities to attract new, or support existing, businesses that will generate new jobs and income for unemployed and underemployed residents.

Economic Adjustment Assistance: The Economic Adjustment Assistance program provides flexible investments for communities facing sudden or severe economic distress to diversify and stabilize their economies.

Assistance to Coal Communities: This program competitively awards grants to coalitions of regionally driven economic development and workforce development organizations anchored in impacted coal communities. These grants enable grantees to take deliberate and measured steps to build economic resilience, industry diversification, and promote new job creation opportunities.

Disaster Recovery: EDA supports the repair of infrastructure and economic development-related facilities damaged by floods and other natural disasters. Funding for Disaster Recovery is generally through supplemental appropriations from Congress for recovery efforts to save, sustain, and preserve private enterprise and job creation in economically distressed communities.

CARES Act: EDA received \$1.50 billion of supplemental appropriations in FY 2020 to prevent, prepare for, and respond to COVID-19, domestically or internationally through economic adjustment assistance.

NOAA:

National Estuarine Research Reserves (NERR): NERR system consists of 29 estuarine reserves protected by federal, state, and local partnerships that work to preserve and protect the Nation's estuaries. The reserves were created with the passage of the Coastal Zone Management Act of 1972. NERRs are state-operated and managed in cooperation with NOAA. NOAA's investments in non-federal physical property are for the acquisition of lands and development or construction of facilities, auxiliary structures, and public access routes for any NERR site.

Coastal and Estuarine Land Conservation Program: This program was established under the Commerce, Justice, and State Appropriations Act of 2002, for the purpose of protecting important coastal and estuarine areas that have significant conservation, recreation, ecological, historical, or aesthetic values, or that are threatened by conversion from their natural or recreational state to other uses.

Investments in Human Capital:

These investments are for education and training programs that are intended to increase or maintain national economic productive capacity and produce outputs and outcomes that provide evidence of the constant or increasing national productive capacity. These investments exclude education and training expenses for federal civilian and military personnel. The most significant investments in human capital are by NOAA.

The following table summarizes NOAA's investments in human capital for FY 2020 and FY 2019:

(In Millions)

Program	FY 2020	FY 2019
Educational Partnership Program	\$ 16.0	\$ 16.0
Ernest F. Hollings Undergraduate Scholarship Program	5.4	5.4
National Estuarine Research Reserve Program	1.8	1.8
National Sea Grant College Program	1.2	1.2
Total	\$ 24.4	\$ 24.4

Educational Partnership Program: The NOAA Educational Partnership Program with Minority Serving Institutions provides financial assistance through competitive processes to minority serving institutions that support research and training of students in NOAA-related sciences, through Cooperative Science Centers. The program's goals include (1) increase the number of trained and graduated students, from underrepresented communities in science and technology, directly related to NOAA's mission; and (2) increase collaborative research efforts between NOAA scientists and researchers at minority serving academic institutions.

Ernest F. Hollings Undergraduate Scholarship Program: This program was established in 2005 to (1) increase undergraduate training in oceanic and atmospheric science, research, technology, and education, and foster multidisciplinary training opportunities; (2) increase public understanding and support for stewardship of the ocean and atmosphere and improve environmental literacy; (3) recruit and prepare students for public service careers with NOAA and other agencies at the federal, state, and local levels of government; and (4) recruit and prepare students for careers as teachers and educators in oceanic and atmospheric science and to improve scientific and environmental education in the United States.

National Estuarine Research Reserve Program: This program supports activities designed to increase public awareness of estuary issues, provide information to improve management decisions in estuarine areas, and train graduate students in estuarine science.

National Sea Grant College Program: This program works to create and maintain a healthy coastal environment and economy. The Sea Grant network consists of a federal/university partnership between NOAA and 34 university-based programs in every coastal and Great Lakes state, Puerto Rico, and Guam. The Knauss Fellowship Program offers qualified masters and doctoral students the opportunity to spend a year working on marine and Great Lakes policy issues with the Executive and Legislative branches of the federal government. There is also a Graduate Fellowship Program for Ph.D. candidates in the specialized areas of population dynamics and marine resource economics.

Investments in Research and Development (R&D):

Investments in R&D are expenses that are included in the Department's Net Cost of Operations. The investments are divided into three categories: (1) basic research, the systematic study to gain knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications toward processes or products in mind; (2) applied research, the systematic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met; and (3) development, the systematic use of the knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes. The investments are made with the expectation of maintaining or increasing national economic productive capacity, or yielding other future economic or societal benefits. Based on a review of the Department's programs, the significant investments in R&D are by the NIST and NOAA.

The following table summarizes NIST's R&D investments for FY 2016 through FY 2020:

(In Millions)

Program	FY 2020				FY 2019	FY 2018	FY 2017	FY 2016	Total
	Basic	Applied	Development	Total					
NIST Laboratories Program	\$ 285.7	\$ 465.2	\$ 13.2	\$ 764.1	\$ 759.2	\$ 733.2	\$ 734.2	\$ 756.0	\$ 3,746.7
Manufacturing USA	–	8.1	8.1	16.2	12.8	7.6	8.6	14.4	59.6
Public Safety Communications Research Program	–	44.2	0	44.2	41.4	36.2	21.7	–	143.5
Total	\$ 285.7	\$ 517.5	\$ 21.3	\$ 824.5	\$ 813.4	\$ 777.0	\$ 764.5	\$ 770.4	\$ 3,949.8

NIST Laboratory Program: The NIST Laboratory Program works at the frontiers of measurement science, ensuring that the U.S. system of measurements is firmly grounded on sound scientific and technical principles. NIST laboratories address increasingly complex measurement challenges, ranging from the very small (quantum devices) to the very large (vehicles and buildings), and from the physical (resilient infrastructure) to the virtual (cybersecurity). As new technologies develop and evolve, NIST's measurement research and services remain central to innovation, productivity, trade, national security, and public safety. NIST's mission is essential for U.S. commerce and global competitiveness.

Manufacturing USA: The Manufacturing USA program serves to increase U.S. global competitiveness by creation of an effective public-private manufacturing research infrastructure for U.S. industry and academia to solve industry-relevant problems. Manufacturing USA consists of industry-led institutes with initial federal start-up funding plus matching non-federal funds over a five to seven-year period, after which institutes are intended to be self-sustaining. The institutes form a network for manufacturing innovation which have common goals, but unique technical concentrations, that can benefit an entire industry sector.

NIST Public Safety Communications Research Program: As part of the Middle-Class Tax Relief and Job Creation Act of 2012, NIST received in FY 2017 one-time (non-recurring) budgetary resources of \$300.0 million from the National Telecommunications and Information Administration (NTIA) to help develop cutting-edge wireless technologies for public safety users. In partnership with industry and public safety organizations, NIST will continue to conduct research and develop new standards, technologies, and applications to advance public safety communications in support of NTIA's First Responder Network Authority's efforts to buildout, deploy, operate, and maintain an interoperable nationwide broadband network for first responders.

The following table summarizes NOAA's R&D investments by program for FY 2016 through FY 2020:

(In Millions)

Program	FY 2020				FY 2019	FY 2018	FY 2017	FY 2016	Total
	Basic	Applied	Development	Total					
Environmental and Climate	\$ -	\$ 431.2	\$ 100.0	\$ 531.2	\$ 536.5	\$ 488.6	\$ 452.5	\$ 405.5	\$ 2,414.3
Fisheries	-	49.6	19.1	68.7	58.8	60.1	57.7	53.4	298.7
Weather Service	-	0.7	17.6	18.3	22.1	19.5	20.7	18.7	99.3
Other	-	113.6	17.7	131.3	131.9	144.5	68.1	70.4	546.2
Total	\$ -	\$ 595.1	\$ 154.4	\$ 749.5	\$ 749.3	\$ 712.7	\$ 599.0	\$ 548.0	\$ 3,358.5

Environmental and Climate: The Office of Oceanic and Atmospheric Research is NOAA's primary R&D office. This office conducts research in three major areas: climate research; weather and air quality research; and ocean, coastal, and Great Lakes research. NOAA's research laboratories, Climate Program Office, and research partners conduct wide-ranging research into complex climate systems, including the exploration and investigation of ocean habitats and resources. NOAA's research organizations conduct applied research to predict severe weather events and hazardous conditions that threaten life, property, and economic well being.

Fisheries: NOAA's National Marine Fisheries Service supports sustainable fisheries and protected resources management including in the areas of improving aquaculture; improving fishery data collection and assessment, protected species science, techniques for reducing bycatch and other adverse impacts, adapting to climate change and other long-term ecosystem change, and socioeconomic research. Other examples of R&D are process-oriented studies to understand mechanisms that control reproductive success, population genetics and stock structure, animal behavior, biophysical modeling, and the functional value of habitat.

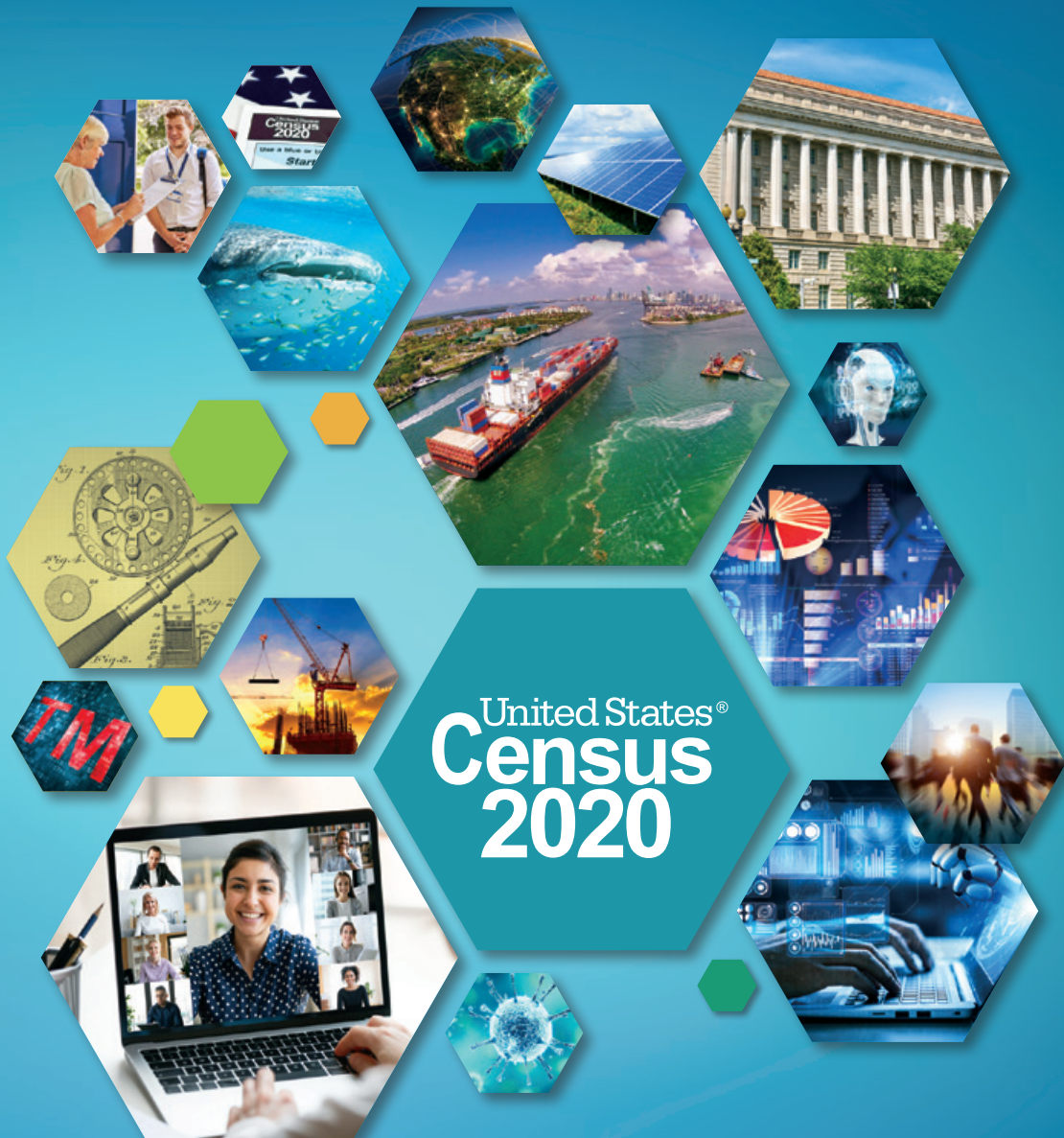
Weather Service: The National Weather Service conducts applied research and development to support integrated water prediction. A primary goal is to expand and accelerate critical weather forecasting research to operation through accelerated development and implementation of current global weather prediction models, improved data assimilation techniques, and improved software architecture and system engineering.

Other Programs: As a national lead for coastal stewardship, NOAA's National Ocean Service supports research and development on the cartographic, hydrographic, and oceanographic sciences that underpin mapping, observing, and modeling efforts. This R&D leads to new technologies, models, and products and tools. NOAA's National Environmental Satellite Data and Information Service, Center for Satellite Applications and Research accelerates the transfer of satellite observations of land, atmosphere, ocean, and climate from scientific R&D into routine operations, enabling NOAA to offer state-of-the-art data, products, and services to decisionmakers. NOAA's Spectrum Efficient National Surveillance Radar Program includes R&D activities to determine the feasibility of improving the efficiency and effectiveness of the spectrum use by federal radar operations.

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FINANCIAL SECTION



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2020

MESSAGE FROM THE CHIEF FINANCIAL OFFICER (Unaudited)

This FY 2020 Agency Financial Report provides financial and high-level program performance information to enable the Department's stakeholders to understand and evaluate our achievements relative to our mission and resources. The Department is committed to operational excellence, with a focus on providing outstanding service to our customers. This includes providing the public with highlights of our performance, and detailed financial information. This report also fulfills several statutory requirements, including the Reports Consolidation Act of 2000, the Chief Financial Officers Act, the Federal Managers' Financial Integrity Act (FMFIA), and the Government Management Reform Act.

In FY 2020, the Department achieved an unmodified audit opinion for the twenty-second consecutive year from the independent auditors tasked with auditing the financial statements. However, one significant deficiency was identified involving additional improvement needed in information technology (IT) general controls. We will continue to take corrective actions to strengthen controls in this area in FY 2021.

The Department will continue enhancing financial and non-financial controls under FMFIA and Office of Management and Budget (OMB) Circular A-123. The Department has provided an unmodified statement of assurance that its internal controls and financial management systems meet the objectives of FMFIA and that internal controls operated effectively with no identified material weaknesses.

The commitment to improving the Department's capacity to deliver our mission with customer-focused outcomes is an important focus of the Department's Leadership Team. As with most organizations, our most important resource is our people. The mission of the Department of Commerce would not be possible without our employees' continued commitment to the Commerce mission and public service. When the COVID-19 pandemic began in 2020, the Department was able to quickly pivot to a largely remote work environment, demonstrating the dedication and resiliency of Commerce's employees. Leadership provided the staff with the technological resources necessary to continue to complete mission requirements seamlessly. It goes without saying that the Department's Leadership Team recognizes the dedication of our workforce and remains committed to continuous improvement of our employees. By leveraging training and emphasizing the need for innovation and partnering across the Department our workforce will have the tools they need to accomplish Commerce's goals. This will be done by ensuring that employees have access to secure, modern IT which provides the best avenues for collaboration, creativity, and innovation for addressing the challenges ahead.

One of the technological innovations being implemented at the Department is through the Business Application Solutions (BAS) solution, which will replace outdated financial, acquisitions, and property systems across the Department. These systems will allow for increased reporting functionality for internal and external stakeholders, resulting in the ability for Departmental Leadership to make timely and informed business decisions. In FY 2020, the Department awarded the BAS contract with full implementation of BAS anticipated by the end of FY 2024. The work completed to date along with the coordination with the Department of Treasury and OMB is already being viewed as a model for a government-wide approach to financial management within the federal financial management community.

The Department will work to implement BAS over the coming fiscal years and continue its focus on providing the ability to make data driven business decisions and effectively utilizing taxpayer resources.



Thomas F. Gilman
Chief Financial Officer
and Assistant Secretary for Administration
November 10, 2020



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

A collage of various images in hexagonal frames, centered around a large teal hexagon. The central hexagon contains the text "United States® Census 2020". Other images include: a globe, solar panels, a classical building, a person talking to a child, a large cargo ship, a person's face in a digital interface, a hand holding a pen over technical drawings, a construction crane, a hand typing on a laptop, a person in a video conference, a globe with data points, a person's face in a digital interface, and a person's face in a digital interface.

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**Census
2020**



UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

November 13, 2020

INFORMATION MEMORANDUM FOR SECRETARY ROSS

FROM: Richard Bachman
Assistant Inspector General for Audit and Evaluation

SUBJECT: *Department of Commerce FY 2020 Financial Statements*
Final Report No. OIG-21-009-A

I am pleased to provide you with the attached audit report, which presents an unmodified opinion on the Department of Commerce's (the Department's) fiscal year 2020 consolidated financial statements. KPMG LLP, an independent public accounting firm, performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and Office of Management and Budget Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*.

In its audit of the Department, KPMG

- determined that the financial statements were fairly presented, in all material respects, and in accordance with U.S. generally accepted accounting principles;
- identified a significant deficiency in internal control over financial reporting related to information technology general controls in the areas of access controls, configuration management, and security management; and
- identified no instances of reportable noncompliance with applicable laws, regulations, contracts, and grant agreements, as well as no instances in which the Department's financial management systems did not substantially comply with relevant requirements of the Federal Financial Management Improvement Act of 1996.

KPMG is solely responsible for the attached audit report and the conclusions expressed in it. We do not express any opinion on the Department's financial statements, any conclusions about the effectiveness of internal control over financial reporting, or any conclusions on compliance with applicable laws, regulations, contracts, and grant agreements.

This report will appear on our website pursuant to sections 4 and 8M of the Inspector General Act of 1978, as amended (5 U.S.C. App., §§ 4 & 8M).

We would like to thank the Department's staff and management for its cooperation and courtesies extended to KPMG and my office during this audit.

Attachment





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

Independent Auditors' Report

Inspector General, U.S. Department of Commerce and
 Secretary, U.S. Department of Commerce:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the U.S. Department of Commerce (Department), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of net cost and changes in net position and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Commerce as of September 30, 2020 and 2019, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Other Matters

Interactive Data

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the FASAB 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 information in The Department at a Glance, Table of Contents, Message from Secretary Ross, How to Use this Report, Message from the Chief Financial Officer, and Other Information sections is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2020, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements as of and for the year ended September 30, 2020 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03.

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

Department's Response to Findings

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

Purpose of the Other Reporting Required by Government Auditing Standards

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

KPMG LLP

Washington, DC
November 10, 2020



Exhibit 1 – Significant Deficiency

A. Information Technology General Controls

During fiscal year (FY) 2020, certain deficiencies existed surrounding information technology (IT) general controls associated with the Department's financial management systems, supporting infrastructure, and supporting systems, that we considered collectively to be a significant deficiency under the standards issued by the American Institute of Certified Public Accountants. Specifically, we identified the following deficiencies:

- **Access controls:** The objectives of limiting access are to ensure that users have only the access needed to perform their duties, that access to sensitive resources is limited to few individuals, that access is appropriately reviewed and monitored, and that employees are restricted from performing incompatible functions or duties beyond their responsibility. In this area, we identified deficiencies in (1) financial system production database and operating system password controls, and (2) financial system application, database, and operating system access administration controls, including access authorization, access review and recertification, and timely removal of accounts.
- **Configuration management:** The objectives of configuration management are to ensure that hardware, software and firmware programs, and program modifications are properly authorized, tested, approved, and maintained; that access to and distribution of programs is carefully controlled; and that integrity of the application controls is maintained. In this area, we identified certain operating system software that was no longer supported by the vendor.
- **Security management:** The objective of security management is to support data reliability. In this area, we identified that the Department did not consistently monitor compliance with its internal information security policies for financial systems residing at the bureaus.

Collectively, the aforementioned IT control deficiencies pose a risk to the Department's financial data integrity, which affects the Department's primary financial management system, its supporting infrastructure, and supporting systems. These IT control deficiencies can ultimately impact the Department's ability to accurately and timely perform its financial reporting duties. Department-level oversight weaknesses have existed at the Department for several years, and the Department had initiated but not fully performed appropriate IT oversight of its bureaus during FY 2020 because of staff turnover. Some of these deficiencies resulted from issues in the design, implementation, or monitoring of the controls by Department bureaus.

The relevant criteria are Department-wide and bureau-level policies and various Federal standards and guidance, such as the Government Accountability Office's *Standards for Internal Control in the Federal Government*, dated September 2014, and National Institute of Standards and Technology Special Publication 800-53 Revision 4, *Security and Privacy Controls for Federal Information Systems and Organizations*.

Recommendations

Because of the sensitive nature of IT controls, certain information has been omitted from this report. We provided the Department's management with a separate limited use report that includes specific information about the control deficiencies, our understanding of the specific causes of the control deficiencies, and our recommendations.

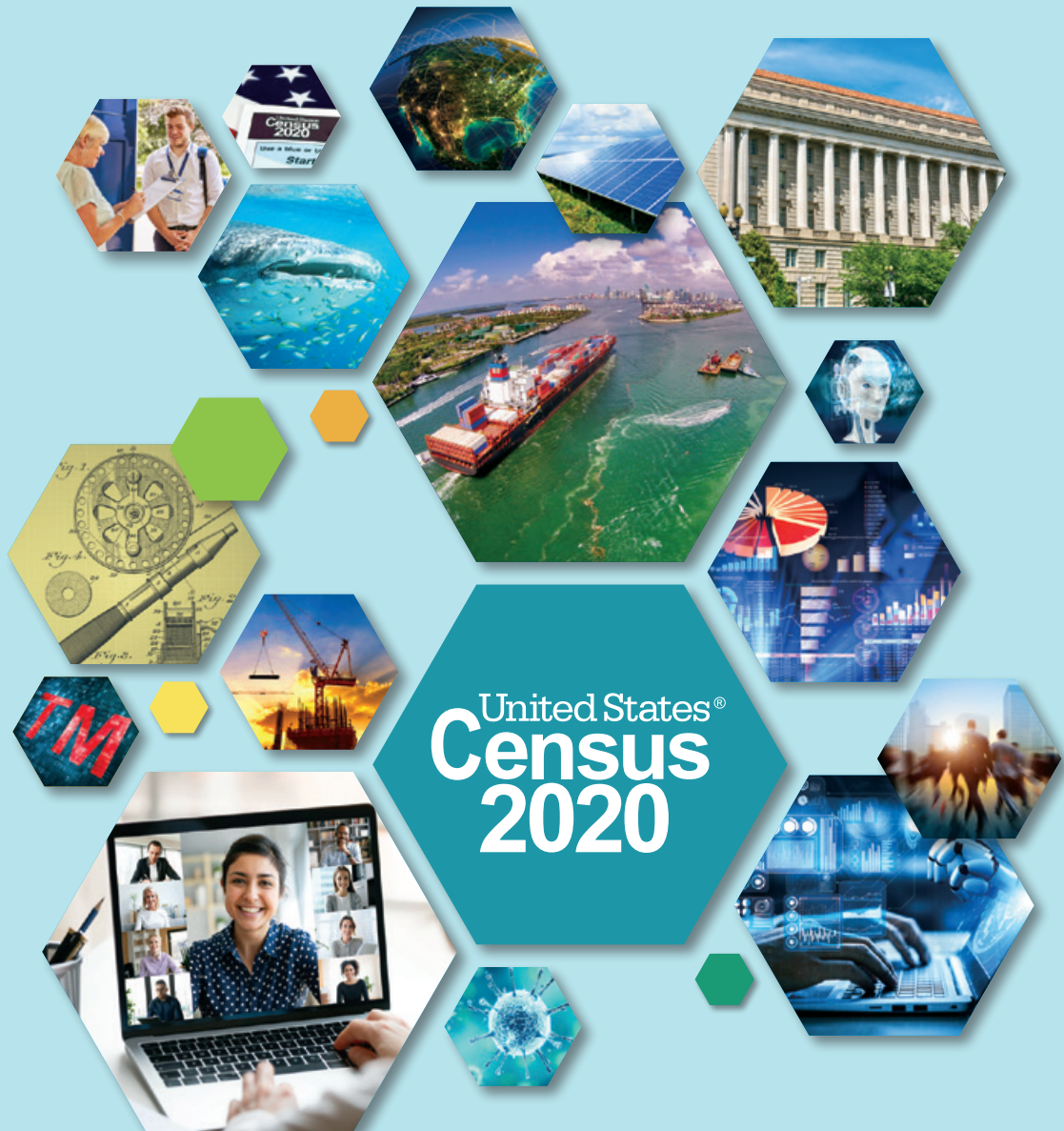
Management's Response

The Department concurs. We recognize that further improvements are necessary, and we will continue to strengthen our controls in FY 2021 through implementation of detailed corrective action plans.



FINANCIAL SECTION

PRINCIPAL FINANCIAL STATEMENTS



**United States Department of Commerce Consolidated Balance Sheets
As of September 30, 2020 and 2019 (In Thousands)**

	FY 2020	FY 2019
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Notes 2 and 19)	\$ 31,259,517	\$ 29,957,914
Investments, Net (Notes 3 and 22 – NTIA's Public Safety Trust Fund)	7,671,062	7,569,381
Accounts Receivable (Note 4)	98,980	99,372
Advances and Prepayments	33,215	21,846
Total Intragovernmental	39,062,774	37,648,513
Cash (Note 5)	32,853	11,208
Accounts Receivable, Net (Note 4)	94,969	45,031
Direct Loans and Loan Guarantees, Net (Note 6)	394,200	398,770
Inventory, Materials, and Supplies, Net (Note 7)	202,037	129,990
General Property, Plant, and Equipment, Net (Note 8)	16,292,468	16,481,013
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network, Net (Note 22 – NTIA's Network Construction Fund and First Responder Network Authority Fund)	4,774,779	3,408,729
Other (Note 9)	137,412	87,296
TOTAL ASSETS	\$ 60,991,492	\$ 58,210,550
Stewardship Property, Plant, and Equipment (Note 24)		
LIABILITIES		
Intragovernmental:		
Accounts Payable	\$ 102,279	\$ 141,357
Debt to Treasury (Note 11)	388,069	395,369
Other		
Unearned Revenue	406,553	343,124
Liability to General Fund of the U.S. Government for Deficit Reduction (Note 22 – NTIA's Public Safety Trust Fund)	7,671,062	7,569,382
Custodial Payable to Treasury (Note 20)	38,109	3,702
Other (Note 12)	125,448	114,631
Total Intragovernmental	8,731,520	8,567,565
Accounts Payable	2,396,756	2,179,776
Federal Employee Benefits Liabilities (Note 13)	943,625	927,714
Environmental and Disposal Liabilities (Note 14)	150,327	146,257
Other		
Accrued Payroll and Annual Leave	1,251,910	685,310
Accrued Grants	211,116	140,196
Unearned Revenue	1,415,135	1,336,127
Other (Note 12)	121,699	34,687
TOTAL LIABILITIES	\$ 15,222,088	\$ 14,017,632
Commitments and Contingencies (Note 17)		
NET POSITION		
Unexpended Appropriations		
Unexpended Appropriations – Funds from Dedicated Collections (Note 22)	\$ –	\$ –
Unexpended Appropriations – All Other Funds	13,040,173	11,314,698
Cumulative Results of Operations		
Cumulative Results of Operations – Funds from Dedicated Collections (Note 22)	17,295,431	17,361,051
Cumulative Results of Operations – All Other Funds	15,433,800	15,517,169
Total Net Position – Funds from Dedicated Collections	17,295,431	17,361,051
Total Net Position – All Other Funds	28,473,973	26,831,867
TOTAL NET POSITION	\$ 45,769,404	\$ 44,192,918
TOTAL LIABILITIES AND NET POSITION	\$ 60,991,492	\$ 58,210,550

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

**United States Department of Commerce Consolidated Statements of Net Cost
For the Years Ended September 30, 2020 and 2019 (Note 18) (In Thousands)**

	FY 2020	FY 2019
Under Secretary for Economic Affairs		
Gross Costs	\$ 7,849,120	\$ 3,026,996
Less: Earned Revenue	(285,141)	(320,642)
Net Cost of Operations	7,563,979	2,706,354
National Oceanic and Atmospheric Administration		
Gross Costs	\$6,195,754	5,885,496
Less: Earned Revenue	(259,786)	(261,992)
Net Cost of Operations	5,935,968	5,623,504
National Institute of Standards and Technology		
Gross Costs	1,275,146	1,226,188
Less: Earned Revenue	(215,707)	(207,519)
Net Cost of Operations	1,059,439	1,018,669
International Trade Administration		
Gross Costs	526,342	520,015
Less: Earned Revenue	(13,345)	(9,542)
Net Cost of Operations	512,997	510,473
Economic Development Administration		
Gross Costs	402,518	265,579
Less: Earned Revenue	(4,700)	(5,352)
Net Cost of Operations	397,818	260,227
National Telecommunications and Information Administration		
Gross Costs	342,163	256,362
Less: Earned Revenue	(157,798)	(161,541)
Net Cost of Operations	184,365	94,821
Departmental Management		
Gross Costs	158,129	142,634
Less: Earned Revenue	(18,276)	(24,517)
Net Cost of Operations	139,853	118,117
U.S. Patent and Trademark Office		
Gross Costs	3,622,439	3,477,623
Less: Earned Revenue	(3,656,521)	(3,388,126)
Net Cost of Operations	(34,082)	89,497
Others		
Gross Costs	171,915	156,546
Less: Earned Revenue	(1,346)	(2,014)
Net Cost of Operations	170,569	154,532
Total Gross Departmental Costs	20,543,526	14,957,439
Less: Total Earned Revenue	(4,612,620)	(4,381,245)
NET COST OF OPERATIONS	\$ 15,930,906	\$ 10,576,194

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

**United States Department of Commerce Consolidated Statements of Changes in Net Position
For the Years Ended September 30, 2020 and 2019 (In Thousands)**

	FY 2020			FY 2019		
	Funds from Dedicated Collections (Note 22)	All Other Funds	Consolidated Total	Funds from Dedicated Collections (Note 22)	All Other Funds	Consolidated Total
Unexpended Appropriations:						
Beginning Balance	\$ -	\$ 11,314,698	\$ 11,314,698	\$ -	\$ 9,091,775	\$ 9,091,775
Budgetary Financing Sources:						
Appropriations Received (Note 19)	-	17,204,870	17,204,870	-	12,376,732	12,376,732
Appropriations Transferred In/(Out), Net	-	3,000	3,000	-	3,507	3,507
Rescissions/Sequestrations of Appropriations (Note 19)	-	(18,180)	(18,180)	-	(13,240)	(13,240)
Cancellations and Other Adjustments	-	(245,294)	(245,294)	-	(60,973)	(60,973)
Appropriations Used	-	(15,218,921)	(15,218,921)	-	(10,083,103)	(10,083,103)
Total Budgetary Financing Sources	-	1,725,475	1,725,475	-	2,222,923	2,222,923
Unexpended Appropriations – Ending Balance	-	13,040,173	13,040,173	-	11,314,698	11,314,698
Cumulative Results of Operations:						
Beginning Balance	17,361,051	15,517,169	32,878,220	17,459,157	15,342,603	32,801,760
Budgetary Financing Sources:						
Appropriations Used	-	15,218,921	15,218,921	-	10,083,103	10,083,103
Non-exchange Revenue	121,881	6,317	128,198	185,209	9,212	194,421
Donations and Forfeitures of Cash and Cash Equivalents	-	344	344	-	411	411
Transfer In of Auction Proceeds from Federal Communications Commission (Note 22 – NTIA's Public Safety Trust Fund)	-	-	-	1,155,251	-	1,155,251
Transfers In/(Out) Without Reimbursement, Net	65,041	186,933	251,974	36,279	162,416	198,695
Other Budgetary Financing Sources/(Uses), Net	-	(2)	(2)	-	-	-
Other Financing Sources (Non-exchange):						
Donations and Forfeitures of Property	-	2,486	2,486	-	217	217
Transfers In/(Out) Without Reimbursement, Net	(25)	963	938	(2,044)	2,044	-
Imputed Financing Sources from Cost Absorbed by Others	29,686	257,031	286,717	83,443	262,735	346,178
Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction (Note 22 – NTIA's Public Safety Trust Fund)	(101,680)	-	(101,680)	(1,324,946)	-	(1,324,946)
Other Financing Sources/(Uses), Net	(12)	(5,967)	(5,979)	-	(676)	(676)
Total Financing Sources	114,891	15,667,026	15,781,917	133,192	10,519,462	10,652,654
Net Cost of Operations	(180,511)	(15,750,395)	(15,930,906)	(231,298)	(10,344,896)	(10,576,194)
Net Change	(65,620)	(83,369)	(148,989)	(98,106)	174,566	76,460
Cumulative Results of Operations – Ending Balance	17,295,431	15,433,800	32,729,231	17,361,051	15,517,169	32,878,220
NET POSITION	\$ 17,295,431	\$ 28,473,973	\$ 45,769,404	\$ 17,361,051	\$ 26,831,867	\$ 44,192,918

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

**United States Department of Commerce Combined Statements of Budgetary Resources
For the Years Ended September 30, 2020 and 2019 (Note 19) (In Thousands)**

	FY 2020		FY 2019	
	Budgetary	Non-budgetary Credit Reform Financing Accounts	Budgetary	Non-budgetary Credit Reform Financing Accounts
BUDGETARY RESOURCES:				
Unobligated Balance From Prior-years Budget Authority, Net Appropriations	\$ 5,609,178	\$ 298	\$ 5,361,576	\$ 112
Borrowing Authority	17,396,628	–	12,560,110	–
Spending Authority From Offsetting Collections	–	101,520	–	29,485
	5,802,644	16,909	5,372,110	19,267
TOTAL BUDGETARY RESOURCES	\$ 28,808,450	\$ 118,727	\$ 23,293,796	\$ 48,864
STATUS OF BUDGETARY RESOURCES:				
New Obligations and Upward Adjustments	\$ 22,604,764	\$ 118,618	\$ 17,824,855	\$ 48,568
Unobligated Balance, End of Year				
Apportioned, Unexpired Accounts	5,893,158	–	5,031,699	–
Exempt From Apportionment, Unexpired Accounts	736	–	718	–
Unapportioned, Unexpired Accounts	104,616	109	63,467	296
Unobligated Balance, End of Year, Unexpired Accounts	5,998,510	109	5,095,884	296
Unobligated Balance, End of Year, Expired Accounts	205,176	–	373,057	–
Total Unobligated Balance, End of Year	6,203,686	109	5,468,941	296
TOTAL STATUS OF BUDGETARY RESOURCES	\$ 28,808,450	\$ 118,727	\$ 23,293,796	\$ 48,864
OUTLAYS, NET, AND DISBURSEMENTS, NET:				
Outlays, Net	\$ 15,924,152		\$ 11,362,876	
Distributed Offsetting Receipts	(6,335)		(38,995)	
AGENCY OUTLAYS, NET	\$ 15,917,817		\$ 11,323,881	
DISBURSEMENTS, NET		\$ (8,014)		\$ (57,379)

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

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NOTES TO THE FINANCIAL STATEMENTS

(Dollars in Tables are Presented in Thousands unless Otherwise Noted)

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(Dollars in Tables are Presented in Thousands unless Otherwise Noted)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Reporting Entity

The Department of Commerce (the Department) is a cabinet-level agency of the Executive Branch of the U.S. government. Established in 1903 to promote U.S. business and trade, the Department's broad range of responsibilities includes predicting the weather, granting patents and registering trademarks, measuring economic growth, gathering and disseminating statistical data, expanding U.S. exports, developing innovative technologies, helping local communities improve their economic development capabilities, promoting minority entrepreneurial activities, and monitoring the stewardship of national assets. The Department is composed of 11 bureaus and Departmental Management.

For the *Consolidated Statements of Net Cost*, the Department's entities have been grouped together as follows:

- National Oceanic and Atmospheric Administration (NOAA)
- Under Secretary for Economic Affairs
 - Bureau of Economic Analysis (BEA)
 - Census Bureau
- National Institute of Standards and Technology (NIST)
 - National Technical Information Service (NTIS)
- International Trade Administration (ITA)
- Economic Development Administration (EDA)
- U.S. Patent and Trademark Office (USPTO)
- National Telecommunications and Information Administration (NTIA)
 - First Responder Network Authority (FirstNet)¹
- Departmental Management (DM)
 - Gifts and Bequests
 - Herbert C. Hoover Building Renovation Project
 - Nonrecurring Expenses Fund
 - Office of Inspector General (OIG)
 - Salaries and Expenses (S&E)
 - Working Capital Fund (WCF)
- Others
 - Bureau of Industry and Security (BIS)
 - Minority Business Development Agency (MBDA)

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

¹ The Middle Class Tax Relief and Job Creation Act of 2012 created the First Responder Network Authority (FirstNet), included in these financial statements, as an independent authority within NTIA, to provide emergency responders with the first high-speed, nationwide network dedicated to public safety.

Disclosure Entities: The Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 47, *Reporting Entity*, is intended to guide federal agencies in recognizing complex, diverse organizations possessing varying legal designations (e.g., government agencies, not-for-profit organizations, and corporations) that are involved in addressing public policy challenges. It provides guidance for determining what organizations should be included in a federal agency's financial statements (consolidation entities) and footnote disclosures (disclosure entities; and related parties) for financial accountability purposes, and is not intended to establish whether an organization is or should be considered a federal agency for legal or political purposes.

The standard sets forth guidance to include, as a consolidation entity or disclosure entity, in the appropriate federal agency's financial reporting, (a) an organization with an account or accounts listed in the Budget of the U.S. government, unless it is a non-federal organization receiving federal financial assistance; (b) an organization for which the federal governments holds a majority interest; and (c) an organization that is controlled by the federal government with risk of loss or expectation of benefit—the power to impose will on and/or govern, whether or not that ability is actively exercised, the financial and/or operating policies of another organization with the potential to be obligated to provide financial support or assume financial obligations or obtain financial resources or nonfinancial benefits. SFFAS 47 additionally establishes that an organization should be included as a consolidation entity or disclosure entity if it would be misleading to exclude it even though it does not meet one of the three inclusion principles.

The standard further provides guidance for determining if an organization should be reported as a consolidation entity or disclosure entity, including guidance for the performance of an assessment, as a whole, of the degree to which the following characteristics are met: (a) the organization is financed through taxes and other non-exchange revenues; (b) the organization is governed by Congress and/or the President; (c) the organization imposes or may impose risks and rewards to the federal government; and (d) the organization provides goods and services on a non-market basis. Some organizations are to a large degree insulated from political influence and are not intended to be funded primarily by taxes and other non-exchange revenue. Information about these types of discrete organizations should generally be disclosed in the footnotes as disclosure entities.

SFFAS 47 lastly sets forth guidance on footnote disclosure requirements for significant relationships with other parties. It requires footnote disclosures "if one party to an established relationship has the ability to exercise significant influence over the other party in making policy decisions, and the relationship is of such significance that it would be misleading to exclude information about it."

The Department performs evaluations at least annually to determine if there are any organizations that should be included in the Department's financial reporting as consolidation entities, disclosure entities, and/or related parties.

Based on the Department's evaluations, the Department did not identify any consolidation entities or related parties for inclusion in the Department's financial reporting. See Note 25, *Disclosure Entity*, for information for the organization identified as a disclosure entity for the Department's financial reporting.

B Basis of Accounting and Presentation

These financial statements reflect transactions and balances under both (a) the proprietary basis of accounting (accrual accounting), as reported throughout the financial statements and notes to the financial statements, except for the *Combined Statements of Budgetary Resources (SBR)* and the related note; and (b) the budgetary basis of accounting, as reflected in the *SBR* and related Note 19.

Under the proprietary basis of accounting (accrual accounting), appropriations are recognized as used and exchange revenue is recognized as earned as costs are incurred (e.g., goods have been received or services have been rendered), without regard to the receipt or payment of cash. See Note 1R, *Revenues and Other Financing Sources*, for more information on accounting policies for revenue and financing sources/uses). Departmental costs include both Gross Costs reported in the *Consolidated Statements*

of *Net Cost* that relate to the fiscal year being reported on, and capitalized costs that are included in the *Consolidated Balance Sheets* and that are subsequently expensed in the appropriate manner over future fiscal year(s).

The budgetary basis of accounting is based on concepts set forth by the Office of Management and Budget (OMB) in Circular A-11, *Preparation, Submission, and Execution of the Budget*, which provides guidance on preparing the annual Budget of the U.S. government and provides instructions on budget execution. Appendix F, *Format of SF 132, SF 133, Schedule P, and SBR*, provides detailed guidance and instructions for each line item of the SF 133, *Report on Budget Execution and Budgetary Resources*, for which the *SBR* format and line items is based on. The SF 133 is used to monitor the execution of OMB apportionments per the SF 132, *Apportionment and Reapportionment Schedule*. The *SBR* includes a separate column for non-budgetary credit reform financing accounts, which is comprised of NOAA's Fisheries Finance, Direct Loan Financing Account.

The *SBR* presents, for the aggregate of discretionary and mandatory funds:

- a. Budgetary resources for the fiscal year;
- b. Status of those budgetary resources (includes obligated² amounts and unobligated amounts); and
- c. *Outlays, Net, and Disbursements, Net* (cash transactions) for the fiscal year, which includes:
 - i. *Outlays, Net*, which is comprised of *Outlays, Gross*³ less Actual Offsetting Collections;
 - ii. *Agency Outlays, Net*, which is comprised of *Outlays, Net* less *Distributed Offsetting (Receipts)/Outlays, Net*, which represents actual collections, net of disbursements, that are credited to specified general fund, special fund, or trust fund receipt accounts, and for which the receipts recorded to this line typically offset the outlays of the agency that conducts the activity generating the receipts; and
 - iii. *Disbursements, Net*, which is limited to the Department's non-budgetary credit reform financing accounts, and is comprised of *Disbursements, Gross* less Actual Offsetting Collections.

Budgetary accounting is designed to recognize appropriations, spending authority from offsetting collections, borrowing authority, and contract authority for an agency, and the obligation and outlay or otherwise disbursement or disposition of funds according to legal requirements, which in many cases is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds.

Proprietary and budgetary accounting are complementary; however, both the types of information presented and the timing of their recognition are sometimes different. Information is therefore needed about the differences between proprietary and budgetary accounting, which is accomplished in part by presenting a *Reconciliation of Net Cost of Operations to Outlays, Net* in Note 23. This reconciliation helps explain and clarify how proprietary basis of accounting *Net Cost of Operations* (cash and non-cash transactions) for the fiscal year relates to budgetary basis of accounting *Outlays, Net* (cash transactions) for the fiscal year and the reconciling items between the two.

These financial statements have been prepared from the accounting records of the Department in conformance with U.S. generally accepted accounting principles (GAAP) and the form and content for entity financial statements specified in OMB Circular A-136 Revised, *Financial Reporting Requirements*. GAAP for federal entities are the standards prescribed by FASAB, which is the official body for setting the accounting standards of the U.S. government.

² Per OMB Circular A-11, "Obligation means a legally binding agreement that will result in outlays, immediately or in the future."

³ Per OMB Circular A-11, "Outlay means a payment to liquidate an obligation (other than the repayment to the Treasury of debt principal). Outlays are a measure of government spending."

Throughout these financial statements, intragovernmental assets, liabilities, gross costs, earned revenue, transfers, and other activity represent activity or balances with other federal entities.

The Department has allocation transfer transactions with other federal agencies as both a transferring (parent) entity and as 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. A separate fund account (allocation account) is created in the U.S. Department of the Treasury (Treasury) as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. For the Department, all financial activity and balances as parent related to these allocation transfers (e.g., budgetary resources, obligations incurred, gross costs, and outlays, gross) is required to and is reported in the Department's financial statements (from which the underlying legislative authority, appropriations, and OMB apportionments are derived). For the Department, all child account activity and balances is required to be and is excluded from the Department's financial statements. EDA allocates funds, as the parent, to the U.S. Department of Agriculture's Rural Development Administration; all financial activity related to these EDA funds is reported in the Department's financial statements. EDA has received allocation transfers, as the child, from the Appalachian Regional Commission. Census Bureau has received allocation transfers, as the child, from the U.S. Department of Health and Human Services.

C Funds from Dedicated Collections

Funds from Dedicated Collections are financed by specifically identified revenues, often supplemented by other financing sources that are originally provided to the federal government by a non-federal source, 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 federal government's general revenues.

Funds from Dedicated Collections include general funds, revolving funds (not including credit reform financing funds), special funds, and trust funds. (See Note 22, *Funds from Dedicated Collections*.)

D Elimination of Intra-entity and Intra-Departmental Transactions and Balances

Transactions and balances within a reporting entity (intra-entity), and transactions and balances among the Department's entities (intra-Departmental), have been eliminated from the *Consolidated Balance Sheets* and *Consolidated Statements of Net Cost*, and are excluded from the consolidated total column of the *Consolidated Statements of Changes in Net Position*. The *Statements of Budgetary Resources* are presented on a combined basis; therefore, intra-Departmental and intra-entity transactions and balances have not been eliminated from these statements.

E Assets

An asset is a resource that embodies economic benefits or services that the federal government can obtain or control. **Entity Assets**, included in the Department's *Consolidated Balance Sheets*, are assets that the Department has authority to use in its operations. **Non-entity assets**, also included in the Department's *Consolidated Balance Sheets*, are assets held by the Department that are not available for use in its operations, and for which a liability has been recorded. Non-entity Investments, Net are comprised of NTIA's Public Safety Trust Fund investments for which there is a corresponding liability to the General Fund of the U.S. government for Deficit Reduction; see Note 22 for more information on NTIA's Public Safety Trust Fund. Non-entity Fund Balance with Treasury includes customer deposits held by the Department for which orders have not yet been received, and for which there is a corresponding Unearned Revenue liability, and monies payable to the General Fund of the U.S. government for custodial activity and loan programs.

F Assignment of Assets to Bureaus/Reporting Entities

A Departmental asset is normally assigned by default to the bureau/reporting entity that authorized its acquisition and controls the asset. In situations where an asset is not directly obtained by a bureau/reporting entity or for any other situation where the assignment of the asset to a bureau(s)/reporting entity(ies) is an issue, the Department's Office of Financial Management (OFM) will gather relevant information from all appropriate sources to perform an evaluation of the appropriate assignment of the asset to bureau(s)/reporting entity(ies). OFM's evaluation will include collaboration within the Department and with others as appropriate. Upon the completion of OFM's evaluation, OFM will determine the appropriate assignment of the asset to bureau(s)/reporting entity(ies) and will communicate such results within the Department. There were not any significant assets assigned by the Department in FY 2020 and FY 2019.

G Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of funds in the Department's accounts with Treasury. Deposit Funds include amounts held in customer deposit accounts.

Treasury processes cash receipts and disbursements for the Department's domestic operations. Cash receipts and disbursements for the Department's overseas operations are primarily processed by the U.S. Department of State's financial service centers.

H Investments, Net

Investments in federal securities consists of non-marketable, market-based investments purchased by NTIA's Public Safety Trust Fund from Treasury as described below.

Market-based Notes: The notes consist of interest-bearing, market-based Treasury securities purchased from Treasury at a discount/premium. These investments are presented on the Department's *Consolidated Balance Sheet* at acquisition cost, net of amortization of the discount/premium. The discount is amortized over the life of the note using the interest method. Under the interest method, the effective interest rate (the actual interest yield on amounts invested) multiplied by the carrying amount of the note at the start of the accounting period equals the interest income recognized during the period (the carrying amount changes each period by the amount of the amortized discount/premium). The amount of the amortization of the discount/premium is the difference between the effective interest recognized for the period and the nominal interest for the note.

Market-based Bills: Treasury issues bills at a discount with a maturity date of one year or less. The market-based bills from Treasury are securities purchased from Treasury at a discount. These investments are presented on the Department's *Consolidated Balance Sheet* at acquisition cost, net of amortization of the discount.

The market value of the notes and bills are not recorded on the *Consolidated Balance Sheet* because these investments are expected to be held to maturity. See Note 3, *Investments, Net*, for disclosure of the market values of the notes and bills, which were provided by Treasury.

See Note 22 for more information on NTIA's Public Safety Trust Fund.

I Accounts Receivable, Net

Accounts Receivable are recognized primarily when the Department performs reimbursable services or sells goods. Accounts Receivable are reduced to net realizable value by an Allowance for Uncollectible Accounts, when appropriate for both receivables with the public and intragovernmental receivables. This allowance is estimated periodically using methods such as the identification of specific delinquent receivables, and the analysis of aging schedules and historical trends adjusted for current market conditions.

J Advances and Prepayments

Advances are payments the Department has made to cover a part or all of a grant recipient's anticipated expenses, or are advance payments for the cost of goods and services to be acquired. For grant awards, the recipient is required to periodically (for example, quarterly) report the amount of costs incurred, which reduce the advance recorded. Prepayments are payments the Department has made to cover certain periodic expenses before those expenses are incurred, such as subscriptions and rent.

K Direct Loans and Loan Guarantees, Net

A direct loan is recorded as a receivable after the Department disburses funds to a borrower.

Interest Receivable generally represents uncollected interest income earned on loans. For past-due loans, only up to 180 days of interest income is generally recorded.

Foreclosed Property is acquired primarily through foreclosure and voluntary conveyance, and is recorded at the fair market value at the time of acquisition. Foreclosed Property is adjusted to the current fair market value each fiscal year-end.

Direct Loans and Loan Guarantees Obligated before October 1, 1991 (pre-FY 1992): Loans Receivable are reduced by an Allowance for Loan Losses, which is based on an analysis of each loan's outstanding balance. The value of each receivable, net of any Allowance for Loan Losses, is supported by the values of any pledged collateral and other assets available for liquidation, and by the Department's analysis of financial information of parties against whom the Department has recourse for the collection of these receivables.

Direct Loans and Loan Guarantees Obligated after September 30, 1991 (post-FY 1991): Post-FY 1991 obligated direct loans and loan guarantees and the resulting receivables are governed by the Federal Credit Reform Act of 1990.

For a direct or guaranteed loan disbursed during a fiscal year, a subsidy cost is initially recognized. Subsidy costs are intended to estimate the long-term cost to the U.S. government of its loan programs. The subsidy cost equals the present value of estimated cash outflows over the life of the loan, minus the present value of estimated cash inflows, discounted at the applicable Treasury interest rate. Administrative costs such as salaries are not included in the subsidy costs. Subsidy costs can arise from interest rate differentials, interest subsidies, delinquencies and defaults, loan origination and other fees, and other cash flows. The Department calculates its subsidy costs based on a model created and provided by OMB.

A Loan Receivable is recorded at the present value of the estimated cash inflows less cash outflows. The difference between the outstanding principal of the loan and the present value of its net cash inflows is recorded as the Allowance for Subsidy Cost. A subsidy reestimate is normally performed annually, as of September 30. The subsidy reestimate takes into account all factors that may have affected the estimated cash flows. Any adjustment resulting from the reestimate is recognized as a subsidy expense (or a reduction in subsidy expense). The portion of the Allowance for Subsidy Cost related to subsidy modifications and reestimates is calculated annually, as of September 30.

The amounts of any downward subsidy reestimates as of September 30 must be disbursed to Treasury in the subsequent fiscal year. Appropriations are normally obtained in the following fiscal year for any upward subsidy reestimates.

L Inventory, Materials, and Supplies, Net

Inventory, Materials, and Supplies, Net are stated at the lower of cost or net realizable value under the weighted average method, as well as under other valuation methods that approximate historical cost, and are adjusted for the results of physical inventories. Inventory, Materials, and Supplies are expensed when consumed. There are no restrictions on their sale, use, or disposition.

M General Property, Plant, and Equipment, Net

General Property, Plant, and Equipment, Net (PP&E) is composed of capital assets used in providing goods or services. General PP&E is stated at full cost, including all costs related to acquisition, delivery, and installation, less Accumulated Depreciation. Acquisitions of General PP&E include assets purchased, or assets acquired through other means such as through transfer in from another federal entity, donation, devise (a will or clause of a will disposing of property), judicial process, exchange between a federal entity and a non-federal entity, and forfeiture. General PP&E also includes assets acquired through capital leases, which are initially recorded at the amount recognized as a liability for the capital lease at its inception.

Capitalization Thresholds:

Single-asset Acquisitions: The Department's policy is to capitalize single-asset acquisitions of General PP&E if the useful life is two years or more and the dollar amount meets the entity's single-asset acquisition capitalization threshold. Based on a Department-wide capitalization thresholds review, which reflects materiality and cost-benefit analyses, the Department's single-asset acquisition capitalization thresholds for both FY 2020 and FY 2019 are as follows: NOAA—\$200 thousand or more; NIST—\$100 thousand or more; USPTO—\$50 thousand or more; and all other bureaus and Departmental Management—\$25 thousand or more.

Personal Property Bulk Acquisitions: For FY 2020 and FY 2019, NOAA has a personal property bulk acquisition capitalization threshold of \$1.0 million or more where individual items cost \$25 thousand or more but less than \$200 thousand; NIST has a personal property bulk acquisition capitalization threshold of \$500 thousand or more. All other bureaus and Departmental Management have a personal property bulk acquisition capitalization threshold of \$250 thousand or more, except that USPTO has a furniture bulk acquisition capitalization threshold of \$50 thousand or more and NTIA's First Responder Network Authority has a personal property bulk acquisition capitalization threshold of \$150 thousand or more for FY 2020 and FY 2019.

General PP&E not meeting the applicable capitalization threshold is expensed.

Depreciation: Depreciation is recognized on a straight-line basis over the estimated useful life of the asset with the exception of leasehold improvements, which are depreciated on a straight-line basis over the remaining life of the lease or over the useful life of the improvement, whichever is shorter. Land, Construction-in-progress, and Internal Use Software in Development are not depreciated.

Construction-in-progress: Costs for the construction, modification, or modernization of General PP&E are initially recorded as Construction-in-progress. The Department's construction-in-progress consists primarily of satellites under development for NOAA, and also includes major laboratory renovations and construction projects under development for NIST. Upon completion of the work, the costs are transferred to the appropriate General PP&E account.

Internal Use Software: Internal Use Software includes purchased commercial off-the-shelf (COTS) software and internally or contractor-developed software solely to meet the Department's internal or operational needs. Internally developed software includes the full cost (direct and indirect cost) incurred during the software development stage. For contractor-developed software, capitalized costs include the costs for the contractor to design, program, install, and implement the software.

Real Property: The U.S. General Services Administration (GSA) provides most of the facilities in which the Department operates, and generally charges rent based on comparable commercial rental rates under operating leases. Accordingly, GSA-owned properties under operating leases are not included in the Department's General PP&E. The Department's real property primarily consists of facilities for NIST and NOAA.

N Cost Buildout/Continuing Enhancements of Nationwide Public Safety Broadband Network, Net

This asset captures NTIA's cumulative cost contributions for the buildout and continuing enhancement of the Nationwide Public Safety Broadband Network (NPSBN) as described in Note 22, *Funds from Dedicated Collections – NTIA's Network Construction Fund*, less accumulated amortization. Amortization of the cost contributions began in FY 2018. The cost contributions and continuing enhancements that are recorded as an asset include (a) costs incurred for completed and accepted AT&T contract performance for the buildout and continuing enhancements of the NPSBN under the First Responder Network Authority (FirstNet) to buildout, operate, and maintain the NPSBN; and (b) accrued costs for estimated, unbilled AT&T contract performance progress for buildout and continuing enhancements of the NPSBN. Cost contributions for continuing enhancement to the NPSBN began in the fourth quarter of FY 2020.

An asset is recognized primarily because the cost contributions for the buildout/continuing enhancement of the NPSBN embodies (a) future economic benefits to NTIA from AT&T made possible in part by NTIA's cost contributions for the buildout of the NPSBN, as there are expected future revenue streams from AT&T to NTIA; and (b) future expected services to be received by NTIA from AT&T made possible in part by NTIA's buildout and continuing enhancement cost contributions, as AT&T, will buildout, deploy, operate, and maintain the NPSBN, thereby assisting NTIA's FirstNet with achieving its important mission of ensuring the operation and maintenance of the first high-speed, nationwide wireless broadband network dedicated to public safety.

Amortization of the cost contributions for buildout of the NPSBN is recorded for each completed/accepted milestone on a straight-line basis over the remaining time frame of the AT&T contract. Amortization of the cost contributions for continuing enhancement of the NPSBN has not yet begun as of September 30, 2020.

O Liabilities

A liability for federal accounting purposes is a probable and measurable future outflow or other sacrifice of resources as a result of past transactions or events.

Accounts Payable: Accounts Payable are amounts primarily owed for goods, services, or capitalized assets received, progress on contract performance by others, and other expenses due.

Debt to Treasury: The Department has borrowed funds from Treasury through the Fisheries Finance Financing Account for various NOAA direct loan programs. To simplify interest calculations, the Fisheries Finance Financing Account borrowings are dated October 1. Interest rates are based on a weighted average of rates during the term of the borrowed funds. The weighted average rate for each cohort's borrowing is recalculated at the end of each fiscal year during which disbursements are made. Annual interest payments on unpaid principal balances as of September 30 are required. Principal repayments are required only at maturity, but are permitted at any time during the term of the borrowing. The Department's primary financing source for repayments of Debt to Treasury is the collection of principal on the associated Loans Receivable. Balances of any borrowed but undisbursed Fisheries Finance Financing Account debt will earn interest at the same rate used in calculating interest expense. The amounts reported for Debt to Treasury include accrued interest payable. See Note 11, *Debt to Treasury*, for information regarding maturity dates.

Unearned Revenue: The Unearned Revenue liability as of September 30 includes (a) the portion of monies received under customer orders or similar revenue-generating activities for which goods and services have not yet been provided or rendered by the Department—revenue is recognized as costs are incurred under the accrual basis of accounting; (b) the unearned portion of FirstNet’s annual collection from AT&T under the terms of its contract with AT&T to buildout, deploy, operate, and maintain the NPSBN (see Note 22, *Funds from Dedicated Collections – First Responder Network Authority fund*, for more information); (c) the balances of customer deposit accounts held by the Department, for which orders have not yet been received; and (d) liabilities for collections held in clearing accounts. The intragovernmental Unearned Revenue liability primarily relates to monies collected under customer orders or similar arrangements. The majority of the Unearned Revenue liability with the public represents patent and trademark application and user fees that are pending action by USPTO.

Liability to General Fund of the U.S. Government for Deficit Reduction: NTIA’s Public Safety Trust Fund was created as a result of Section 6413 of the Middle Class Tax Relief and Job Creation Act of 2012 (Act). The Act provides funding for specified programs and activities, to be derived from the proceeds of Federal Communications Commission auctions of spectrum licenses, to be deposited into the Public Safety Trust Fund. The Act directs the use of auction proceeds in an order of priority after the repayment of borrowings from Treasury (priority 1), which was fully completed in September 2015. Priority 8 of the Act specifies that any remaining amounts deposited into the Public Safety Trust Fund shall be deposited in the General Fund of the U.S. government for deficit reduction. The Act further specifies that any amounts remaining in the Public Safety Trust Fund after the end of FY 2022 shall be deposited in the General Fund of the U.S. government for deficit reduction. The Department records a liability (not covered by budgetary resources) to the General Fund of the U.S. government for the monies owed for priority 8. A corresponding use of financing sources is recorded on the *Consolidated Statement of Changes in Net Position, Other Financing Sources (Non-exchange)* section. See Note 22, *Funds from Dedicated Collections – NTIA’s Public Safety Trust Fund*, for more information on the Public Safety Trust Fund.

Custodial Payable: Custodial Payable represents the amount of applicable custodial non-exchange or exchange revenue yet to be transferred to the General Fund of the U.S. government, a trust fund, or other recipient entities. See Note 20, *Custodial Non-exchange Activity*, for information on the Department’s custodial non-exchange activity.

Accrued FECA Liability: The Federal Employees’ Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (DOL), which pays valid claims against the Department and subsequently seeks reimbursement from the Department for these paid claims. Accrued FECA Liability, included in Intragovernmental Other Liabilities, represents amounts due to DOL for claims paid on behalf of the Department.

Federal Employee Benefits:

Actuarial FECA Liability: Actuarial FECA Liability represents the liability for future workers’ compensation (FWC) benefits, which includes the expected liability for death, disability, medical, and miscellaneous costs for approved cases. DOL calculates the actuarial liability for future workers’ compensation benefits and reports to each agency its share of the liability on an annual basis.

To provide more specifically for the effects of inflation on the liability for FWC benefits, wage inflation factors (Cost of Living Adjustment) and medical inflation factors (Consumer Price Index – Medical) are applied to the calculation of projected future benefits. The actual rates for these factors are also used to adjust the historical payments to current-year constant dollars.

NOAA Corps Retirement System and NOAA Corps Blended Retirement System Liabilities, and NOAA Corps Post-retirement Health

Benefits Liability: These liabilities are recorded at the actuarial present value of projected benefits, calculated annually, as of September 30. The actuarial cost method used to determine these liabilities is the aggregate entry age normal method. Under this method, the actuarial present value of projected benefits is allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of this actuarial present value allocated to the valuation year is called the normal cost. For purposes of calculating the normal cost, certain actuarial assumptions utilized for the actual valuation of the U.S. Military Retirement System are used. Actuarial gains and losses, and prior and past service costs, if any, are recognized immediately in the fiscal year they occur, without amortization. The medical claim rates used for the NOAA Corps Post-retirement Health Benefits Liability actuarial calculations are based on the claim rates used for the U.S. Department of Defense Medicare-Eligible Retiree Health Care Fund actuarial valuations. Demographic assumptions appropriate to covered personnel are also used. In developing the average historical Treasury rates, a minimum of five years of historical rates as of the reporting date should be used. For these liability balances as of September 30, 2020 and 2019, the discount rate was selected by averaging the quarterly spot yields over the 10-year period ended June 30, 2020 (or June 30, 2019) and determining the single equivalent discount rate that produced the same liability. The specific spot yields used were as of June 30, 2020 (or as of June 30, 2019) and each of the prior 39 calendar quarter-ends, by maturity from 1-year to 100-years. The actuary obtained this spot yield data from the Treasury website for all 40 quarterly yields. For background information about these plans, see Note 1.S, *Employee Retirement Benefits*.

Environmental and Disposal Liabilities:

Asbestos-related Cleanup Costs: The Department has incurred asbestos-related cleanup costs related to the costs of removing, containing, and/or disposing of asbestos-containing materials from property, plant, and equipment; specifically, from facilities owned by NIST and NOAA, and from ships owned by NOAA. The Department has estimated its liabilities for asbestos-related cleanup costs for both friable and nonfriable asbestos-related cleanup costs. Estimates of asbestos-related cleanup costs are reviewed periodically, and updated as appropriate, to account for actual or estimated increases or decreases in asbestos-containing materials, material changes due to inflation or deflation, and changes in regulations, plans, and/or technology.

Applicable laws and regulations of asbestos-related cleanup requirements for the Department include:

- Asbestos Hazard Emergency Response Act
- Asbestos Information Act
- Asbestos School Hazard Abatement Reauthorization Act
- Clean Air Act
- Toxic Substances Control Act
- U.S. Environmental Protection Agency (EPA) Standards and Rules:
 - National Emission Standards for Hazardous Air Pollutants (40 CFR Part 61)
 - National Emission Standard for Asbestos (40 CFR Part 61, Subpart M)
 - Asbestos Rules (40 CFR Part 763, *Asbestos*)
- Occupational Safety and Health Administration Asbestos Standards:
 - General Industry Standard (29 CFR Part 1910, Subpart 1001, *Asbestos*)
 - Construction Standard (29 CFR Part 1926, Subpart 1101, *Asbestos*)
- Applicable states laws or regulations dependent upon the location of asbestos-related cleanup

Nuclear Reactor: NIST operates a nuclear reactor licensed by the U.S. Nuclear Regulatory Commission, in accordance with NIST's mission of setting standards and examining new technologies. NIST's Environmental and Disposal Liability estimates were updated for FY 2020, pursuant to U.S. Nuclear Regulatory Commission Regulation-1307, Rev 16, which states: "licenses must annually adjust the estimate of the cost of decommissioning their plants in dollars of the current year, as a part of the process to provide reasonable assurance that adequate funds for decommissioning will be available when needed." The Department currently estimates the cost of decommissioning this facility to be \$75.0 million. NIST's decommissioning estimate includes an assumption that an off-site waste disposal facility will become available (estimated in 2029), when needed. Currently, an off-site disposal location has not been identified, and NIST's Environmental and Disposal Liability estimate includes an amount approved by the Nuclear Regulatory Commission for off-site waste disposal. The total estimated decommissioning cost is being accrued on a straight-line basis over the expected life of the facility. Under current legislation, funds to cover the expense of decommissioning the facility's nuclear reactor should be requested in a separate appropriation when the decommissioning date becomes relatively certain.

Other: The Department has incurred cleanup costs related to the costs of removing, containing, and/or disposing of hazardous waste from facilities used by NOAA. The Department has estimated its liabilities for environmental cleanup costs at all NOAA-used facilities, including the decommissioning of ships. The largest of NOAA's environmental liabilities relates to the cleanup of the Pribilof Islands in Alaska, which contains waste from the U.S. Department of Defense's use during World War II. Such cleanup activities are the responsibility of the Department because it became the successor agency of the waste generated from war-related programs. The Department does not recognize a liability for environmental cleanup costs for NOAA-used facilities that are less than \$25 thousand per project. When an estimate of cleanup costs includes a range of possible costs, the most likely cost is reported. When no cost is more likely than another, the lowest estimated cost in the range is reported. The liability is reduced as progress payments are made.

The Department may have liabilities associated with lead-based paints at certain NOAA facilities. All known issues are contained and NOAA facilities meet current environmental standards. No cost estimates are presently available because no facilities are currently identified.

Accrued Payroll and Annual Leave: These categories include salaries, wages, and other compensation earned by employees, but not disbursed as of September 30. Annually, as of September 30, the balances of Accrued Annual Leave are adjusted to reflect current pay rates. Sick leave and other types of non-vested leave are expensed as taken.

Accrued Grants: The Department administers a diverse array of financial assistance programs and projects concerned with the entire spectrum of business and economic development efforts that promote activities such as expanding U.S. exports, creating jobs, contributing to economic growth, developing innovative technologies, promoting minority entrepreneurship, protecting coastal oceans, providing weather services, managing worldwide environmental data, and using telecommunications and information technologies to better provide public services. Disbursements of funds under the Department's grant programs are generally made when requested by recipients. These drawdown requests may be fulfilled before recipients make the expenditures under the grant. When the Department has disbursed funds but the recipient has not yet incurred expenses, these disbursements are recorded as advances to the recipient. If a recipient, however, has expenditures under the grant as of September 30 that have not been advanced by the Department as of September 30, such amounts are recorded as grant expenses and Accrued Grants as of September 30.

Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Service Contracts Liability:***Per the U.S. Department of Energy:***

- Energy Savings Performance Contracts (ESPC) allow federal agencies to conduct energy projects with limited to no up-front capital costs, minimizing the need for Congressional appropriations. An ESPC is a working relationship between an agency and an energy service contractor. The contractor conducts a comprehensive energy audit for the federal facility and identifies improvements to save energy. In consultation with the agency, the contractor designs and constructs a project that meets the agency's needs and arranges the necessary funding. The contractor guarantees that the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. The cost of an ESPC project must be covered by the energy, water, and related cost savings generated at the project site. After the contract ends, any additional cost savings accrue to the agency.
- A Utility Energy Service Contract (UESC) is a limited-source contract between a federal agency and serving utility for energy management services including energy and water efficiency improvements and demand-reduction services. In a UESC, the federal agency will work closely with the utility, to assess potential, investigate technical and economic feasibility, and ensure a fair and reasonable price for design and implementation of the project.

This liability represents the portion of the ESPC/UESC contracts liability that is not covered by budgetary resources as of September 30. See Note 26, Disclosure Public-Private Partnerships, for information about a NIST ESPC contract for energy savings improvements for its Gaithersburg, MD campus.

Capital Lease Liabilities: Capital leases are leases for property, plant, and equipment that transfer substantially all the benefits and risks of ownership to the Department.

Contingent Liabilities and Contingencies: A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. A contingent liability (included in Other Liabilities) and an expense are recognized when a past event has occurred, and a future outflow or other sacrifice of resources is measurable and probable. A contingency is considered probable when the future confirming event or events are more likely than not to occur, with the exception of pending or threatened litigation and unasserted claims. For pending or threatened litigation and unasserted claims, a contingency is considered probable when the future confirming event or events are likely to occur. A contingency is disclosed in the *Notes to the Financial Statements* if any of the conditions for liability recognition are not met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred. A contingency is considered reasonably possible when the chance of the future confirming event or events occurring is more than remote but less than probable. A contingency is not recognized as a contingent liability and an expense nor disclosed in the *Notes to the Financial Statements* when the chance of the future event or events occurring is remote. A contingency is considered remote when the chance of the future event or events occurring is slight.

Liabilities Not Covered by Budgetary Resources, Liabilities Covered by Budgetary Resources, and Liabilities Not Requiring Budgetary Resources:

The Department's liabilities, all of which are reported on the Department's *Consolidated Balance Sheets*, are further classified into three categories: (a) Liabilities Not Covered by Budgetary Resources; (b) Liabilities Covered by Budgetary Resources; and (c) Liabilities Not Requiring Budgetary Resources.

Liabilities Not Covered by Budgetary Resources

These are liabilities for which actions are needed before budgetary resources can be provided. The Department expects that liabilities not covered by budgetary resources will be funded from future budgetary resources when required. These amounts are detailed by liability in Note 16.

NTIA's Public Safety Trust Fund has assets on hand as of September 30 for its *Liability to General Fund of the U.S. government for Deficit Reduction*; however, the Department expects that budgetary resources will need to be apportioned by OMB in order for the Public Safety Trust Fund to transfer funds against this liability.

Under accrual accounting, the expense and liability for annual leave is recognized when the leave is earned. For most of the Department's fund groups, however, budgetary resources are not obligated to pay for the annual leave until the leave is taken by the employee. As a result, budgetary resources do not cover a large portion of the Department's Accrued Annual Leave liability as of September 30.

The Department generally receives budgetary resources for its *Federal Employee Benefits Liabilities* and *Environmental and Disposal Liabilities* when needed for disbursements.

The portion of the Department's Unearned Revenue liability with the public that is reported as not covered by budgetary resources is mainly comprised of USPTO's patent and trademark application and user fees that are pending action by USPTO. Furthermore, a portion of USPTO's application/user fees pending action is considered covered by budgetary resources—this portion is determined mainly by considering, as covered by budgetary resources, the dollar amount of the application/user fees pending USPTO action for which USPTO has available, unobligated budgetary resources as of September 30, as included in the *SBR*, Status of Budgetary Resources section, *Unobligated Balance, End of Year, Unapportioned, Unexpired Accounts* line.

Liabilities Covered by Budgetary Resources

These are the liabilities or portion thereof for which (a) realized budgetary resources have already been used by the Department as of September 30 for the liability, which is normally carried out by recording a budgetary basis of accounting *New Obligation (or Upward Adjustment)*—for example, an Accounts Payable item will normally also have a corresponding budgetary basis of accounting *Obligation* (delivered) recorded; and (b) in the case of the Unearned Revenue liability, there are realized budgetary resources related to the Unearned Revenue as of September 30 that are available to further cover the liability with budgetary resources.

Liabilities Not Requiring Budgetary Resources

These are the liabilities that are not expected to require the use of budgetary resources, and include liabilities for customer deposits, clearing accounts, and custodial activity.

P Commitments

Commitments are preliminary actions that may ultimately result in an obligation to the U.S. government if carried through, such as purchase requisitions, estimated travel orders, or unsigned contracts/grants. Major long-term commitments are disclosed in Note 17, *Commitments and Contingencies*.

Q Net Position

Net Position is the residual difference between assets and liabilities, and is composed of Unexpended Appropriations and Cumulative Results of Operations.

Unexpended Appropriations represent the total amount of unexpended budget authority that is classified as appropriations, both obligated and unobligated. Unexpended Appropriations is increased for Appropriations Received, is reduced for Appropriations Used, and is adjusted for other changes in appropriations, such as transfers and rescissions. Cumulative Results of Operations is the net result of the Department's operations since inception.

R Revenues and Other Financing Sources

Appropriations Used: The Department receives appropriations (Appropriations Received) from Congress and the President for many of its annual, multiple-fiscal year, and no-year accounts. Upon expiration of annual or multiple-fiscal year accounts, the obligated and unobligated balances retain their fiscal year identity, and are maintained separately within an expired account. The unobligated balances may be able to be used to make legitimate obligation adjustments as appropriate, but are generally otherwise not available for obligation. Annual and multiple-fiscal year accounts are canceled at the end of the fifth fiscal year after expiration. No-year accounts do not expire. Appropriations Received are recognized as used when costs are incurred under the accrual basis of accounting that require the use of appropriations, for example, when goods or services are received. There are instances of costs incurred for which appropriations are not required to be used or are not immediately required to be used. For example, depreciation and amortization expense does not require the use of appropriations, and accrued environmental and disposal costs do not immediately require the use of appropriations.

Exchange and Non-exchange Revenue: The Department classifies revenue as either exchange revenue or non-exchange revenue. Exchange revenue is derived from transactions in which both the federal government and the other party receive value, including processing patents and registering trademarks, the sale of weather data, nautical charts, and navigation information, reimbursable revenue, and other sales of goods and services. Exchange revenue is presented in the Department's *Consolidated Statements of Net Cost*. Non-exchange revenue is derived from the federal government's sovereign right to demand payment; and, for example, includes revenue of NOAA's Damage Assessment and Restoration Revolving Fund as reported and described in Note 22, *Funds from Dedicated Collections*. Non-exchange revenue is recognized when a specifically identifiable, legally enforceable claim to resources arises, and to the extent that collection is probable and the amount is reasonably estimable. Non-exchange revenue is not considered to reduce the cost of the Department's operations and is therefore reported in the *Consolidated Statements of Changes in Net Position* as a financing source.

In certain cases, law or regulation sets the prices charged by the Department, and, for program and other reasons, the Department may not receive full cost (e.g., the processing of patents and registering of trademarks, and the sale of weather data, nautical charts, and navigation information). Prices set for products and services offered through the Department's working capital funds are intended to recover the full costs incurred by these activities.

Imputed Financing Sources from Cost Absorbed by Others (and related Imputed Costs): Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by the Department are included as imputed costs in the *Consolidating Statements of Net Cost*, and are offset by imputed financing sources from cost absorbed by others (non-exchange) included in the *Consolidating Statements of Changes in Net Position*. Such imputed costs and imputed financing relate to (a) certain employee retirement benefit programs paid for in part by the U.S. Office of Personnel Management (OPM)—CSRS, FERS, FEHB, and FEGLI (also see Note 1.S below); (b) claims to be paid for by the Judgment Fund maintained by Treasury (also see Note 17, *Commitments and Contingencies*); and (c) business-type activities, which are defined in the accounting standards as "a significantly self-sustaining activity that finances its continuing cycle of operations through collection of exchange revenue." However, unreimbursed costs of goods and services other than those identified above are not included in the Department's financial statements.

Transfers In/(Out): Intragovernmental transfers, for example, of budgetary resources, or of assets without reimbursement that are recorded at book value, are reported in the *Consolidated Statements of Changes in Net Position*.

S Employee Retirement Benefits

Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS): Most employees of the Department participate in either the CSRS or FERS defined-benefit pension plans. FERS went into effect on January 1, 1987. FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984 could elect to either join FERS and Social Security, or remain in CSRS.

The Department is not responsible for and does not report CSRS or FERS assets, accumulated plan benefits, or liabilities applicable to its employees. OPM, which administers the plans, is responsible for and reports these amounts.

For CSRS-covered regular employees, the Department was required to make contributions to the plan equal to 7 percent of an employee’s basic pay. Employees contributed 7 percent of basic pay. For each fiscal year, OPM calculates the U.S. government’s service cost for covered employees, which is an estimate of the amount of funds, that, if accumulated annually and invested over an employee’s career, would be enough to pay that employee’s future benefits. Since the U.S. government’s estimated service cost exceeds contributions made by employer agencies and covered employees, this plan is not fully funded by the Department and its employees. The Department, excluding USPTO, has recognized an imputed cost, and an imputed financing source from cost absorbed by others, for the difference between the estimated service cost and the contributions made by the Department and its covered employees. USPTO is required to make supplemental employer payments to OPM for CSRS, per annual USPTO appropriation provisions. The supplemental employer payments as a result reduce the dollar amount of USPTO imputed costs and related imputed financing source from costs absorbed by others.

FERS Contribution Rates for Regular Employees (Effective October 1, 2015)

FERS		FERS-RAE (Revised Annuity Employees)		FERS-FRAE (Further Revised Annuity Employees)	
Hired prior to January 1, 2013		Hired between December 31, 2012 – December 31, 2013		Hired after December 31, 2013	
Employee Percentage	Agency Percentage	Employee Percentage	Agency Percentage	Employee Percentage	Agency Percentage
0.8%	13.7%	3.1%	11.9%	4.4%	11.9%

For each fiscal year, OPM calculates the U.S. government’s service cost for covered employees. Since the U.S. government’s estimated service cost exceeds contributions made by employer agencies and covered employees, this plan was not fully funded by the Department and its employees. The Department has recognized an imputed cost, and an imputed financing source from cost absorbed by others, for the difference between the estimated service cost and the contributions made by the Department and its covered employees.

Employees participating in FERS are covered under the Federal Insurance Contributions Act, for which the Department contributes a matching amount to the Social Security Administration.

NOAA Corps Retirement System and NOAA Corps Blended Retirement System Liabilities: Active-duty officers of the NOAA Corps are covered by the legacy NOAA Corps Retirement System or the new NOAA Corps Blended Retirement System (BRS). The NOAA Corps Retirement System and the defined benefit portion of the NOAA Corps BRS is an unfunded, defined benefit plan administered by the Department with the same features; participants do not contribute to the defined benefit plan for both of these retirement systems. Plan benefits are based primarily on years of service and compensation. Total participants for the two plans, as of June 30, 2020, included 320 active duty officers, 395 non-disability retiree annuitants, 15 disability retiree annuitants, and 66 surviving families. Key provisions include voluntary non-disability retirement after 20 years of active service, disability retirement, optional survivor benefits, Consumer Price Index (CPI) optional survivor benefits, and CPI adjustments for benefits.

The NOAA Corps BRS began on January 1, 2018 and is a retirement plan that was implemented for members of the Uniformed Services, including NOAA Corps active-duty officers. This retirement system blends together the defined benefits of the legacy NOAA Corps Retirement System along with automatic and matching contributions to the Thrift Savings Plan (TSP) and a mid-career continuation pay bonus. All new hires on January 1, 2018 and after will automatically be enrolled into the NOAA Corps BRS. For those NOAA Corps active-duty officers with fewer than 12 years of service on December 31, 2017, there was an opportunity to opt into the NOAA Corps BRS at any time during calendar year 2018. NOAA Corps BRS will not only continue to award those who are vested at 20 years, but will allow service members who choose to depart early to leave with some retirement savings.

Foreign Service Retirement and Disability System, and the Foreign Service Pension System: Foreign Commercial Officers are covered by the Foreign Service Retirement and Disability System and the Foreign Service Pension System. ITA makes contributions to the systems based on a percentage of an employee's pay. Both systems are multi-employer plans administered by the U.S. Department of State. The Department is not responsible for and does not report plan assets, accumulated plan benefits, or liabilities applicable to its employees. The U.S. Department of State, which administers the plan, is responsible for and reports these amounts.

Thrift Savings Plan (TSP): Employees covered by CSRS, FERS, and NOAA Corps BRS are eligible to contribute to the U.S. government's TSP, administered by the Federal Retirement Thrift Investment Board. The Department makes no matching contributions for CSRS-covered employees. A TSP account is automatically established for FERS-covered employees and NOAA Corps BRS members, and the Department makes a mandatory contribution of one percent of basic pay upon eligibility. The Department also makes matching contributions of up to four percent of basic pay upon eligibility for FERS-covered employees and NOAA Corps BRS members. NOAA Corps BRS members entering service on or after January 1, 2018 will not begin receiving matching contributions until after completing two years of service.

Federal Employees Health Benefit (FEHB) Program: Most Departmental employees are enrolled in the FEHB Program, which provides post-retirement health benefits. OPM administers this program and is responsible for the reporting of liabilities. Employer agencies, excluding USPTO, and covered employees are not required to make any contributions for post-retirement health benefits. OPM calculates the U.S. government's service cost for covered employees each fiscal year. The Department, excluding USPTO, has recognized the entire service cost of these post-retirement health benefits for covered employees as an imputed cost, and an imputed financing source from cost absorbed by others. USPTO is required to make supplemental employer payments to OPM for the FEHB Program, per annual USPTO appropriation provisions. The supplemental employer payments as a result reduce the dollar amount of USPTO imputed costs and related imputed financing source from costs absorbed by others.

NOAA Corps Post-retirement Health Benefits: Active-duty officers of the NOAA Corps are covered by the health benefits program for the NOAA Corps, which provides post-retirement health benefits. This is a pay-as-you-go plan administered by the Department. Participants do not make any contributions to this plan.

Federal Employees' Group Life Insurance (FEGLI) Program: Most Department employees are entitled to participate in the FEGLI Program. Participating employees can obtain basic term life insurance, with the employee paying two-thirds of the cost and the Department paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers this program and is responsible for the reporting of liabilities. For each fiscal year, OPM calculates the U.S. government's service cost for the post-retirement portion of basic life coverage. Because the Department's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Department, excluding USPTO, has recognized the entire service cost of the post-retirement portion of basic life coverage as an imputed cost and an imputed financing source from cost absorbed by others. USPTO is required to make supplemental employer payments to OPM for the FEGLI Program, per annual USPTO appropriation provisions. The supplemental employer payments as a result reduce the dollar amount of USPTO imputed costs and related imputed financing source from costs absorbed by others.

T Use of Estimates

The preparation of financial statements requires the Department to make estimates and assumptions that affect these financial statements. Actual results may differ from those estimates.

U Tax Status

The Department is not subject to federal, state, or local income taxes. Accordingly, no provision for income taxes is recorded.

V Fiduciary Activities

Fiduciary activities are the collection or receipt, and the management, protection, accounting, and disposition by the federal government of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold. Fiduciary cash and other assets are not assets of the federal government, and are not recognized in the Department's financial statements.

The Department's fiduciary activities consist of the following:

The Patent Cooperation Treaty authorizes USPTO to collect patent filing and search fees on behalf of the World Intellectual Property Organization (WIPO), European Patent Office, Korean Intellectual Property Office, Russian Intellectual Property Organization, Israeli Patent Office, Japanese Patent Office, Intellectual Property Office of Singapore, and Australian Patent Office from U.S. citizens requesting an international patent. The Madrid Protocol Implementation Act authorizes USPTO to collect trademark application fees on behalf of the International Bureau of WIPO from U.S. citizens requesting an international trademark. These fiduciary activities are reported in Note 21, *Fiduciary Activities*.

W Disclosure Public-Private Partnerships

FASAB's SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, establishes principles to ensure that disclosures about applicable public-private partnerships (P3s) are presented in the Department's notes to the financial statements. The principles guide financial reporting disclosure by establishing a P3 definition and identifying risk-based characteristics that need to exist before considering the P3 arrangement or transaction for disclosure. The standard exempts certain arrangements or transactions from the P3 disclosure requirements, as such exempt arrangements or transactions are subject to existing disclosure requirements in other accounting standards.

For purposes of SFFAS 49, the standard sets forth the definition of the private sector as follows:

“For purposes of this statement, the private sector refers to individuals and entities acting in their private capacities outside of the authority and control of federal, state, or local governments and encompasses for-profit businesses and non-profit organizations that are outside of the authority and control of federal, state or local governments.”

The standard provides for first determining those arrangements or transactions that are excluded from the provisions of SFFAS 49 before proceeding to the standard’s federal P3 definition for purposes of SFFAS 49, subject to exclusions, as follows:

“...federal public-private partnerships (P3s) are risk-sharing arrangements or transactions with expected lives greater than five years between public and private sector entities. Such arrangements or transactions provide a service or an asset for government and/or general public use where in addition to the sharing of resources, each party shares in the risks and rewards of said arrangements or transactions. A public sector entity shares risks and rewards with a private sector entity whenever the benefits of the arrangement or transaction accrue to both the private sector entity and the public sector entity and (1) the public sector entity is at risk of loss, or (2) the private sector entity’s ability to perform is at risk and success of the arrangement or transaction depends upon the public sector’s intervention.”

Arrangements or transactions meeting the P3 definition are then evaluated against four risk-based characteristics referred to as “Conclusive Characteristics.” Should the arrangement or transaction not meet any one of the Conclusive Characteristics required for disclosure, the arrangement or transaction should then be evaluated against five “Suggestive Characteristics” before concluding whether disclosure is required. If an arrangement or transaction warrants reporting, the disclosures should be provided.

Lastly, the standard helps achieve the operating performance and budgetary integrity objectives outlined in Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, by making P3s more understandable. P3 information is important to meeting these objectives because the federal government is accountable to citizens for the proper administration of its resources. Moreover, because P3s are a form of investment, they should be adequately disclosed in order to assist report users in determining: (a) the important assets of the U.S. government and how effectively they are being managed; and (b) the identification of risks.

The Department performs evaluations annually to determine if there are any arrangements or transactions that should be included in the Department’s financial reporting disclosure for P3s. See Note 26 for information for the three P3s identified for disclosure.

Reclassification of FY 2019 Information

Certain reclassifications have been made to the FY 2019 financial statements and notes to better align with the Department’s policies and procedures effective in FY 2020, in accordance with OMB Circular A-136 Revised.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury, by status, is as follows as of September 30, 2020 and 2019:

	FY 2020	FY 2019
Reduction of Budgetary Resources		
Not Available		
NTIA Digital Television Transition and Public Safety Fund	\$ 8,810,399	\$ 8,810,399
Temporarily Precluded from Obligation		
USPTO Salaries and Expenses Fund	937,819	937,819
Other	21,989	15,467
Unobligated Balance		
Available	5,893,942	5,032,025
Unavailable	309,900	436,821
Obligated Balance Not Yet Disbursed		
Census Bureau Periodic Censuses and Programs Fund	1,616,307	1,557,902
EDA Economic Development Assistance Programs Fund	2,450,353	1,288,701
NOAA Operations, Research, and Facilities Fund	2,382,646	2,112,324
NOAA Procurement, Acquisition, and Construction Fund	2,509,826	2,633,553
NTIA Network Construction Fund	2,919,246	4,381,376
Other	2,979,595	2,344,716
Non-budgetary		
USPTO Patent and Trademark Surcharge Fund	233,529	233,529
Deposit Funds, and General Fund Receipt Accounts	193,966	173,282
Total	<u>\$ 31,259,517</u>	<u>\$ 29,957,914</u>

Unobligated Balance amounts reported above do not agree with related amounts included in the *Status of Budgetary Resources* section of the *Combined Statements of Budgetary Resources (SBR)*, because of amounts included in the *Status of Budgetary Resources* section of *SBR* which do not represent Fund Balance with Treasury, including amounts supported by Borrowing Authority rather than supported by Fund Balance with Treasury.

See Note 19, *Combined Statements of Budgetary Resources*, for legal arrangements affecting the Department's use of Fund Balance with Treasury for FY 2020 and FY 2019.

See Note 22, *Funds from Dedicated Collections*, for more information regarding the NTIA Digital Television Transition and Public Safety Fund, the USPTO Salaries and Expenses Fund, the NTIA Network Construction Fund, and the USPTO Patent and Trademark Surcharge Fund.

NOTE 3. INVESTMENTS, NET

FY 2020							
Investments in Federal Securities	Cost	Amortization Method	Amortized Discount/ (Premium), Net	Interest Receivable	Investments, Net	Other Adjustments	Market Value Disclosure
Intragovernmental							
Non-marketable							
Market-based							
Notes	\$ 1,554,857	Interest Method	\$ 3,337	\$ 8,910	\$ 1,567,104	\$ -	\$ 1,559,971
Bills	6,101,939	Interest Method	2,019	-	6,103,958	-	6,104,902
Total	<u>\$ 7,656,796</u>		<u>\$ 5,356</u>	<u>\$ 8,910</u>	<u>\$ 7,671,062</u>	<u>\$ -</u>	<u>\$ 7,664,873</u>

FY 2019							
Investments in Federal Securities	Cost	Amortization Method	Amortized Discount/ (Premium), Net	Interest Receivable	Investments, Net	Other Adjustments	Market Value Disclosure
Intragovernmental							
Non-marketable							
Market-based							
Notes	\$ 5,991,506	Interest Method	\$ 20,594	\$ 23,413	\$ 6,035,513	\$ -	\$ 6,017,239
Bills	1,533,636	Interest Method	232	-	1,533,868	-	1,533,916
Total	<u>\$ 7,525,142</u>		<u>\$ 20,826</u>	<u>\$ 23,413</u>	<u>\$ 7,569,381</u>	<u>\$ -</u>	<u>\$ 7,551,155</u>

NOTE 4. ACCOUNTS RECEIVABLE, NET

FY 2020			
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	<u>\$ 98,980</u>	<u>\$ -</u>	<u>\$ 98,980</u>
With the Public	<u>\$ 108,981</u>	<u>\$ (14,012)</u>	<u>\$ 94,969</u>
FY 2019			
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	<u>\$ 99,372</u>	<u>\$ -</u>	<u>\$ 99,372</u>
With the Public	<u>\$ 54,989</u>	<u>\$ (9,958)</u>	<u>\$ 45,031</u>

Accounts Receivable, Gross includes amounts related to criminal restitution owed to the U.S. government. Accounts receivable related to criminal restitution orders the Department monitored, as of September 30, 2020 and 2019, totaled \$3.2 million (of which \$1.5 million was considered collectible) and \$3.2 million (of which \$1.5 million was considered collectible), respectively.

NOTE 5. CASH

	FY 2020	FY 2019
Cash Not Yet Deposited with Treasury	\$ 32,369	\$ 10,751
Imprest Funds	434	392
Other Cash	50	65
Total	<u>\$ 32,853</u>	<u>\$ 11,208</u>

Cash Not Yet Deposited with Treasury primarily represents patent and trademark fees that were not processed as of September 30, 2020 and 2019, due to the lag time between receipt and initial review. Certain bureaus maintain Other Cash for operational necessity, such as law enforcement activities and for environments that do not permit the use of electronic payments.

NOTE 6. DIRECT LOANS AND LOAN GUARANTEES, NET

The Department operates the following direct loan programs as of September 30, 2020:

Direct Loan Programs:

NOAA	Alaska Purse Seine Fishery Buyback Loans
NOAA	Bering Sea and Aleutian Islands Non-Pollock Buyback Loans
NOAA	Bering Sea Pollock Fishery Buyback
NOAA	Coastal Energy Impact Program (CEIP)
NOAA	Crab Buyback Loans
NOAA	Federal Gulf of Mexico Reef Fish Buyback Loans ¹
NOAA	Fisheries Finance Individual Fishing Quota (IFQ) Loans
NOAA	Fisheries Finance Traditional Loans
NOAA	Fisheries Loan Fund
NOAA	New England Groundfish Buyback Loans ¹
NOAA	New England Lobster Buyback Loans ¹
NOAA	Pacific Groundfish Buyback Loans

¹ No loans have been issued under these programs as of September 30, 2020.

NOAA's Fisheries Finance Loan programs provide direct loans for certain fisheries costs, including vessels, shoreside facilities, aquaculture, and Individual Fishing Quota. Vessel financing is available for the purchase of used vessels or the reconstruction of vessels. Refinancing is available for existing debt obligations. The purpose of these loan programs is to contribute to stable fisheries and fishing communities, and ensure that fisheries are sustainable economic resources. NOAA's various buyback loan programs address excess fishing capacity which decreases fisheries earnings, complicates fisheries management, and imperils fisheries conservation. Buyback loans are issued to fisheries to permanently remove vessels and/or permits and thus lower fishing effort in overcapitalized fisheries. Loans are repaid from fees collected on the ex-vessel value of the catch in the fishery.

The net assets for the Department's loan programs consist of:

	FY 2020	FY 2019
Direct Loans Obligated Prior to FY 1992, Allowance for Loss Method	\$ 3,306	\$ 3,008
Direct Loans Obligated After FY 1991	390,890	395,758
Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees, Allowance for Loss Method	4	4
Total	<u>\$ 394,200</u>	<u>\$ 398,770</u>

Direct Loans Obligated Prior to FY 1992, Allowance for Loss Method:

FY 2020				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
CEIP	\$ 17,091	\$ 4,886	\$ (18,671)	\$ 3,306
Fisheries Loan Fund	148	16	(164)	-
Total	<u>\$ 17,239</u>	<u>\$ 4,902</u>	<u>\$ (18,835)</u>	<u>\$ 3,306</u>

FY 2019				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
CEIP	\$ 17,378	\$ 4,734	\$ (19,104)	\$ 3,008
Fisheries Loan Fund	148	16	(164)	-
Total	<u>\$ 17,526</u>	<u>\$ 4,750</u>	<u>\$ (19,268)</u>	<u>\$ 3,008</u>

Direct Loans Obligated After FY 1991:

Direct Loan Program	FY 2020			
	Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans, Net
Alaska Purse Seine Fishery Buyback Loans	\$ 18,345	\$ 427	\$ 2,357	\$ 21,129
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	27,100	141	3,614	30,855
Crab Buyback Loans	62,994	854	10,896	74,744
Fisheries Finance IFQ Loans	14,158	137	863	15,158
Fisheries Finance Traditional Loans	217,578	1,686	15,685	234,949
Pacific Groundfish Buyback Loans	12,850	22	1,183	14,055
Total	\$ 353,025	\$ 3,267	\$ 34,598	\$ 390,890

Direct Loan Program	FY 2019			
	Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans, Net
Alaska Purse Seine Fishery Buyback Loans	\$ 18,378	\$ 24	\$ 2,226	\$ 20,628
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	28,338	109	3,994	32,441
Bering Sea Pollock Fishery Buyback	1,305	–	59	1,364
Crab Buyback Loans	66,127	958	11,749	78,834
Fisheries Finance IFQ Loans	15,390	126	1,187	16,703
Fisheries Finance Traditional Loans	207,915	1,468	13,993	223,376
Pacific Groundfish Buyback Loans	19,726	26	2,660	22,412
Total	\$ 357,179	\$ 2,711	\$ 35,868	\$ 395,758

New Disbursements of Direct Loans (Post-FY 1991):

Direct Loan Program	FY 2020	FY 2019
Alaska Purse Seine Fishery Buyback Loans	\$ –	\$ 10,128
Fisheries Finance IFQ Loans	2,718	1,812
Fisheries Finance Traditional Loans	28,643	7,736
Total	\$ 31,361	\$ 19,676

Subsidy Expense for Direct Loans by Program and Component:

Subsidy Expense for New Disbursements of Direct Loans:

FY 2020					
Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	\$ (593)	\$ 21	\$ (21)	\$ 319	\$ (274)
Fisheries Finance Traditional Loans	(4,389)	203	(163)	2,044	(2,305)
Total	<u>\$ (4,982)</u>	<u>\$ 224</u>	<u>\$ (184)</u>	<u>\$ 2,363</u>	<u>\$ (2,579)</u>

FY 2019					
Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Alaska Purse Seine Fishery Buyback Loans	\$ (328)	\$ 429	\$ –	\$ –	\$ 101
Fisheries Finance IFQ Loans	(425)	14	(13)	214	(210)
Fisheries Finance Traditional Loans	(1,226)	60	(36)	561	(641)
Total	<u>\$ (1,979)</u>	<u>\$ 503</u>	<u>\$ (49)</u>	<u>\$ 775</u>	<u>\$ (750)</u>

Reestimates:

Direct Loan Program	FY 2020	FY 2019
	Technical Reestimates	Technical Reestimates
Alaska Purse Seine Fishery Buyback Loans	\$ (175)	\$ (1,498)
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	15	(21)
Bering Sea Pollock Fishery Buyback	77	200
Crab Buyback Loans	525	742
Fisheries Finance IFQ Loans	426	(321)
Fisheries Finance Traditional Loans	(3,477)	(1,248)
Pacific Groundfish Buyback Loans	164	218
Total	<u>\$ (2,445)</u>	<u>\$ (1,928)</u>

Total Direct Loan Subsidy Expense:

Direct Loan Program	FY 2020	FY 2019
Alaska Purse Seine Fishery Buyback Loans	\$ (175)	\$ (1,397)
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	15	(21)
Bering Sea Pollock Fishery Buyback	77	200
Crab Buyback Loans	525	742
Fisheries Finance IFQ Loans	152	(531)
Fisheries Finance Traditional Loans	(5,782)	(1,889)
Pacific Groundfish Buyback Loans	164	218
Total	<u>\$ (5,024)</u>	<u>\$ (2,678)</u>

Subsidy Rates for Direct Loans by Program and Component:

Budget Subsidy Rates for Direct Loans for the Current Fiscal-year's Cohorts:

FY 2020					
Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	(22.14) %	0.82 %	(0.83) %	11.35 %	(10.80) %
Fisheries Finance Traditional Loans	(15.14) %	0.68 %	(0.57) %	7.11 %	(7.92) %

FY 2019					
Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Alaska Purse Seine Fishery Buyback Loans	(3.24) %	4.24 %	0.00 %	0.00 %	1.00 %
Fisheries Finance IFQ Loans	(23.33) %	0.92 %	(0.83) %	11.43 %	(11.81) %
Fisheries Finance Traditional Loans	(15.67) %	0.74 %	(0.58) %	6.80 %	(8.71) %

The budget subsidy rates disclosed pertain only to the reporting period's cohorts. These rates cannot be applied to the new disbursements of direct loans during the reporting period to yield the subsidy expense. The subsidy expense for new disbursements of direct loans for the reporting period could result from disbursements of loans from both the reporting period's cohorts and prior fiscal years' cohorts. The subsidy expense for the reporting period may also include modifications and reestimates.

Schedule for Reconciling Allowance for Subsidy Cost (Post-FY 1991 Direct Loans):

	FY 2020	FY 2019
Beginning Balance of the Allowance for Subsidy Cost	\$ 35,868	\$ 39,872
Add Total Subsidy Expense for New Disbursements of Direct Loans During the Year	2,579	750
Adjustments:		
Loan Modifications	(7,048)	-
Fees Received	(154)	(47)
Loans Written Off	6,101	1
Subsidy Allowance Amortization	(5,194)	(6,676)
Other	1	40
Total of Adjustments	(6,294)	(6,682)
Ending Balance of the Allowance for Subsidy Cost Before Reestimates	32,153	33,940
Add or Subtract Total Subsidy Reestimates	2,445	1,928
Ending Balance of the Allowance for Subsidy Cost	<u>\$ 34,598</u>	<u>\$ 35,868</u>

Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees, Allowance for Loss Method:

FY 2020				
Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Fishing Vessel Obligation Guarantee Program	\$ 7,318	\$ 1	\$ (7,315)	\$ 4

FY 2019				
Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Fishing Vessel Obligation Guarantee Program	\$ 7,318	\$ 1	\$ (7,315)	\$ 4

Administrative Expenses:

Administrative expenses in support of the Department’s direct loan and loan guarantee programs consist of:

Direct Loan Program	FY 2020	FY 2019
EDA Direct Loan Programs	\$ –	\$ 79
NOAA Direct Loan Programs	3,856	3,262
Total	<u>\$ 3,856</u>	<u>\$ 3,341</u>

Loan Guarantee Program	FY 2020	FY 2019
Fishing Vessel Obligation Guarantee Program	<u>\$ 78</u>	<u>\$ 66</u>

NOTE 7. INVENTORY, MATERIALS, AND SUPPLIES, NET

Category	Cost Flow Assumption	FY 2020	FY 2019
Inventory			
Items Held for Current Sale			
NIST Standard Reference Materials	Weighted-average	\$ 27,471	\$ 27,610
Other	Historical	3	3
Total Inventory, Net		<u>27,474</u>	<u>27,613</u>
Materials and Supplies			
Items Held for Use			
NOAA’s National Logistics Support Center	Weighted-average	45,247	49,186
Census Bureau	Other ¹	102,952	21,584
Other	Various	6,351	6,109
Items Held for Repair			
NOAA’s National Reconditioning Center	Weighted-average	33,050	34,880
Allowance for Excess, Obsolete, and Unserviceable Items		(13,037)	(9,382)
Total Materials and Supplies, Net		<u>174,563</u>	<u>102,377</u>
Total		<u>\$ 202,037</u>	<u>\$ 129,990</u>

¹ Other valuation method that approximates historical cost

NIST’s Standard Reference Materials Program provides reference materials for quality assurance of measurements, while NOAA’s Materials and Supplies are primarily repair parts for weather forecasting equipment. Items held for repair are valued at the direct method. The cost of items held in repair is the issue cost, which is the weighted average of the procurement costs for each line, adjusted by the cost to repair the item. The Census Bureau provides materials and supplies that are primarily used for the 2020 Decennial Census.

NOTE 8. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

FY 2020				
Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	\$ 16,300	\$ -	\$ 16,300
Structures, Facilities, and Leasehold Improvements	2-30	2,813,267	(1,207,118)	1,606,149
Satellites/Weather Systems Personal Property	2-25	15,126,074	(7,724,188)	7,401,886
Internal Use Software	4-20	2,512,546	(1,678,619)	833,927
Other Personal Property	3-30	2,206,894	(1,548,608)	658,286
Construction-in-progress	N/A	5,633,145	-	5,633,145
Internal Use Software in Development	N/A	142,775	-	142,775
Total		<u>\$ 28,451,001</u>	<u>\$ (12,158,533)</u>	<u>\$ 16,292,468</u>

FY 2019				
Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	\$ 16,309	\$ -	\$ 16,309
Structures, Facilities, and Leasehold Improvements	2-30	2,654,224	(1,127,740)	1,526,484
Satellites/Weather Systems Personal Property	2-25	15,533,461	(7,266,818)	8,266,643
Internal Use Software	4-20	2,278,268	(1,467,347)	810,921
Other Personal Property	3-30	2,172,104	(1,467,020)	705,084
Construction-in-progress	N/A	4,703,576	-	4,703,576
Internal Use Software in Development	N/A	451,996	-	451,996
Total		<u>\$ 27,809,938</u>	<u>\$ (11,328,925)</u>	<u>\$ 16,481,013</u>

Schedule for Reconciling FY 2020 General PP&E, Net

FY 2020	
	Net Book Value
Balance, Beginning of Year	\$ 16,481,013
Capitalized Acquisitions	
Intragovernmental	16,561
With the Public	1,407,050
Total Capitalized Acquisitions	<u>1,423,611</u>
Dispositions	(5,113)
Revaluations	(3,047)
Depreciation Expense	<u>(1,603,996)</u>
Balance, End of Period	<u>\$ 16,292,468</u>

NOTE 9. OTHER ASSETS

	FY 2020	FY 2019
With the Public		
Advances and Prepayments	\$ 130,686	\$ 82,790
Bibliographic Database, Net	1,156	1,979
General PP&E Permanently Removed but Not Yet Disposed	1,827	1,736
Other	3,743	791
Total	<u>\$ 137,412</u>	<u>\$ 87,296</u>

The Bibliographic Database relates to NTIS scientific and technical information used to prepare products and services for sale. The database is stated at capitalized costs of \$78.2 million and \$78.2 million, less accumulated amortization of \$77.1 million and \$76.2 million, as of September 30, 2020 and 2019, respectively.

NOTE 10. NON-ENTITY ASSETS

The assets that are not available for use in the Department's operations, included in the Department's *Consolidated Balance Sheets*, are summarized below:

	FY 2020	FY 2019
Intragovernmental		
Fund Balance with Treasury	\$ 165,153	\$ 135,604
Investments, Net	7,671,062	7,569,381
Total Intragovernmental	<u>7,836,215</u>	<u>7,704,985</u>
With the Public		
Cash	3,938	3,368
Accounts Receivable, Net	38,110	3,657
Other	4	4
Total Non-entity Assets	<u>7,878,267</u>	<u>7,712,014</u>
Total Entity Assets	<u>53,113,225</u>	<u>50,498,536</u>
Total Assets	<u>\$ 60,991,492</u>	<u>\$ 58,210,550</u>

NOTE 11. DEBT TO TREASURY

FY 2020			
Loan Program	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
Direct Loan Program			
Fisheries Finance, Financing Account	\$ 395,369	\$ (7,300)	\$ 388,069

Maturity dates range from September 2026 to September 2052, and interest rates range from 1.28 to 6.13 percent.

FY 2019			
Loan Program	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
Direct Loan Program			
Fisheries Finance, Financing Account	\$ 452,563	\$ (57,194)	\$ 395,369

NOTE 12. OTHER LIABILITIES

	FY 2020		
	Current Portion	Non-current Portion	Total
Intragovernmental			
Accrued FECA Liability	\$ 21,330	\$ 2,681	\$ 24,011
Accrued Benefits	82,821	–	82,821
Downward Subsidy Reestimates Payable to Treasury	6,232	–	6,232
Other	12,380	4	12,384
Total	\$ 122,763	\$ 2,685	\$ 125,448
With the Public			
ITA Foreign Service Nationals' Voluntary Separation Pay Liability	\$ 2,600	\$ 8,821	\$ 11,421
Contingent Liabilities (Note 17)	300	–	300
Employment-related	35,408	–	35,408
Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Service Contracts Liability	3,509	70,939	74,448
Other	119	3	122
Total	\$ 41,936	\$ 79,763	\$ 121,699

	FY 2019		
	Current Portion	Non-current Portion	Total
Intragovernmental			
Accrued FECA Liability	\$ 22,074	\$ 2,835	\$ 24,909
Accrued Benefits	63,121	–	63,121
Downward Subsidy Reestimates Payable to Treasury	5,321	–	5,321
Other	12,966	8,314	21,280
Total	<u>\$ 103,482</u>	<u>\$ 11,149</u>	<u>\$ 114,631</u>
With the Public			
ITA Foreign Service Nationals' Voluntary Separation Pay	\$ 2,873	\$ 9,744	\$ 12,617
Contingent Liabilities (Note 17)	300	–	300
Employment-related	5,880	–	5,880
Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Service Contracts Liability	2,151	13,421	15,572
Other	318	–	318
Total	<u>\$ 11,522</u>	<u>\$ 23,165</u>	<u>\$ 34,687</u>

As of September 30, 2020 and 2019, the Current Portion represents liabilities expected to be paid by September 30, 2021 and 2020, respectively, while the Non-current Portion represents liabilities expected to be paid after September 30, 2021 and 2020, respectively.

NOTE 13. FEDERAL EMPLOYEE BENEFITS LIABILITIES

	FY 2020	FY 2019
Actuarial FECA Liability	\$ 146,325	\$ 168,014
NOAA Corps Retirement System and NOAA Corps Blended Retirement System Liabilities	749,400	719,900
NOAA Corps Post-retirement Health Benefits Liability	47,900	39,800
Total	<u>\$ 943,625</u>	<u>\$ 927,714</u>

Actuarial FECA Liability:

Actuarial FECA liability is calculated annually, as of September 30. For discounting projected annual future benefit payments to present value, the interest rate assumptions used by DOL for the September 30, 2020 and 2019 actuarial calculations were as follows:

	FY 2020	FY 2019
Year 1 and Thereafter	2.41%	2.61%

The wage inflation factors (Cost of Living Adjustment) and medical inflation factors (Consumer Price Index – Medical) applied to the calculation of projected future benefits, and also used to adjust the methodology’s historical payments to current-year constant dollars, were as follows:

FY 2020		
Fiscal Year	Cost of Living Adjustment	Consumer Price Index – Medical
2021	1.87%	3.21%
2022	2.14%	3.23%
2023	2.19%	3.60%
2024	2.23%	4.01%
2025	2.30%	3.94%

FY 2019		
Fiscal Year	Cost of Living Adjustment	Consumer Price Index – Medical
2020	1.47%	2.86%
2021	1.85%	3.05%
2022	2.12%	3.09%
2023	2.17%	3.47%
2024	2.21%	3.88%

NOAA Corps Retirement System and NOAA Corps Blended Retirement System Liabilities:

These liabilities represent the unfunded actuarial present value of projected plan benefits. The actuarial calculations are performed annually, as of September 30. The September 30, 2020 and 2019 actuarial calculations used the following economic assumptions:

	FY 2020	FY 2019
Discount Rate	3.10%	3.34%
Annual Basic Pay Scale Increases	1.82%	1.85%
Annual Inflation	1.62%	1.70%
Cost of Living Adjustment	1.62%	1.70%

Schedule for Reconciling NOAA Corps Retirement System and NOAA Corps Blended Retirement System Liabilities:

A reconciliation from the beginning balance to the ending balance, including the components of the related pension costs included in the *Consolidated Statements of Net Costs*, follows:

	FY 2020	FY 2019
Beginning Balance	\$ 719,900	\$ 654,600
Add Pension Costs:		
Normal Cost	14,800	13,100
Interest on the Unfunded Liability	23,500	21,900
Actuarial (Gains)/Losses, Net		
From Experience	500	10,500
From Discount Rate Assumption Change	27,100	10,500
From Long-term Assumption Changes		
Annual Inflation	(8,700)	35,700
Annual Basic Pay Scale Increases	(100)	-
Other	-	500
Total Pension Costs	57,100	92,200
Subtract Benefit Payments	(27,600)	(26,900)
Ending Balance	<u>\$ 749,400</u>	<u>\$ 719,900</u>

NOAA Corps Post-retirement Health Benefits Liability:

This liability represents the unfunded actuarial present value of projected post-retirement plan benefits. The actuarial calculation is performed annually, as of September 30. The September 30, 2020 and 2019 actuarial calculations used the following economic assumptions:

	FY 2020	FY 2019
Discount Rate	3.02%	3.27%
Ultimate Medical Trend Rate	4.05%	4.00%
Single Medical Trend Rate	4.00%	N/A

The Single Equivalent Medical Trend Rate is not available from the actuary for the September 30, 2019 actuarial valuation.

Schedule for Reconciling NOAA Corps Post-retirement Health Benefits Liability:

A reconciliation of the NOAA Corps Post-retirement Health Benefits Liability from the beginning balance to the ending balance, including the components of the related post-retirement health benefits costs included in the *Consolidated Statements of Net Costs*, follows:

	FY 2020	FY 2019
Beginning Balance – NOAA Corps Post-retirement Health Benefits Liability	\$ 39,800	\$ 40,300
Add Health Benefits Costs:		
Normal Cost	1,300	1,300
Interest on the Unfunded Liability	1,300	1,300
Actuarial (Gains)/Losses, Net		
From Experience	200	500
From Discount Rate Assumption Change	1,300	300
From Long-term Assumption Changes		
Medical Claims and Trend Rate	(2,100)	(1,500)
Changes in Methods	8,800	–
Other	(400)	–
Total Health Benefits Costs	10,400	1,900
Subtract Benefit Payments	(2,300)	(2,400)
Ending Balance – NOAA Corps Post-retirement Health Benefits Liability	<u>\$ 47,900</u>	<u>\$ 39,800</u>

NOTE 14. ENVIRONMENTAL AND DISPOSAL LIABILITIES

Environmental and disposal liabilities include the estimated liability for cleanup costs incurred from removing, containing, and/or disposing of asbestos-containing materials from facilities owned by NOAA and NIST and ships owned by NOAA, and also include the estimated liability associated with the future decommissioning of a NIST operated nuclear reactor.

Environmental and Disposal Liabilities are summarized below:

	FY 2020	FY 2019
Asbestos-related Cleanup Costs	\$ 70,939	\$ 71,385
Nuclear Reactor	67,294	63,128
Non-reactor Radiological Facilities	9,398	9,027
Pribilof Islands	825	869
Other	1,871	1,848
Total	<u>\$ 150,327</u>	<u>\$ 146,257</u>

NOTE 15. LEASES

Capital Leases:

The Department had no capital lease assets or liabilities as of September 30, 2020 and 2019.

Operating Leases:

Most of the Department's facilities are rented from GSA, which generally charges rent that is intended to approximate commercial rental rates. For federally owned property rented from GSA, the Department generally does not execute an agreement with GSA; the Department, however, is normally required to give 120 to 180 days notice to vacate. For non-federally owned property rented from GSA, an occupancy agreement is generally executed, and the Department may normally cancel these agreements with 120 days notice.

The Department's (1) estimated real property rent payments to GSA for FY 2021 through FY 2025; (2) future payments due under other real property federal leases; and (3) future payments due under non-federal, noncancellable leases with terms longer than one year are as follows:

Fiscal Year	FY 2020			
	General PP&E Category			
	Real Property Leases with GSA	Real Property Leases with Other Federal Entities	Real Property Non-federal Leases	Personal Property Non-federal Leases
2021	\$ 311,302	\$ 72	\$ 14,311	\$ 27,121
2022	283,909	72	14,342	17,129
2023	284,444	72	13,044	17,129
2024	288,158	72	9,521	9,801
2025	280,263	72	9,103	1,903
Thereafter	¹	72	43,301	–
Total Future Operating Lease Payments		\$ 432	\$ 103,622	\$ 73,083

¹ Not estimated

NOTE 16. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities that are not covered by budgetary resources, included in the Department's *Consolidated Balance Sheets*, are summarized below:

	FY 2020	FY 2019
Intragovernmental		
Liability to General Fund of the U.S. Government for Deficit Reduction	\$ 7,671,062	\$ 7,569,382
Accrued FECA Liability	23,970	24,799
Unearned Revenue	87,571	3,696
Other	12,312	21,227
Total Intragovernmental	<u>7,794,915</u>	<u>7,619,104</u>
With the Public		
Accrued Payroll	69,074	65,610
Accrued Annual Leave	436,500	350,325
Federal Employee Benefits Liabilities	943,625	926,525
Environmental and Disposal Liabilities	150,327	146,257
Contingent Liabilities (Note 17)	300	300
Unearned Revenue	589,211	502,864
ITA Foreign Service Nationals' Voluntary Separation Pay Liability	11,421	12,617
Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Service Contracts Liability	74,448	15,572
Other	436	152
Total With the Public	<u>2,275,342</u>	<u>2,020,222</u>
Total Liabilities Not Covered by Budgetary Resources	10,070,257	9,639,326
Total Liabilities Covered by Budgetary Resources	4,937,834	4,225,241
Total Liabilities Not Requiring Budgetary Resources	<u>213,997</u>	<u>153,065</u>
Total Liabilities	<u>\$ 15,222,088</u>	<u>\$ 14,017,632</u>

NOTE 17. COMMITMENTS AND CONTINGENCIES

Commitments:

The Department has entered into long-term contracts for the purchase, construction, and modernization of environmental satellites and weather measuring and monitoring systems. These contracts represent commitments of the Department which may result in future obligations. A summary of major long-term commitments as of September 30, 2020 is shown below. Commitment amounts included in the table are based on estimates, which include amounts necessary to complete the projects for years extending beyond the current contract end dates.

Major Long-term Commitments:

Description	FY 2020						Total
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Thereafter	
Polar Follow-on	\$ 286,297	\$ 412,000	\$ 435,000	\$ 472,554	\$ 329,956	\$ -	\$ 1,935,807
Geostationary Operational Environmental Satellites	334,500	292,500	250,000	250,000	86,027	-	1,213,027
Joint Polar Satellite Systems	371,538	253,020	139,521	135,576	132,443	-	1,032,098
Space Weather Follow-on Systems Services	108,115	146,900	136,200	97,200	41,200	57,485	587,100
Architecture Engineering	44,322	54,322	59,322	64,322	69,322	-	291,610
Comprehensive Large Array- data Stewardship System	39,287	39,287	39,287	39,287	39,287	-	196,435
Other Weather Service	36,149	37,573	37,800	38,034	37,277	-	186,833
Projects, Planning, and Analysis	15,941	15,941	15,941	15,941	15,941	-	79,705
Cooperative Data and Rescue Services	14,400	1,300	1,300	1,300	1,300	-	19,600
Geostationary Earth Orbit	10,000	-	-	-	-	-	10,000
COSMIC-2 Satellite Mission	5,892	-	-	-	-	-	5,892
Total	\$ 1,266,441	\$ 1,252,843	\$ 1,114,371	\$ 1,114,214	\$ 752,753	\$ 57,485	\$ 5,558,107

Legal Contingencies:

The Department is subject to potential liabilities in various administrative proceedings, legal actions, environmental suits, and claims brought against it. In the opinion of the Department's management and legal counsel, the ultimate resolution of these proceedings, actions, suits, and claims will not materially affect the financial position or net costs of the Department.

Probable Likelihood of an Adverse Outcome:

The Department is subject to potential liabilities where adverse outcomes are probable, and claims are approximately \$300 thousand as of both September 30, 2019 and 2020 and which are included as *Other Liabilities* in the Department's *Consolidated Balance Sheets*. For most claims, any amounts ultimately due will be paid out of Treasury's Judgment Fund. For certain claims to be paid by Treasury's Judgment Fund, once the claims are settled or court judgments are assessed relative to the Department, the liability will be removed and an Imputed Financing Source will be recognized. However, agencies are required to reimburse the Judgment Fund for payments pursuant to the Contract Disputes Act and the Notification and Federal Employees Antidiscrimination and Retaliation Act of 2002.

Reasonably Possible Likelihood of an Adverse Outcome:

The Department and other federal agencies are subject to potential liabilities for a variety of environmental cleanup costs, many of which are associated with the Second World War, at various sites within the U.S. Since some of the potential liabilities represent claims with no stated or estimable amount, the exact amount of total potential liabilities is unknown, but the Department believes these claims could result in potential estimable losses as of September 30, 2020 of \$58.8 million if the outcomes were adverse to the Department. For these potential liabilities, it is reasonably possible that an adverse outcome will result. In the absence of a settlement agreement, decree, or judgment, there is neither an allocation of response costs between the U.S. government and other potentially responsible parties, nor is there an attribution of such costs to or among the federal agencies implicated in the claims. Although the Department has been implicated as a responsible party, the U.S. Department of Justice was unable to provide an amount for these potential liabilities that is attributable to the Department. Of these potential liabilities, all will be funded by Treasury's Judgment Fund, if any amounts are ultimately due.

The Department and other federal agencies are subject to other potential liabilities where it is reasonably possible that an adverse outcome will result. Since some of the potential liabilities represent claims with no stated amount, the exact amount of total potential liabilities is unknown, but the Department believes these claims could result in potential estimable losses as of September 30, 2020 of \$19.2 to \$29.9 million if the outcomes were adverse to the Department. Of these potential liabilities, most will be funded by Treasury's Judgment Fund, if any amounts are ultimately due.

The table below summarizes the Department's probable and reasonably possible contingent liabilities by type as of September 30, 2020 and 2019.

FY 2020			
	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
Legal Contingencies:			
Probable	\$ 300	\$ 300	\$ 300
Reasonably Possible	N/A	19,205	29,923
Environmental Contingencies:			
Probable	-	-	-
Reasonably Possible	N/A	58,829	58,829
Total Contingencies	\$ 300	\$ 78,334	\$ 89,052

FY 2019			
	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
Legal Contingencies:			
Probable	\$ 300	\$ 300	\$ 300
Reasonably Possible	-	39,183	49,901
Environmental Contingencies:			
Probable	-	-	-
Reasonably Possible	-	280,303	310,643
Total Contingencies	\$ 300	\$ 319,786	\$ 360,844

NOTE 18. CONSOLIDATED STATEMENTS OF NET COST BY MAJOR BUDGETARY FUNCTION

United States Department of Commerce Consolidating Statement of Net Cost by Major Budgetary Function For the Year Ended September 30, 2020

	Other Advancement of Commerce	Natural Resources and Environment/ Other Natural Resources	Area and Regional Development	Others	Combined Total	Intra- Departmental Eliminations	Consolidated Total
Total Program Costs							
Gross Costs	\$ 14,406,532	\$ 6,066,551	\$ 402,518	\$ 52,746	\$ 20,928,347	\$ (384,821)	\$ 20,543,526
Less: Earned Revenue	(4,733,503)	(259,238)	(4,700)	–	(4,997,441)	384,821	(4,612,620)
NET COST OF OPERATIONS	\$ 9,673,029	\$ 5,807,313	\$ 397,818	\$ 52,746	\$ 15,930,906	\$ –	\$ 15,930,906

United States Department of Commerce Consolidating Statement of Net Cost by Major Budgetary Function For the Year Ended September 30, 2019

	Other Advancement of Commerce	Natural Resources and Environment/ Other Natural Resources	Area and Regional Development	Others	Combined Total	Intra- Departmental Eliminations	Consolidated Total
Total Program Costs							
Gross Costs	\$ 9,103,284	\$ 5,808,484	\$ 265,579	\$ 133,236	\$ 15,310,583	\$ (353,144)	\$ 14,957,439
Less: Earned Revenue	(4,467,373)	(259,583)	(5,351)	(2,082)	(4,734,389)	353,144	(4,381,245)
NET COST OF OPERATIONS	\$ 4,635,911	\$ 5,548,901	\$ 260,228	\$ 131,154	\$ 10,576,194	\$ –	\$ 10,576,194

NOTE 19. COMBINED STATEMENTS OF BUDGETARY RESOURCES

The FY 2019 *SBR* has been reclassified to conform to the FY 2020 *SBR* presentation, resulting from revisions to the *SBR* that were set forth in OMB Circular A-136 Revised (August 27, 2020). The updated *SBR* redefines the *Outlays, Net* line to exclude *Disbursements, Net* for Non-budgetary Credit Reform Financing Accounts. Revisions were made to FY 2019 dollar amounts for both the Budgetary column and the Non-budgetary Credit Reform Financing Accounts column for the following lines in the *Outlays, Net, and Disbursements, Net* subsection: *Outlays, Net; Agency Outlays, Net; and Disbursements, Net*. See Note 1.B, *Basis of Accounting and Presentation*, for a description of this *SBR* subsection and its lines.

Unobligated Balance From Prior-years Budget Authority, Net: This budgetary resources line consists of unobligated balance, brought forward as of October 1, as increased or decreased by current fiscal year activity related to the unobligated balance brought forward—typical items include recoveries of prior years' unpaid obligations, appropriations from prior-years that are temporarily precluded from obligation, downward adjustments of prior years' paid obligations, transfers of prior-years' balances, and cancellations of annual or multi-year appropriations. The table below displays the FY 2020 and FY 2019 composition of this line.

	FY 2020	FY 2019
Unobligated Balance, Brought Forward, October 1	\$ 5,469,237	\$ 11,341,669
Actual Recoveries of Prior-years Unpaid Obligations	319,745	273,145
Cancelled Authority	(245,287)	(63,977)
Actual Nonexpenditure Transfers of Prior-years Unobligated Balances	46,210	17,306
Appropriations from Prior-years that are Temporarily Precluded from Obligation – NTIA's Public Safety Trust Fund (Note 22)	–	(6,241,448)
Other Changes in Unobligated Balance, Net	19,571	34,993
Unobligated Balance From Prior-years Budget Authority, Net	\$ 5,609,476	\$ 5,361,688

Appropriations:

There are reconciling items from the amounts of the *Budgetary Resources, Appropriations* on the *SBR* to the amounts of the *Budgetary Financing Sources, Appropriations Received* on the *Consolidated Statement of Changes in Net Position (SCNP)*. For FY 2020 and FY 2019, the primary reconciling item is appropriations transfers in of current year authority, which is included in the *SBR* as *Appropriations* and is included as transfers in on the *SCNP*, in the amount of \$190.2 million and \$165.9 million, respectively.

Borrowing Authority: Total borrowing authority available for NOAA's loan programs amounted to \$124.4 million and \$59.7 million as of September 30, 2020 and 2019, respectively. The Borrowing Authority amounts reported in the *SBR Budgetary Resources* section represent only borrowing authority realized during the fiscal year being reported. See Note 1.O, *Debt to Treasury*, for debt repayment requirements, financing sources for repayments, and other terms of borrowing authority used.

Permanent, Indefinite Appropriations: The Department's reporting entities, except MBDA, have one or more permanent, indefinite appropriations to finance operations. Permanent, indefinite appropriations are appropriations that are available until expended.

Permanent Reductions to Budgetary Resources: Permanent reductions to the Department's budgetary resources primarily under Public Law 116-93 amounted to \$18.2 million for FY 2020, while permanent reductions to the Department's budgetary resources under Public Law 116-6 amounted to \$13.2 million for FY 2019. These permanent reductions are included in the *SBR Budgetary Resources* section, and are also included in the *SCNP*.

Legal and/or budgetary arrangements affecting the Department's use of Unobligated Balances of Budget Authority, Fund Balance with Treasury, and/or Investments, Net during FY 2020 and FY 2019 include the following:

- The Department's *Unobligated Balance, End of Year, Unapportioned, Unexpired Accounts* shown on the FY 2020 and FY 2019 *SBR* represent the portion of budgetary resources that were not apportioned by OMB for that fiscal year and that were not available for obligation or otherwise during FY 2020 and FY 2019, of \$104.7 million and \$63.8 million, respectively.
- The Department's *Unobligated Balance, End of Year, Apportioned, Unexpired Accounts*, Budgetary column shown on the FY 2020 and FY 2019 *SBR* includes amounts apportioned by OMB for subsequent fiscal years totaling \$521.9 million and \$1.73 billion, respectively.
- The Department's Fund Balance with Treasury asset includes NTIA's Digital Television Transition and Public Safety Fund, as of September 30, 2020 and 2019, \$8.81 billion of funds that are not available (reduction of budgetary resources).
- The Department's Investments, Net asset as of September 30, 2020 and 2019 of \$7.67 billion and \$7.57 billion, respectively, represents amounts in NTIA's Public Safety Trust Fund that shall be deposited in the General Fund of the U.S. government for deficit reduction after the end of FY 2022. The Public Safety Trust Fund has recorded a liability (not covered by budgetary resources) to the General Fund of the U.S. government for deficit reduction of \$7.67 billion and \$7.57 billion as of September 30, 2020 and 2019, respectively. For more information on the Public Safety Trust Fund, see Note 22, *Funds from Dedicated Collections*.
- The Department's Fund Balance with Treasury as of September 30, 2020 and 2019 includes \$790.1 million of USPTO offsetting collections exceeding the current fiscal year and prior fiscal years' appropriations. USPTO may use these funds only as authorized by Congress, and only as made available by the issuance of a Treasury warrant.
- The Omnibus Budget Reconciliation Act of 1990 established surcharges on certain statutory patent fees collected by USPTO. Subsequent legislation extended the surcharges through September 30, 1998. These surcharges were deposited into the Patent and Trademark Surcharge Fund, a Special Fund Receipt Account at Treasury. USPTO may use monies from this account only as authorized by Congress and made available by the issuance of a Treasury warrant. As of September 30, 2020 and 2019, \$233.5 million of Fund Balance with Treasury is held in the Patent and Trademark Surcharge Fund.
- The Department's Fund Balance with Treasury for Deposit Funds and for General Fund Receipt Accounts, totaling \$194.0 million and \$173.3 million as of September 30, 2020 and 2019, respectively, are not available to finance operating activities.
- The Department's Fund Balance with Treasury as of September 30 2020 and 2019 includes \$147.7 million of USPTO sequestered funds temporarily not available.
- For the NOAA Fishing Vessel Obligation Guarantee program, which is a loan program prior to the Federal Credit Reform Act of 1990 (pre-FY 1992 loans), most or all liquidating fund unobligated balances in excess of working capital needs are required to be transferred to Treasury as soon as practicable during the following fiscal year.
- For direct loan programs under the Federal Credit Reform Act of 1990 (post-FY 1991 loans) that have outstanding debt to Treasury, regulations require that most unobligated balances be returned to Treasury on September 30 or require that the borrowing authority be cancelled on September 30.

Comparison to Budget of the U.S. Government:

A comparison was performed between the amounts reported in the FY 2019 *SBR* and the actual FY 2019 amounts reported in the FY 2021 Budget of the U.S. government for *SBR* lines *Total Budgetary Resources; New Obligations and Upward Adjustments*; the aggregate of *Outlays, Net, and Disbursements, Net*, and *Distributed Offsetting (Receipts)/Outlays, Net*. There was an explained material difference of \$385 million for *Total Budgetary Resources* because of expired accounts that are appropriately included in the *SBR*, and that are appropriately not included in the FY 2021 Budget of the U.S. government. There was also an explained

material difference of \$7 million for *Distributed Offsetting (Receipts)/Outlays, Net*, which is due to certain receipt accounts that are appropriately included in the *SBR*, and that are not included in the FY 2021 Budget of the U.S. government. The President's Budget that will report actual amounts for FY 2020 has not yet been published, and will be made available on OMB's President's Budget Web page.

Summary of FY 2019 Reconciling Items:

(In Millions)

	Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting (Receipts)/ Outlays, Net	Outlays/ Disbursements, Net
Combined Statement of Budgetary Resources	\$ 23,341	\$ 17,873	\$ 39	\$ 11,305
Included in FY 2021 Budget of the U.S. Government	22,956	17,872	32	11,304
Difference	\$ 385	\$ 1	\$ 7	\$ 1
Explanation	Expired budgetary resources included in <i>SBR</i> , are not included in the Budget of the U.S. government	Rounding	Certain receipt accounts included in <i>SBR</i> , are not included in the Budget of the U.S. government	Rounding

Undelivered Orders:

The following table summarizes Undelivered Orders as of September 30, 2020 and 2019:

Undelivered Orders	FY 2020	FY 2019
Undelivered Orders, Federal Paid	\$ 271,688	\$ 204,566
Undelivered Orders, Federal Unpaid	2,118,952	2,252,210
Undelivered Orders, Non-federal Paid	130,686	115,001
Undelivered Orders, Non-federal Unpaid	9,961,644	9,967,132
Total	\$ 12,482,970	\$ 12,538,909

NOTE 20. CUSTODIAL NON-EXCHANGE ACTIVITY

	FY 2020	FY 2019
Custodial Non-exchange Revenue		
Fines and Penalties	\$ 31,308	\$ 12,312
Other	9,573	14,103
Subtotal	40,881	26,415
Less: Amounts Collected for Non-federal Entities	(26)	(42)
Total Custodial Federal Revenue Collected	<u>\$ 40,855</u>	<u>\$ 26,373</u>

Custodial non-exchange activity represents revenue that was or will be collected on behalf of another entity, and the disposition of that revenue, for the General Fund of the U.S. government, a trust fund, or other recipient entities. The Department's custodial non-exchange activity is not included in the Department's financial statements.

The Department's custodial non-exchange revenue in FY 2020 and FY 2019 was \$40.9 million and \$26.4 million, respectively, and was primarily received by BIS, EDA, and NOAA. BIS receives custodial revenue from civil monetary penalties assessed to private entities that violate the Export Administration Act. EDA receives custodial revenue from the collection of interest, fines and penalties, and miscellaneous receipts. NOAA receives custodial revenue from interest on its loan portfolio and collection of fines and penalties. The Department's payable to the General Fund of the U.S. government for custodial non-exchange revenue was \$38.1 million and \$3.7 million as of September 30, 2020 and 2019, respectively, and the Department's payable to the public for custodial non-exchange revenue as of September 30, 2020 and 2019 was \$2 thousand and \$26 thousand, respectively.

NOTE 21. FIDUCIARY ACTIVITIES

The Department has two fiduciary funds. The Patent Cooperation Treaty authorized USPTO to collect patent filing and search fees on behalf of the World Intellectual Property Organization (WIPO), European Patent Office, Korean Intellectual Property Office, Russian Intellectual Property Organization, Australian Patent Office, Israeli Patent Office, Japanese Patent Office, and Intellectual Property Office of Singapore from U.S. citizens requesting an international patent. The Madrid Protocol Implementation Act authorized USPTO to collect trademark application fees on behalf of the International Bureau of the WIPO from U.S. citizens requesting an international trademark.

Schedule of Fiduciary Activities for the Year Ended September 30, 2020:

	FY 2020		
	Patent Cooperation Treaty	Madrid Protocol	Total
Fiduciary Net Assets, Beginning Balance	\$ 12,912	\$ 2,185	\$ 15,097
Contributions	153,017	34,048	187,065
Disbursements to and on Behalf of Beneficiaries	(151,693)	(33,163)	(184,856)
Increase/(Decrease) in Fiduciary Net Assets	1,324	885	2,209
Fiduciary Net Assets, Ending Balance	\$ 14,236	\$ 3,070	\$ 17,306

Fiduciary Net Assets as of September 30, 2020:

	FY 2020		
	Patent Cooperation Treaty	Madrid Protocol	Total
Fund Balance with Treasury	\$ 14,236	\$ 3,070	\$ 17,306

Schedule of Fiduciary Activities for the Year Ended September 30, 2019:

	FY 2019		
	Patent Cooperation Treaty	Madrid Protocol	Total
Fiduciary Net Assets, Beginning Balance	\$ 13,862	\$ 704	\$ 14,566
Contributions	151,648	29,914	181,562
Disbursements to and on Behalf of Beneficiaries	(152,598)	(28,433)	(181,031)
Increase/(Decrease) in Fiduciary Net Assets	(950)	1,481	531
Fiduciary Net Assets, Ending Balance	\$ 12,912	\$ 2,185	\$ 15,097

Fiduciary Net Assets as of September 30, 2019:

	FY 2019		
	Patent Cooperation Treaty	Madrid Protocol	Total
Fund Balance with Treasury	\$ 12,912	\$ 2,185	\$ 15,097

NOTE 22. FUNDS FROM DEDICATED COLLECTIONS

The following tables depict major funds from dedicated collections separately chosen based on their significant financial activity and importance to taxpayers. All other funds from dedicated collections not shown are aggregated as "Other Funds from Dedicated Collections." The funds from dedicated collections reported in these tables are fully included in the Department's *Consolidated Balance Sheets, Consolidated Statements of Net Cost, and Consolidated Statements of Changes in Net Position*.

The individual Funds from Dedicated Collections that are included in the Other Funds from Dedicated Collections columns for both FY 2020 and FY 2019 are as follows:

- NOAA Environmental Improvement and Restoration Fund
- NOAA Fishermen's Contingency Fund
- NOAA Foreign Fishing Observer Fund
- NOAA Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology fund
- NOAA Limited Access System Administration Fund
- NOAA North Pacific Marine Research Institute fund
- NTIA First Responder Network Authority, Gifts, Donations, and Bequests Trust Fund
- NTIA State and Local Implementation Fund

(continued from previous page)

United States Department of Commerce Combining Balance Sheet – Funds from Dedicated Collections
As of September 30, 2020

	NIST Wireless Innovation Fund	NOAA Damage Assessment and Restoration Revolving Fund	NTIA Digital Television Transition and Public Safety Fund	NTIA First Responder Network Authority Fund	NTIA Network Construction Fund	NTIA Public Safety Trust Fund	USPTO Funds from Dedicated Collections	Other Funds from Dedicated Collections	Combined Total Funds from Dedicated Collections
ASSETS									
Intragovernmental:									
Fund Balance with Treasury	\$ 139,567	\$ 203,822	\$ 8,815,900	\$ 428,235	\$ 2,924,663	\$ 18,926	\$ 2,583,834	\$ 94,797	\$ 15,209,744
Investments, Net	–	–	–	–	–	7,671,062	–	–	7,671,062
Accounts Receivable	–	–	–	14	–	37	–	–	51
Other	–	–	188	–	482	22	4,050	58	4,800
Total Intragovernmental	139,567	203,822	8,816,088	428,249	2,925,145	7,690,047	2,587,884	94,855	22,885,657
Cash	–	–	–	–	–	–	28,431	–	28,431
Accounts Receivable, Net	–	–	–	10	16	–	508	13	547
General Property, Plant, and Equipment, Net	–	–	–	431	2,990	69	337,983	465	341,938
Cost Contribution to Buildout/ Continuing Enhancement of Nationwide Public Safety Broadband Network, Net	–	–	–	17,750	4,757,029	–	–	–	4,774,779
Other	118	25	–	–	658	–	21,163	25	21,989
TOTAL ASSETS	\$ 139,685	\$ 203,847	\$ 8,816,088	\$ 446,440	\$ 7,685,838	\$ 7,690,116	\$ 2,975,969	\$ 95,358	\$ 28,053,341
LIABILITIES									
Intragovernmental:									
Accounts Payable	\$ (58)	\$ 1	\$ –	\$ 80	\$ 248	\$ 27	\$ 11,415	\$ –	\$ 11,713
Other									
Liability to General Fund of the U.S. Government for Deficit Reduction	–	–	–	–	–	7,671,062	–	–	7,671,062
Other Liabilities	–	67	–	278	502	–	27,015	53	27,915
Total Intragovernmental	(58)	68	–	358	750	7,671,089	38,430	53	7,710,690
Accounts Payable	–	15	–	18,990	1,444,337	24	93,842	20	1,557,228
Federal Employee Benefits Liabilities	–	–	–	–	–	–	10,343	–	10,343
Other									
Accrued Payroll and Annual Leave	258	220	–	4,023	824	31	315,460	177	320,993
Accrued Grants	1,916	709	728	–	–	–	–	1,913	5,266
Unearned Revenue	–	–	–	120,000	–	–	1,033,073	–	1,153,073
Other Liabilities	–	10	–	–	–	–	300	7	317
TOTAL LIABILITIES	\$ 2,116	\$ 1,022	\$ 728	\$ 143,371	\$ 1,445,911	\$ 7,671,144	\$ 1,491,448	\$ 2,170	\$ 10,757,910
NET POSITION									
Unexpended Appropriations	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Cumulative Results of Operations	137,569	202,825	8,815,360	303,069	6,239,927	18,972	1,484,521	93,188	17,295,431
TOTAL NET POSITION	\$ 137,569	\$ 202,825	\$ 8,815,360	\$ 303,069	\$ 6,239,927	\$ 18,972	\$ 1,484,521	\$ 93,188	\$ 17,295,431
TOTAL LIABILITIES AND NET POSITION	\$ 139,685	\$ 203,847	\$ 8,816,088	\$ 446,440	\$ 7,685,838	\$ 7,690,116	\$ 2,975,969	\$ 95,358	\$ 28,053,341

United States Department of Commerce Combining Balance Sheet – Funds from Dedicated Collections
As of September 30, 2019

	NIST Wireless Innovation Fund	NOAA Damage Assessment and Restoration Revolving Fund	NTIA Digital Television Transition and Public Safety Fund	NTIA First Responder Network Authority Fund	NTIA Network Construction Fund	NTIA Public Safety Trust Fund	USPTO Funds from Dedicated Collections	Other Funds from Dedicated Collections	Combined Total Funds from Dedicated Collections
ASSETS									
Fund Balance with Treasury	\$ 185,766	\$ 173,399	\$ 8,820,013	\$ 331,547	\$ 4,389,762	\$ 70,320	\$ 2,320,629	\$ 100,987	\$ 16,392,423
Cash	-	-	-	-	-	-	7,520	-	7,520
Investments, Net	-	-	-	-	-	7,569,381	-	-	7,569,381
Accounts Receivable, Net	-	37	-	6	15	81	450	22	611
General Property, Plant, and Equipment, Net	-	-	-	65	3,381	104	459,341	-	462,891
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network, Net	-	-	-	-	3,408,729	-	-	-	3,408,729
Other	260	20	190	-	1,922	31	23,925	41	26,389
TOTAL ASSETS	\$ 186,026	\$ 173,456	\$ 8,820,203	\$ 331,618	\$ 7,803,809	\$ 7,639,917	\$ 2,811,865	\$ 101,050	\$ 27,867,944
LIABILITIES									
Accounts Payable	\$ (96)	\$ 165	\$ -	\$ 578	\$ 1,415,515	\$ 283	\$ 106,665	\$ 27	\$ 1,523,137
Federal Employee Benefits Liabilities	-	-	-	-	-	-	12,203	-	12,203
Other	-	-	-	120,000	-	-	984,971	-	1,104,971
Unearned Revenue Liability to General Fund of the U.S. Government for Deficit Reduction	-	-	-	-	-	7,569,382	-	-	7,569,382
Accrued Payroll and Annual Leave	269	171	-	3,628	102	21	262,841	158	267,190
Accrued Grants	2,153	519	1,291	-	-	-	-	4,312	8,275
Other Liabilities	-	57	-	561	67	-	20,995	55	21,735
TOTAL LIABILITIES	\$ 2,326	\$ 912	\$ 1,291	\$ 124,767	\$ 1,415,684	\$ 7,569,686	\$ 1,387,675	\$ 4,552	\$ 10,506,893
NET POSITION									
Unexpended Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative Results of Operations	183,700	172,544	8,818,912	206,851	6,388,125	70,231	1,424,190	96,498	17,361,051
TOTAL NET POSITION	\$ 183,700	\$ 172,544	\$ 8,818,912	\$ 206,851	\$ 6,388,125	\$ 70,231	\$ 1,424,190	\$ 96,498	\$ 17,361,051
TOTAL LIABILITIES AND NET POSITION	\$ 186,026	\$ 173,456	\$ 8,820,203	\$ 331,618	\$ 7,803,809	\$ 7,639,917	\$ 2,811,865	\$ 101,050	\$ 27,867,944

**United States Department of Commerce Combining Statement of Net Cost – Funds from Dedicated Collections
For the Year Ended September 30, 2020**

	NIST Wireless Innovation Fund	NOAA Damage Assessment and Restoration Revolving Fund	NTIA Digital Television Transition and Public Safety Fund	NTIA First Responder Network Authority Fund	NTIA Network Construction Fund	NTIA Public Safety Trust Fund	USPTO Funds from Dedicated Collections	Other Funds from Dedicated Collections	Combined Total Funds from Dedicated Collections
Intragovernmental									
Gross Costs	\$ 16,144	\$ 1,730	\$ (103)	\$ 6,148	\$ 16,390	\$ 824	\$ 752,133	\$ 2,055	\$ 795,321
Less: Earned Revenue	–	–	–	(46)	(5)	(227)	(8,448)	–	(8,726)
Intragovernmental, Net Costs	\$ 16,144	\$ 1,730	\$ (103)	\$ 6,102	\$ 16,385	\$ 597	\$ 743,685	\$ 2,055	\$ 786,595
With the Public									
Gross Costs	\$ 29,961	\$ 31,109	\$ 3,653	\$ 19,119	\$ 177,803	\$ 2,659	\$ 2,870,837	\$ 27,379	\$ 3,162,520
Less: Earned Revenue	–	–	–	(120,000)	–	–	(3,648,604)	–	(3,768,604)
With the Public, Net Costs	\$ 29,961	\$ 31,109	\$ 3,653	\$ (100,881)	\$ 177,803	\$ 2,659	\$ (777,767)	\$ 27,379	\$ (606,084)
Total Program Costs									
Gross Costs	\$ 46,105	\$ 32,839	\$ 3,550	\$ 25,267	\$ 194,193	\$ 3,483	\$ 3,622,970	\$ 29,434	\$ 3,957,841
Less: Earned Revenue	–	–	–	(120,046)	(5)	(227)	(3,657,052)	–	(3,777,330)
NET COST OF OPERATIONS	\$ 46,105	\$ 32,839	\$ 3,550	\$ (94,779)	\$ 194,188	\$ 3,256	\$ (34,082)	\$ 29,434	\$ 180,511

**United States Department of Commerce Combining Statement of Net Cost – Funds from Dedicated Collections
For the Year Ended September 30, 2019**

	NIST Wireless Innovation Fund	NOAA Damage Assessment and Restoration Revolving Fund	NTIA Digital Television Transition and Public Safety Fund	NTIA First Responder Network Authority Fund	NTIA Network Construction Fund	NTIA Public Safety Trust Fund	USPTO Funds from Dedicated Collections	Other Funds from Dedicated Collections	Combined Total Funds from Dedicated Collections
Total Program Costs									
Gross Costs	\$ 41,507	\$ 26,119	\$ 1,829	\$ 34,982	\$ 116,516	\$ 4,278	\$ 3,478,168	\$ 36,608	\$ 3,740,007
Less: Earned Revenue	–	–	–	(120,000)	(10)	(28)	(3,388,671)	–	(3,508,709)
NET COST OF OPERATIONS	\$ 41,507	\$ 26,119	\$ 1,829	\$ (85,018)	\$ 116,506	\$ 4,250	\$ 89,497	\$ 36,608	\$ 231,298

**United States Department of Commerce Combining Statement of Changes in Net Position – Funds from Dedicated Collections
For the Year Ended September 30, 2020**

	NIST Wireless Innovation Fund	NOAA Damage Assessment and Restoration Revolving Fund	NTIA Digital Television Transition and Public Safety Fund	NTIA First Responder Network Authority Fund	NTIA Network Construction Fund	NTIA Public Safety Trust Fund	USPTO Funds from Dedicated Collections	Other Funds from Dedicated Collections	Combined Total Funds from Dedicated Collections
Cumulative Results of Operations:									
Beginning Balance	\$ 183,700	\$ 172,544	\$ 8,818,912	\$ 206,851	\$ 6,388,125	\$ 70,231	\$ 1,424,190	\$ 96,498	\$ 17,361,051
Budgetary Financing Sources:									
Intragovernmental:									
Non-exchange Revenue	-	-	-	-	-	101,680	-	14	101,694
Transfers In/(Out) Without Reimbursement, Net	-	56,302	-	-	46,000	(48,001)	(2,000)	12,740	65,041
With the Public:									
Non-exchange Revenue	-	6,814	-	-	-	-	-	13,373	20,187
Other Financing Sources (Non-exchange):									
Intragovernmental:									
Transfers In/(Out) Without Reimbursement, Net	(25)	-	-	-	-	-	-	-	(25)
Imputed Financing Sources from Cost Absorbed by Others	-	-	-	1,438	-	-	28,248	-	29,686
Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction	-	-	-	-	-	(101,680)	-	-	(101,680)
With the Public:									
Other Financing Sources/(Uses), Net	(1)	4	(2)	1	(10)	(2)	1	(3)	(12)
Total Financing Sources	(26)	63,120	(2)	1,439	45,990	(48,003)	26,249	26,124	114,891
Net Cost of Operations	(46,105)	(32,839)	(3,550)	94,779	(194,188)	(3,256)	34,082	(29,434)	(180,511)
Net Change	(46,131)	30,281	(3,552)	96,218	(148,198)	(51,259)	60,331	(3,310)	(65,620)
Cumulative Results of Operations – Ending Balance	137,569	202,825	8,815,360	303,069	6,239,927	18,972	1,484,521	93,188	17,295,431
NET POSITION	\$ 137,569	\$ 202,825	\$ 8,815,360	\$ 303,069	\$ 6,239,927	\$ 18,972	\$ 1,484,521	\$ 93,188	\$ 17,295,431

**United States Department of Commerce Combining Statement of Changes in Net Position – Funds from Dedicated Collections
For the Year Ended September 30, 2019**

	NIST Wireless Innovation Fund	NOAA Damage Assessment and Restoration Revolving Fund	NTIA Digital Television Transition and Public Safety Fund	NTIA First Responder Network Authority Fund	NTIA Network Construction Fund	NTIA Public Safety Trust Fund	USPTO Funds from Dedicated Collections	Other Funds from Dedicated Collections	Combined Total Funds from Dedicated Collections
Cumulative Results of Operations:									
Beginning Balance	\$ 227,251	\$ 170,251	\$ 8,820,741	\$ 120,000	\$ 6,503,750	\$ 77,362	\$ 1,433,577	\$ 106,225	\$ 17,459,157
Budgetary Financing Sources:									
Non-exchange Revenue	–	1,538	–	–	–	169,695	–	13,976	185,209
Transfer in of Auction Proceeds from Federal Communications Commission	–	–	–	–	–	1,155,251	–	–	1,155,251
Transfers In/(Out) Without Reimbursement, Net	–	26,874	–	–	881	(2,881)	(1,500)	12,905	36,279
Other Financing Sources (Non-exchange):									
Transfers In/(Out) Without Reimbursement, Net	(2,044)	–	–	–	–	–	–	–	(2,044)
Imputed Financing Sources from Cost Absorbed by Others	–	–	–	1,833	–	–	81,610	–	83,443
Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction	–	–	–	–	–	(1,324,946)	–	–	(1,324,946)
Total Financing Sources	(2,044)	28,412	–	1,833	881	(2,881)	80,110	26,881	133,192
Net Cost of Operations	(41,507)	(26,119)	(1,829)	85,018	(116,506)	(4,250)	(89,497)	(36,608)	(231,298)
Net Change	(43,551)	2,293	(1,829)	86,851	(115,625)	(7,131)	(9,387)	(9,727)	(98,106)
Cumulative Results of Operations – Ending Balance	183,700	172,544	8,818,912	206,851	6,388,125	70,231	1,424,190	96,498	17,361,051
NET POSITION	\$ 183,700	\$ 172,544	\$ 8,818,912	\$ 206,851	\$ 6,388,125	\$ 70,231	\$ 1,424,190	\$ 96,498	\$ 17,361,051

Below is a description of major Funds from Dedicated Collections shown in the table above and on the previous pages:

NIST's **Wireless Innovation Fund** was created in order for NIST, in consultation with the Federal Communications Commission (FCC), the Secretary of Homeland Security, and the National Institute of Justice of the U.S. Department of Justice, to conduct research and assist with the development of standards, technologies, and applications to advance wireless public safety communications. Section 6413 of the Middle Class Tax Relief and Job Creation Act of 2012 required NTIA to make available \$300.0 million to the Director of NIST as amounts are deposited into NTIA's Public Safety Trust Fund to carry out public safety research. The Wireless Innovation Fund through FY 2017 received transfers in totaling \$300.0 million from NTIA's Public Safety Trust Fund. The law establishing this program can be found in Section 6303 of the Middle Class Tax Relief and Job Creation Act of 2012.

NOAA's **Damage Assessment and Restoration Revolving Fund** receives monies for the reimbursement of expenses related to oil or hazardous substance spill response activities, or natural resource damages assessment, restoration, rehabilitation, replacement, or acquisition activities conducted by NOAA. The recovered sums by a federal, state, tribal, or foreign trustee for natural resource damages is retained by the trustee and is only used to reimburse or pay costs incurred by the trustee for the damaged natural resources. The law establishing the Damage Assessment and Restoration Revolving Fund can be found in 33 U.S.C. Section 2706.

NTIA's **Digital Television Transition and Public Safety Fund** made digital television available to every home in America, improved communications between local, state, and federal agencies, allowed smaller television stations to broadcast digital television, and improved how warnings are received when disasters occur. NTIA received initial funding from borrowings from Treasury, and

repaid Treasury from the proceeds of the auction of recovered analog spectrum which was completed in March 2008. The proceeds from the auction provided funding for several programs, and \$7.36 billion was transferred in September 2009 to the General Fund of the U.S. government as required by the Deficit Reduction Act of 2005. The Fund has a Fund Balance with Treasury balance of \$8.82 billion and a *Net Position, Cumulative Results of Operations* balance of \$8.82 billion, as of September 30, 2020, of which \$8.81 billion is unavailable for obligation as of September 30, 2020. The law establishing programs under this fund can be found in the Deficit Reduction Act of 2005, Sections 3001-3014. For FY 2020 budgetary financial information for the Digital Television Transition and Public Safety Fund, see the *Combining Schedule of Budgetary Resources by Major Budget Account* (unaudited), included in *Required Supplementary Information (Unaudited)*.

NTIA's **Network Construction Fund** and **First Responder Network Authority fund** primarily provide funding at this time for the federal portion of cost contributions toward buildout of the Nationwide Public Safety Broadband Network (NPSBN) and for operations of the First Responder Network Authority (FirstNet), an independent authority within NTIA. FirstNet shall ensure the establishment of a nationwide interoperable broadband network to help police, firefighters, emergency medical service professionals, and other public safety officials stay safe and do their jobs. For information about FirstNet's public-private partnership with AT&T to buildout, deploy, operate, and maintain the NPSBN under a 25-year contract award by FirstNet to AT&T in March 2017, see Note 26, *Disclosure Public-Private Partnerships*.

The asset *Cost Contribution to Buildout/Continuing Enhancement of NPSBN, Net* amounted to \$4.77 billion and \$3.41 billion at September 30, 2020 and 2019, respectively, which is net of accumulated amortization of \$239.4 million and \$97.3 million, respectively. The Department's cost contribution to buildout and continuing enhancement of the NPSBN is captured in both the Network Construction Fund and the FirstNet fund and includes (a) completed and accepted AT&T contract performance for buildout/continuing enhancement of the NPSBN; and (b) accrued costs for estimated, unbilled AT&T contract performance progress. See Note 1.N for information regarding the classification of these cost contributions as an asset, and the related amortization of the cost contributions. Cost contributions for continuing enhancement to the NPSBN began in the fourth quarter of FY 2020, and amortization of such cost contributions has not yet begun as of September 30, 2020.

Network Construction Fund

The Network Construction Fund in FY 2020 and FY 2019 received transfers in from NTIA's Public Safety Trust Fund totaling \$46.0 million and \$881 thousand, respectively, and also through FY 2018 similarly received transfers in from NTIA's Public Safety Trust Fund totaling \$6.82 billion.

The law establishing the Network Construction Fund can be found under Section 6206 of the Middle Class Tax Relief and Job Creation Act of 2012. For FY 2020 budgetary financial information for the Network Construction Fund, see the *Combining Schedule of Budgetary Resources by Major Budget Account* (unaudited), included in *Required Supplementary Information (Unaudited)*.

First Responder Network Authority fund

FirstNet is authorized to assess and collect fees, and also annually collects exchange revenue (allocated between unearned revenue and earned revenue) from AT&T under the terms of its contract with AT&T to buildout, deploy, operate, and maintain the NPSBN. The First Responder Network Authority fund was established primarily pursuant to Sections 6206 and 6208 of the Middle Class Tax Relief and Job Creation Act of 2012.

NTIA's **Public Safety Trust Fund** was created as a result of Section 6413 of the Middle Class Tax Relief and Job Creation Act of 2012 (Act). The Act provides funding for specified programs and activities to be derived from the proceeds of FCC auctions of spectrum licenses, to be deposited into the Public Safety Trust Fund.

Prior to the receipt of auction proceeds from FCC, the Act provided authority to NTIA to borrow up to \$2.00 billion from Treasury, interest-free, with the debt to be repaid from auction proceeds as the first priority. The Public Safety Trust Fund borrowed \$2.00 billion from Treasury through FY 2014, which was repaid in full as of September 30, 2015.

FCC carries out auctions in accordance with the Act, of which certain earned net auction proceeds (earned auction proceeds less any FCC administrative fees) are transferred from FCC to the Public Safety Trust Fund. A transfer in from FCC becomes a financing source on the *SCNP* when the transfer is received. Transfers in of auction proceeds from FCC of \$1.16 billion were received in FY 2019, which are not available for obligation; there were not any transfers in of auction proceeds from FCC received in FY 2020. The auction proceeds received in FY 2019 are excess funds beyond the needs of priorities 1 through 7 discussed below, and are invested in non-marketable, market-based Treasury securities—see discussion further below about investments of the Public Safety Trust Fund. Transfers in of auction proceeds from FCC totaling \$34.18 billion through FY 2018 were previously received.

The Act directs the use of auction proceeds in an order of priority after the repayment of borrowings from Treasury (priority 1):

- Priority 1, the repayment of borrowings from Treasury, was fully completed as of September 30, 2015 as previously discussed.
- In FY 2015, the Public Safety Trust Fund transferred out \$130.9 million, net of sequestration, to NTIA's State and Local Implementation Fund, fully completing priority 2.
- In FY 2020 and FY 2019, the Public Safety Trust Fund transferred out to NTIA's Network Construction Fund a total of \$46.0 million and \$881 thousand, respectively, toward priority 3 of transferring up to \$7.00 billion to NTIA's Network Construction Fund for buildout of the NPSBN. The Public Safety Trust Fund also similarly transferred out a total of \$6.82 billion to the Network Construction Fund through FY 2018 toward priority 3.
- In FY 2017 and FY 2016, the Public Safety Trust Fund transferred out a total of \$300.0 million to NIST's Wireless Innovation Fund, fully completing priority 4 and priority 7 for transfers to NIST to carry out public safety research.
- Priority 5 specifies that the Public Safety Trust Fund is to deposit a total of \$20.40 billion in the General Fund of the U.S. government for deficit reduction. Fully completing this priority, the Public Safety Trust Fund transferred out a total of \$20.40 billion during FY 2016 and FY 2015 to a receipt account utilized for transferring these funds to the General Fund of the U.S. government, and the receipt account transferred a total of \$20.40 billion during FY 2016 and FY 2015 to the General Fund of the U.S. government.
- Priority 6 specifies that the Public Safety Trust Fund make available \$115.0 million to the Assistant Secretary (NTIA) and the Administrator of the National Highway Traffic Safety Administration (NHTSA) to carry out the grant program of Next Generation 9-1-1. Fully completing this priority, the Public Safety Trust Fund transferred out a total of \$112.2 million in FY 2017 and FY 2016 to NHTSA, and made available in FY 2016 \$2.8 million within the Public Safety Trust Fund for the Assistant Secretary (NTIA).
- Priority 8 specifies that any remaining amounts deposited in the Public Safety Trust Fund shall be deposited in the General Fund of the U.S. government for deficit reduction. The Act further specifies that any amounts remaining in the Public Safety Trust Fund after the end of FY 2022 shall be deposited in the General Fund of the U.S. government for deficit reduction. Toward priority 8, the Public Safety Trust Fund has recorded a liability (not covered by budgetary resources) to the General Fund of the U.S. government of \$7.67 billion and \$7.57 billion as of September 30, 2020 and 2019, respectively. The corresponding FY 2020 and FY 2019 financing sources used to increase the liability for additional remaining amounts in the Fund of \$101.7 million and \$1.32 billion, respectively, are reported in the FY 2020 and FY 2019 *SCNP* reported in this Note, *Other Financing Sources (Non-exchange)* section.

The Act specifies that amounts in the Public Safety Trust Fund be invested in accordance with 31 U.S.C. Section 9702. The Public Safety Trust Fund has investments in non-marketable, market-based Treasury securities totaling \$7.67 billion and \$7.57 billion as of September 30, 2020 and 2019, respectively; see Note 1.H, *Investments*, Net and Note 3 for more information. The federal government does not set aside assets to pay future expenditures associated with the Public Safety Trust Fund. The dedicated

cash receipts collected from the public into the Public Safety Trust Fund are deposited with Treasury, which uses the cash for general government purposes. Treasury securities are issued to the Public Safety Trust Fund as evidence of its receipts. Treasury securities are an asset to the Public Safety Trust Fund, and Treasury securities are a liability of Treasury. Because the Public Safety Trust Fund and Treasury are both parts of the federal government, these assets and liabilities offset each other from the standpoint of the federal government as a whole. For this reason, they do not represent an asset or a liability in the U.S. government-wide financial statements. Treasury securities provide the Public Safety Trust Fund with authority to draw upon Treasury to make future expenditures. When the Public Safety Trust Fund requires redemption of these securities to make expenditures, the federal government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the federal government finances all other expenditures.

For FY 2020 budgetary financial information for the Public Safety Trust Fund, see the *Combining Schedule of Budgetary Resources by Major Budget Account* (unaudited) included in *Required Supplementary Information (Unaudited)*.

USPTO's **Funds from Dedicated Collections** consist of its Salaries and Expenses Fund, Patent and Trademark Surcharge Fund, and Patent and Trademark Fee Reserve Fund.

The Salaries and Expenses Fund contains monies used for the administering of the laws relevant to patents and trademarks and advising the Secretary of Commerce, the President of the United States, and the Administration on patent, trademark, and copyright protection, and trade-related aspects of intellectual property. This fund is used for USPTO's three core business activities—granting patents; registering trademarks; and intellectual property policy, protection, and enforcement—that promote the use of intellectual property rights as a means of achieving economic prosperity. These activities give innovators, businesses, and entrepreneurs the protection and encouragement they need to turn their creative ideas into tangible products, and also provide protection for their inventions and trademarks. The Salaries and Expenses Fund's Fund Balance with Treasury as of September 30, 2020 and 2019 includes (a) \$790.1 million of USPTO offsetting collections exceeding the current fiscal year and prior fiscal years' appropriations. USPTO may use these funds only as authorized by Congress, and only as made available by the issuance of a Treasury warrant; and (b) \$147.7 million of USPTO sequestered funds temporarily not available. See 35 U.S.C. 42, *Patent and Trademark Office Funding*, for more information on this fund; and for FY 2020 budgetary financial information, see the *Combining Schedule of Budgetary Resources by Major Budget Account* (unaudited), included in *Required Supplementary Information (Unaudited)*.

The Patent and Trademark Surcharge Fund, a Special Fund Receipt Account at Treasury, is discussed in Note 19, *Combined Statements of Budgetary Resources*. USPTO may use monies from this account only as authorized by Congress and made available by the issuance of a Treasury warrant. As of September 30, 2020 and 2019, \$233.5 million of Fund Balance with Treasury is held in this fund. The law establishing the Patent and Trademark Surcharge Fund is the Omnibus Budget Reconciliation Act of 1990, Title X, Subtitle B, Section 10101 (Public Law 101-508).

The Patent and Trademark Fee Reserve Fund results from a provision that requires USPTO to deposit into this Fund all patent and trademark fees collected in excess of its annual appropriation amount. Funds made available may only be used, as applicable, for expenses of USPTO relating to the processing of patent applications and trademark registrations, and for other activities, services, and materials relating to patents, trademarks, and related administrative costs. No monies had been deposited into this Fund through September 30, 2018. In FY 2019, fee collections in excess of the FY 2019 appropriation amount for the Salaries and Expenses fund, totaling \$28.7 million, were transferred into this Fund from the Salaries and Expenses Fund. In FY 2020, these monies were transferred from this Fund back to the Salaries and Expenses Fund. Furthermore, in FY 2020, fee collections in excess of the FY 2020 appropriation amount for the Salaries and Expenses fund, totaling \$231.9 million, were transferred into this Fund from the Salaries and Expenses Fund. The law establishing the Patent and Trademark Fee Reserve Fund can be found in 35 U.S.C. Section 42(c).

Intra-Departmental Eliminations between Funds from Dedicated Collections and All Other Funds: The table below summarizes intra-Departmental eliminations between Funds from Dedicated Collections and All Other Funds as of September 30, 2020 and 2019, or for the years ended September 30, 2020 and 2019:

	FY 2020			FY 2019		
	Intra-Departmental Eliminations – Funds from Dedicated Collections	Intra-Departmental Eliminations – All Other Funds	Total Intra-Departmental Eliminations	Intra-Departmental Eliminations – Funds from Dedicated Collections	Intra-Departmental Eliminations – All Other Funds	Total Intra-Departmental Eliminations
Balance Sheet:						
As of September 30, 2020 and 2019						
ASSETS						
Intragovernmental:						
Accounts Receivable	\$ (14)	\$ (3,346)	\$ (3,360)	\$ (73)	\$ (2,065)	\$ (2,138)
Advances and Prepayments	(653)	–	(653)	(746)	–	(746)
Total Intragovernmental Assets	\$ (667)	\$ (3,346)	\$ (4,013)	\$ (819)	\$ (2,065)	\$ (2,884)
LIABILITIES						
Intragovernmental:						
Accounts Payable	\$ (3,137)	\$ (14)	\$ (3,151)	\$ (1,997)	\$ (73)	\$ (2,070)
Unearned Revenue	–	(653)	(653)	–	(746)	(746)
Other Liabilities	(209)	–	(209)	(68)	–	(68)
Total Intragovernmental Liabilities	\$ (3,346)	\$ (667)	\$ (4,013)	\$ (2,065)	\$ (819)	\$ (2,884)
Statement of Net Cost:						
For the Years Ended September 30, 2020 and 2019						
Intragovernmental:						
Gross Costs	\$ (48,568)	\$ 15,434	\$ (33,134)	\$ (43,176)	\$ 10,952	\$ (32,224)
Less: Earned Revenue	582	32,552	33,134	555	31,669	32,224
Intragovernmental, Net Costs	\$ (47,986)	\$ 47,986	\$ –	\$ (42,621)	\$ 42,621	\$ –
Statement of Changes in Net Position:						
For the Years Ended September 30, 2020 and 2019						
Cumulative Results of Operations:						
Budgetary Financing Sources:						
Intragovernmental:						
Transfers In/(Out) Without Reimbursement, Net	\$ 4,000	\$ (4,000)	\$ –	\$ 3,500	\$ (3,500)	\$ –
Other Financing Sources (Non-exchange):						
Intragovernmental:						
Transfers In/(Out) Without Reimbursement, Net	25	(25)	–	2,044	(2,044)	–
Total Intragovernmental Financing Sources	\$ 4,025	\$ (4,025)	\$ –	\$ 5,544	\$ (5,544)	\$ –

NOTE 23. RECONCILIATION OF NET COST OF OPERATIONS TO OUTLAYS, NET

The *Reconciliation of Net Cost of Operations to Outlays, Net* reconciles proprietary basis of accounting *Net Cost of Operations* (as reported in the *Consolidated Statement of Net Cost*) to budgetary basis of accounting *Outlays, Net* (as reported in the *Combined Statement of Budgetary Resources*). *Outlays, Net* is comprised of Outlays, Gross less Actual Offsetting Collections. The second section reverses out items included in *Net Cost of Operations* that are not included in *Outlays, Net*. The third section adds items included in *Outlays, Net* that are not included in *Net Cost of Operations*.

The FY 2019 *Reconciliation of Net Cost of Operations to Outlays, Net* has been reclassified to conform to the FY 2020 presentation, resulting from revisions to the *SBR* that were set forth in OMB Circular A-136 Revised (August 27, 2020). The updated *SBR* redefines the *Outlays, Net* line to exclude *Disbursements, Net* for Non-budgetary Credit Reform Financing Accounts. Accordingly, for the FY 2019 reconciliation, dollar amounts for several reconciling lines have been revised or deleted, and a new reconciling line (*Net Cost of Operations for Non-budgetary Credit Reform Financing Accounts*) has been added.

The *Reconciliation of Net Cost of Operations to Outlays, Net* for FY 2020 and FY 2019 is shown below:

	FY 2020	FY 2019
Net Cost of Operations	\$ 15,930,906	\$ 10,576,194
Components of Net Cost of Operations that are Not Part of Outlays, Net		
Depreciation and Amortization	(1,747,138)	(1,596,831)
Gains/(Losses) on Disposition of Other Assets, Net	1,234	(2,772)
Other Gains/(Losses), Net	(7,409)	1,455
Imputed Costs from Cost Absorbed by Others	(286,717)	(346,178)
Other Expenses	(37,447)	(31,926)
Receivables, Net – Increases	15,128	58
Advances and Prepayments – Decreases	–	(20,205)
Undeposited Collections – Increases	20,963	640
Payables – Increases	(216,980)	(276,361)
Federal Employee Benefits Liabilities – Increases	(37,600)	(65,300)
Environmental and Disposal Liabilities – Increases	(4,070)	(580)
Accrued Payroll and Annual Leave – Increases	(566,600)	(88,390)
Various Other Liabilities – Increases	(176,760)	(32,699)
Net Cost of Operations for Non-budgetary Credit Reform Financing Accounts	2,553	826
Total Components of Net Cost of Operations that are Not Part of Outlays, Net	(3,040,843)	(2,458,263)
Components of Outlays, Net that are Not Part of Net Cost of Operations		
Receivables, Net – Decreases	(84)	(1,718)
Advances and Prepayments – Increases	59,265	27,998
Payables – Decreases	39,078	4,441
Unearned Revenue – Decreases	(121,617)	(17,877)
Various Other Liabilities – Decreases	9,812	5,426
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety		
Broadband Network, Gross – Increase	1,508,150	1,480,800
Acquisitions of Property, Plant, and Equipment	1,421,373	1,714,304
Acquisitions of Inventory, Materials, and Supplies	110,517	35,393
Acquisitions of Other Assets	3,172	298
Federal Employee Benefits Liabilities – Decreases	21,689	15,323
Actual Offsetting Collections Not Part of Net Cost of Operations	(18,093)	(18,094)
Adjustment for Pre-credit Reform Direct Loans:		
Pre-credit Reform Direct Loans and Loan Guarantees, Gross – Increase/(Decrease)	(287)	(1,418)
Other	1,114	69
Total Components of Outlays, Net that are Not Part of Net Cost of Operations	3,034,089	3,244,945
Outlays, Net	\$ 15,924,152	\$ 11,362,876

NOTE 24. STEWARDSHIP PROPERTY, PLANT, AND EQUIPMENT

Preservation of stewardship property, plant, and equipment (PP&E) promotes the Department's mission of providing effective management and monitoring of our Nation's resources and assets to support both environmental and economic health. The physical properties of stewardship PP&E resemble those of General PP&E that is capitalized traditionally in the Balance Sheet of the financial statements of federal entities. Due to the nature of these assets, however, valuation would be difficult and matching costs with specific periods would not be meaningful. Therefore, federal accounting standards require the disclosure of the nature and quantity of these assets. NOAA, NIST, and the Census Bureau are the only entities within the Department that have stewardship PP&E.

Stewardship National Marine Sanctuaries, Marine National Monuments, Conservation Area, Habitat Blueprint, and Land

Written policy statements or permit guidelines for the National Marine Sanctuaries and Marine National Monuments have been developed for the areas of acoustic impacts, artificial reefs, climate change, invasive species, and marine debris. The Office of Marine National Sanctuaries answers the most frequently asked questions related to alternative energy and oil and gas policy decisions for national marine sanctuaries. There were no stewardship asset withdrawals for this subcategory in FY 2020.

NOAA maintains the following stewardship assets under this subcategory:

National Marine Sanctuaries: In 1972, Congress passed the Marine Protection, Research, and Sanctuaries Act (Act) in response to a growing awareness of the intrinsic environmental and cultural value of coastal waters. The Act authorized the Secretary of Commerce to designate special nationally-significant areas of the marine environment as national marine sanctuaries.

These protected waters provide a secure habitat for species close to extinction, and also protect historically significant shipwrecks and prehistoric artifacts. National marine sanctuaries are also used for recreation (e.g., boating, diving, and sport fishing), and support valuable commercial industries such as fishing and kelp harvesting. As of September 30, 2020, 14 National Marine Sanctuaries, which include both coastal and offshore areas, have been designated, as follows:

- Channel Islands National Marine Sanctuary
- Cordell Bank National Marine Sanctuary
- Florida Keys National Marine Sanctuary
- Flower Garden Banks National Marine Sanctuary
- Gray's Reef National Marine Sanctuary
- Greater Farallones National Marine Sanctuary
- Hawaiian Island Humpback Whale National Marine Sanctuary
- Mallows Bay-Potomac River National Marine Sanctuary
- Monitor National Marine Sanctuary
- Monterey Bay National Marine Sanctuary
- National Marine Sanctuary of American Samoa
- Olympic Coast National Marine Sanctuary
- Stellwagen Bank National Marine Sanctuary
- Thunder Bay National Marine Sanctuary

Marine National Monuments: The Marine National Monuments were created to protect the abundant and diverse coral, fish, and seabird populations; to facilitate exploration and scientific research; and to promote public education regarding the value of these national treasures. The establishment of the Monuments provides the opportunity to protect areas of outstanding scientific, cultural, conservation, and aesthetic value, and provide for the long-term preservation of these natural and cultural legacies. There are currently five Marine National Monuments, as follows:

- Marianas Trench Marine National Monument
- Northeast Canyons and Seamounts Marine National Monument
- Pacific Remote Islands Marine National Monument
- Papahānaumokuākea Marine National Monument
- Rose Atoll Marine National Monument

The Marine National Monuments are co-managed by NOAA and the U.S. Department of the Interior's U.S. Fish and Wildlife Service (USFWS), in cooperation with state and territorial agencies. The following legislation provides the authority for NOAA and USFWS to manage, monitor, and/or evaluate marine national monuments at the federal level. This list is not inclusive.

- Antiquities Act (1906): Authorizes the President to declare by public proclamation historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest that are situated upon the lands owned or controlled by the U.S. government to be national monuments, and may reserve as a part thereof parcels of land, the limits of which in all cases shall be confined to the smallest area compatible with proper care and management of the objects to be protected.
- Endangered Species Act (1973): A 1973 federal law, amended in 1978 and 1982, to protect troubled species from extinction. USFWS decided whether to list species as threatened or endangered. Federal agencies must avoid jeopardy to and aid the recovery of listed species. Similar responsibilities apply to non-federal entities.
- Fish and Wildlife Coordination Act (1934): Provides the basic authority for NOAA's National Marine Fisheries Service (NMFS) and USFWS involvement in evaluating impacts to fish and wildlife from proposed water resource development projects. It requires that fish and wildlife resources receive equal consideration to other project features. It also requires that federal agencies that construct, license, or permit water resource development projects must first consult with NMFS and USFWS and state fish and wildlife agencies regarding the impacts on fish and wildlife resources and measures to mitigate these impacts.
- Magnuson-Stevens Fishery Conservation and Management Act (1976; amended 2006): Calls for assessment and consideration of ecological, economic, and social impacts of fishing regulations on fishery participants and fishing communities in marine fishery management plans.
- Marine Mammal Protection Act (1972): Established to protect and manage marine mammals and their products (e.g., the use of hides and meat). The primary authority for implementing the Act belongs to NMFS and USFWS. The Act prohibits the "take" of marine mammals, which is defined as "to harass, hunt, capture, or kill, or attempt to harass, hunt, capture, or kill any marine mammal." The term "harassment" is further defined as "any act of pursuit, torment, or annoyance which has the potential to injure a marine mammal or marine mammal stock in the wild or has the potential to disturb a marine mammal or marine mammal stock in the wild by causing disruption of behavioral patterns, including, but not limited to, migration, breathing, nursing, breeding, feeding, or sheltering."

Aleutian Islands Habitat Conservation Area: On July 28, 2006, NOAA formally established the Aleutian Islands Habitat Conservation Area in Alaska, which covers nearly 370 thousand square miles and may harbor among the highest diversity of deep-water corals in the world. The conservation area established a network of fishing closures in the Aleutian Islands and Gulf of Alaska, and protects habitat for deep-water corals and other sensitive features that are slow to recover once disturbed by fishing gear or other activities. To minimize the effects of fishing on Essential Fish Habitat, and more specifically to address concerns about the impacts of bottom trawling on benthic habitat (particularly on coral communities) in the Aleutian Islands, the North Pacific Fishery Management Council took action to prohibit all bottom trawling in the Aleutians, except in small discrete "open" areas. Over 95 percent of the management area is closed to bottom trawling. Additionally, six Habitat Conservation Zones with especially high density coral and sponge habitat were closed to all bottom-contact fishing gear (longlines, pots, trawls). To improve monitoring and enforcement of the Aleutian Island closures, a vessel monitoring system is required for all fishing vessels in the Aleutian management area. NMFS implements this closure area through the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands Management Area and in federal regulations at 50 U.S.C. 679.22(a)(14), *Aleutian Islands Habitat Conservation Area*.

NOAA Habitat Blueprint: NOAA has responsibility for protecting habitat for fish, threatened and endangered species, marine mammals, and other natural resources within the coastal zone. Recognizing the need for more concerted efforts to conserve, protect, and restore habitat, NOAA developed the NOAA Habitat Blueprint to build on existing programs, prioritize its activities, and guide its future actions. This is being accomplished by creating Habitat Focus Areas. There are currently 10 Habitat Focus Areas, as follows:

- Biscayne Bay, FL
- Choptank River Watershed, MD/DE
- Kachemak Bay, AK
- Manell-Geus Watershed, GU
- Muskegon Lake, MI
- Northeast Reserves and Culebra Island, PR
- Penobscot River Watershed, ME
- Russian River Watershed, CA
- St. Louis River Estuary, MN/WI
- West Hawaii, HI

Work at these Habitat Focus Areas is completed via grant proposals that take a landscape-scale or watershed approach to implementing on the ground conservation efforts. Proposals must align with specific Habitat Focus Areas priorities. Project types, including habitat restoration/conservation, science/research, long-term monitoring, technology/tool development, and outreach/education, vary by Habitat Focus Area. All projects support NOAA's core missions of conserving coastal and marine habitats to support sustainable fisheries, protected resources, and coastal community resilience. Collaboration is encouraged with conservation partners and communities.

Land in St. George, AK and St. Paul, AK: Stewardship land in St. George includes land housing a cottage, land housing a seal skin processing plant, and seven rookeries. These rookeries are specific areas where Alaska sea lions gather each year to mate and raise young, and are protected by regulation under the Endangered Species Act and the Marine Mammal Protection Act. Alaska Steller sea lions specifically were first listed under the Endangered Species Act in 1990, mandating NMFS to monitor their population. Stewardship land also includes five rookeries in St. Paul.

The rookeries in St. George and the five rookeries in St. Paul were previously reported in FY 2019 as land non-collection-type heritage assets; however, a review of supporting documentation indicated that these rookeries should rather be classified, effective FY 2020, as stewardship land.

Heritage Assets

Heritage assets are unique for their historical or natural significance, cultural, educational, or artistic importance, or significant architectural characteristics. The Department generally expects that these assets will be preserved indefinitely.

In cases where a heritage asset also has a practical and predominant use for general federal government operations, the asset is considered a multi-use heritage asset. The cost of acquisition, improvement, reconstruction, or renovation of a multi-use heritage asset is capitalized as General PP&E and is depreciated over its estimated useful life.

NOAA's line and staff offices are responsible for reviewing their real property portfolios and reporting real property heritage assets to NOAA's Office of Finance via quarterly data call submissions. NOAA's Real Property Management Division reviews these submissions with the Office of Finance for final determination as to whether or not the reported items should be included as heritage assets.

NOAA has established policies, procedures, and standards for the preservation, security, handling, storage, and display of NOAA personal property heritage assets to ensure the proper care and handling of these assets under its control or jurisdiction. NOAA maintains a nationwide inventory of personal property heritage assets, ensuring that they are identified and recorded in the Personal Property Heritage Asset Accountability System. Each loan of NOAA personal property heritage assets, including assigning values and inventory numbers and reporting the current condition of heritage assets, is tracked and updated and the feasibility of new asset loans is determined. In addition, NOAA collects personal property heritage assets of historic, cultural, artistic, or educational significance to NOAA.

Non-collection-type Heritage Assets:

Non-collection-type heritage assets maintained by NOAA currently include the following:

- NMFS Galveston Laboratory Buildings (5) in Galveston, TX¹
- NMFS St. George Cottage (building) in St. George, AK¹
- NMFS St. George Seal Skin Processing Plant (building) in St. George, AK¹
- National Environmental Satellite, Data, and Information Service Buildings (8) in Gilmore Creek, Fairbanks, AK¹
- Northwest Fisheries Science Center in Seattle, WA (building)¹
- Office of Oceanic and Atmospheric Research (OAR) Air Resources Lab in Oak Ridge, TN (building)¹
- OAR Great Lakes Environmental Research Laboratory/Lake Michigan Field Station (building) in Muskegon, MI¹
- Western Regional Center Hangars (2) at the Water Resource Center in Seattle, WA (buildings)¹

¹ Multi-use heritage asset(s).

For FY 2020, the major methods of withdrawal of NOAA's non-collection-type heritage assets included demolition, disposal, transfer, sale, and reassessment of heritage assets criteria due to a review(s) of additional or new information or documentation.

For FY 2019 reporting, the St. Paul Old Clinic/Hospital (building; multi-use heritage asset) located in Alaska was reported as a non-collection-type heritage asset. The Department has clarified that the real property including land was transferred to the native village corporation for St. Paul Island.

NMFS Galveston Laboratory Buildings in Galveston, TX increased from one building reported in FY 2019 to five buildings reported in FY 2020. For FY 2020 reporting, the Department has clarified that there are a total of five non-collection-type heritage asset buildings at the campus.

For FY 2019 reporting, the NMFS Woods Hole Science Aquarium (building; multi-use heritage asset) located in Woods Hole, MA was reported as a non-collection-type heritage asset. The Department has clarified that the Woods Hole Science Aquarium should no longer be reported as a heritage asset for FY 2020 financial reporting because the building itself is not of historical significance.

National Environmental Satellite, Data, and Information Service Buildings decreased from ten buildings reported in FY 2019 to eight buildings reported in FY 2020 because two of the buildings were demolished and disposed of in FY 2019.

Northwest Fisheries Science Center Buildings in Seattle, WA decreased from three buildings reported in FY 2019 to one building reported in FY 2020. The Department obtained documentation, the National Register of Historic Places Registration Form, certified by the Keeper of the National Register of Historic Places, and it was determined by the Department that two of the buildings were not of historic significance.

Information regarding deferred maintenance and repairs for NOAA's multi-use heritage assets is included in the *Required Supplementary Information (Unaudited)* section.

Collection-type Heritage Assets:

NOAA:

NOAA's historical artifacts are designated collection-type heritage assets if they help illustrate the social, educational, and cultural heritage of NOAA and its predecessor agencies (Coast and Geodetic Survey, U.S. Fish Commission, the Weather Bureau, the Institutes for Environmental Research, the Environmental Science Services Administration, etc.). These artifacts include, but are not limited to: books, journals, publications, photographs, motion pictures, manuscripts, records, nautical chart plates, bells, gyrocompasses, brass citations, flags, pennants, chronometers, ship seals, clocks, compasses, fittings, miscellaneous ship fragments, lithographic plates, barometers, rain gauges, and any items that represent the uniqueness of the mission of NOAA and its predecessor agencies. NOAA's Logistics Office continually conducts inventories of NOAA's collection-type heritage assets.

For FY 2020, the major methods of withdrawal of NOAA's collection-type heritage assets included the asset no longer met the heritage asset criteria and assets destroyed, lost, missing, stolen, and donated/transferred to an entity outside of NOAA.

NOAA's collection-type heritage assets include the following:

NOAA Central Library: Many of NOAA's heritage assets are maintained by the NOAA Central Library. The holdings include photographs, motion pictures, artifacts, documents, and other items.

For FY 2019 reporting, the NOAA Central Library's Circulating Collection and Rare Book Room Collection were included in collection-type heritage assets. These two collections, effective FY 2020, are no longer included as collection-type heritage assets because it was determined by the Department that neither collection met the requirements of historical or natural significance; cultural, educational, or artistic significance; or significant architectural significance.

Thunder Bay Sanctuary Research Collection: The Thunder Bay National Marine Sanctuary (TBNMS) is jointly managed by NOAA and the State of Michigan to protect and interpret a nationally significant collection of shipwrecks and other maritime heritage resources. In 2004, TBNMS established an agreement with the Alpena County George N. Fletcher Public Library to jointly manage this collection. Amassed over a period of more than 40 years by historian C. Patrick Labadie, the collection includes information about such diverse subjects as Great Lakes ports and waterways, docks, cargoes, ships, shipbuilders, owners and fleets, machinery and rigging, notable maritime personalities, and shipwrecks. Special features of the collection are extensive collections of data cards listing most of the ships on the Great Lakes before year 1900, a roster of some 15 thousand vessels complete with descriptive data and highlights of the ships' careers and their ultimate losses, and ship photograph negatives of 19th and 20th century Great Lakes ships. The collection also includes copies of vessel ownership documents, contemporary ship photographs, books, and other items documenting the Great Lakes history.

Florida Keys National Marine Sanctuary Collection: The Florida Keys National Marine Sanctuary (FKNMS) collection-type heritage assets include artifacts from shipwreck and wrecking events occurring in the Florida Keys over a 500-year period. FKNMS is an abundant mixture of natural and cultural, historical resources.

NIST:

NIST currently maintains collection-type heritage assets under its Museum and History Program, which collects, preserves, and exhibits artifacts, such as scientific instruments, equipment, and objects of significance to NIST and predecessor agencies. This program provides institutional memory and demonstrates the contributions of NIST to the development of standards measurement, technology, and science.

NIST's Museum and History Program has policies in place for acquisitions and loans. Objects are either on display or in storage and are not used by visitors. Archives, including the historical book collection, are used according to established research library policies and procedures. When considering artifacts for accession, the following criteria are considered:

- Direct connection to NIST program activity;
- Direct connection to a NIST prominent person;
- Physical size; and
- Safety considerations.

Artifacts are rarely loaned, but can be loaned within established policies and procedures for educational purposes, scholarly research, and limited public exhibition to qualified institutions. The loan policy packet for these artifacts includes an introduction to the NIST Loan Program, Borrower Checklist, Artifact Loan Request, NIST Loan Policy, Insurance Requirements, Facilities Report, Outgoing Loan Agreement, Condition Report Form, and Outgoing Loan Process.

The NIST Information Services Office promotes the history of NIST through a program that collects, organizes, and preserves records of enduring value and encourages and supports their use by researchers.

Assets may be withdrawn by the NIST museum staff, who will provide the reason for withdrawal. Deaccessioning is part of the formation and care of collections and is performed in order to refine and improve the quality and appropriateness of the collections to better serve the museum's mission. When considering items for deaccession, the following criteria are considered:

- Historical relevance to NIST history;
- Usefulness for research, exhibition, or educational purposes;
- Duplication or better representative items in collection;
- Return of items on long-term loan;
- Availability of information;
- Safety concerns;
- Condition deterioration;
- Storage limitations; and
- Whether the asset belongs to a more appropriate collecting institution.

Census Bureau:

Collection-type heritage assets maintained by the Census Bureau are items considered unique for their historical, cultural, educational, technological, methodological, or artistic importance. They help illustrate the social, educational, and cultural heritage of the Census Bureau. Some items because of their age or obvious historical significance are inherently historical artifacts.

The Census Bureau has in place a Project Charter that outlines policies and procedures for the acquisition and removal of Census Bureau’s heritage assets. The Census Bureau Heritage Assets Committee decides if an item meets the criteria for a heritage asset based on the uniqueness, historical age, and/or if the item helps to illustrate the Census Bureau’s historic contributions to the Nation’s growth. If the item is deemed a heritage asset, the applicable property management office will ensure the heritage asset is catalogued and stored in a safe, secure environment, allowing for appropriate preservation and conservation. All necessary actions will be taken to reduce deterioration of heritage assets due to environmental conditions, and to limit damage, loss, and misuse of heritage assets. The Committee meets on a regular basis to determine if any heritage assets should be removed from the approved list, or if a newly arrived item should be classified as a heritage asset. Once a determination has been made to no longer classify an item as a heritage asset, the Census Bureau will follow any applicable established policies and procedures for surplus property.

The following tables summarize the Department’s Collection-type Heritage Assets activity and balances.

**Collection-type Heritage Assets: Collection
(In Actual Quantities)**

Category	Description of Assets	Quantity of Items Held September 30, 2019	FY 2020 Additions	FY 2020 Withdrawals	Quantity of Items Held September 30, 2020
NOAA Central Library – Collection of Photographs and Motion Pictures	Photographs and motion pictures	1	N/A ¹	N/A ¹	1

¹ N/A – Not applicable; this category is reported as one collection.

Collection-type Heritage Assets: Individual Items
(In Actual Quantities)

Category	Description of Assets	Quantity of Items Held September 30, 2019	FY 2020 Additions	FY 2020 Withdrawals	Quantity of Items Held September 30, 2020
NOAA National Ocean Service – Thunder Bay Sanctuary Research Collection	Data cards, photograph negatives, document copies, photographs, books, and other items	106,254	–	–	106,254
NOAA Central Library – Other	Artifacts, documents, and other items	29	–	1	28
NOAA National Centers for Environmental Information	Artifacts, books, documents, and other items	66	–	66	–
NOAA Florida Keys National Marine Sanctuary Collection	Artifacts	253	–	–	253
NOAA – Other	Artifacts, artwork, books, films, instruments, maps, and records	3,164	1	1	3,164
NIST Artifacts and Scientific Measures	National Bureau of Standards ¹ /NIST scientific instruments, equipment, and objects	1,410	–	–	1,410
NIST Historical Books and Manuscripts	Books of historical scientific interest by prominent scientists	61	–	61	–
Census Bureau Artwork and Gifts	Artifacts, artwork, books, films, instruments, and records	159	–	–	159
Census Bureau Collectable Assets	Publications, books, manuscripts, photographs, and maps	33	–	–	33
Total		111,429	1	129	111,301

¹ National Bureau of Standards is the former name of NIST.

NOTE 25. DISCLOSURE ENTITY

The Department's evaluations of SFFAS 47, *Reporting Entity*, determined that the organization discussed below should be included, as a disclosure entity, in the Department's notes to the financial statements.

The **Corporation for Travel Promotion (CTP), also doing business as Brand USA**, was established by the Travel Promotion Act of 2009 (TPA) as the Nation's first public-private partnership to spearhead a globally coordinated marketing effort to promote the United States as a premier travel destination and to communicate U.S. visa and entry policies. CTP is a non-profit corporation that was incorporated in the District of Columbia and began operations in May 2011. As the destination marketing organization for the United States, CTP's mission is to increase incremental international visitation, spend, and market share to fuel the Nation's economy and to enhance the image of the U.S. worldwide. CTP's programs, activities, and operations are managed and supported from its office in Washington, DC.

TPA set forth that the Secretary of Commerce shall appoint all 11 members of CTP's board of directors (after consultation with the Secretary of Homeland Security and the Secretary of State) and can remove board members with good cause. TPA's accountability measures included that CTP's board of directors shall establish annual objectives for the corporation for each fiscal year subject to approval by the Secretary of Commerce (after consultation with the Secretary of Homeland Security and the Secretary of State), that CTP shall provide an annual budget to the Secretary of Commerce, that CTP shall undergo annual financial audits of its operations, and that CTP shall submit an annual report to the Secretary of Commerce for transmittal to Congress.

The Travel Promotion, Enhancement, and Modernization Act of 2014 amended TPA, and its provisions included requirements for CTP to establish performance metrics and to establish a competitive procurement process. The Brand USA Extension Act (December 20, 2019) further amended TPA, including a requirement to make available CTP's performance metrics on its website.

The Department does not provide any funding to CTP. CTP currently receives federal funding, under a matching requirement, from the federal government's Travel Promotion Fund, which receives a designated portion of each fee collected by the federal government from international visitors who visit the United States under the Visa Waiver Program. The Travel Promotion Fund is not part of the Department and is not included in the Department's financial statements. The Travel Promotion, Enhancement, and Modernization Act of 2014, and the Brand USA Extension Act, extended the sunset date of the federal government's designated fee (for deposit to the Travel Promotion Fund) from September 30, 2015 (under TPA) to September 30, 2027. ITA receives and processes, including supporting documentation, requests from CTP for funding from the Travel Promotion Fund. CTP will receive from the Travel Promotion Fund a matching portion of designated fees, equal to the amount collected from non-federal sources, not to exceed \$100.0 million annually, less any sequestrations. TPA's current matching requirement, in effect since the Brand USA Extension Act further amended TPA, is that CTP shall provide matching amounts from non-federal sources that in the aggregate equals 100 percent of the amount transferred to CTP from the Travel Promotion Fund. In-kind matching contributions cannot account for more than 50 percent of the matching requirement.

CTP is included in the Department's financial reporting as a disclosure entity because it meets the inclusion principle of an organization that is controlled by the federal government with risk of loss or expectation of benefit—including because the Secretary of Commerce appoints all 11 members of the board of directors and can remove board members with good cause, while the federal government receives financial and/or nonfinancial benefits from CTP as a result of CTP furthering the federal government's objectives regarding increasing U.S. economic activity and economic benefits to the Nation.

Assets, liabilities, revenue, expenses, gains, and/or losses of CTP have no impact on the Department's financial statements.

The primary financial and/or nonfinancial exposures to the federal government regarding CTP appear to relate to the federal government's interest in ensuring that CTP is eligible for the federal funds it requests and receives from the Travel Promotion Fund, including CTP's proper meeting of matching requirements, and that CTP carries out its operations in accordance with the provisions of TPA, as amended. TPA, as amended, established several previously discussed accountability measures for CTP that will help the federal government monitor CTP's compliance with its provisions.

NOTE 26. DISCLOSURE PUBLIC-PRIVATE PARTNERSHIPS

The Department's evaluations of SFFAS 49, Public-Private Partnerships: Disclosure Requirements, identified three public-private partnerships (P3) for disclosure. Below is a summary table and detailed information for each of the P3s.

Contracts/Cooperative Agreement Awards	FY 2020			
	Actual Amount Received	Actual Amount Paid	Estimated Amount to be Received over Expected Life of Contract/ Cooperative Agreement Awards	Estimated Amount to be Paid over Expected Life of Contract/ Cooperative Agreement Awards
First Responder Network Authority Contract with AT&T Inc.	\$ 120,000	\$ 1,461,600	\$ 18,000,000	Cannot be Estimated
NOAA Cooperative Agreement Awards with 11 Regional Associations	–	30,357	–	\$ 166,680
NIST Energy Savings Performance Contract with Johnson Controls Government Systems LLC	\$ 546	\$ 7,011	\$ 3,791	\$ 104,435
Total	<u>\$ 120,546</u>	<u>\$ 1,498,968</u>	<u>\$ 18,003,791</u>	<u>\$ 271,115</u>

First Responder Network Authority Contract with AT&T Inc.

The First Responder Network Authority (FirstNet), an independent authority within NTIA since its inception in 2012, was created to develop, deploy, and enhance wireless broadband communications for first responders—to give public safety 21st century communication tools to help save lives, and keep U.S. communities and emergency responders safe. To do that, Congress has tasked FirstNet ensuring the deployment and operation of a nationwide interoperable broadband network to meet the communication needs of public safety. This network must be designed to be reliable, functional, safe, and secure, and to provide optimal levels of operational capability at all times. See Note 22, *Funds from Dedicated Collections*, for more information on FirstNet.

The Nationwide Public Safety Broadband Network (NPSBN) is being built out, deployed, operated, and maintained under a P3 between FirstNet and AT&T Inc., under a 25-year contract awarded by FirstNet to AT&T in March 2017. The service will cover all 50 U.S. states, five territories, and the District of Columbia, including rural communities and tribal nations. The statutory authority for FirstNet to enter into the contract with AT&T is section 6206 of the Middle Class Tax Relief and Job Creation Act of 2012 (Act). For purposes of the information disclosed in this Note, due to the long length of the contract through 2042 and because FirstNet cannot reasonably estimate at this time what events might occur after the contract end date, the 25-year contract period is also treated as the expected life of this P3 arrangement.

FirstNet, under the terms of the contract and task orders issued thus far, provides to AT&T the use of 20 MHz of federally-owned Band 14 spectrum that Congress allocated to FirstNet under the Act. The Act mandates that the Band 14 spectrum be utilized for the deployment of the NPSBN. The subsequent task orders issued to AT&T provides for \$6.50 billion in firm-fixed-price (FFP), success-based payments for the buildout of the NPSBN, with AT&T contract performance for all payment milestones under these task orders scheduled for completion March 2023 at Final Operational Capability. In return, AT&T will buildout, deploy, operate, and maintain the NPSBN over 25 years, consistent with the terms of an indefinite delivery/indefinite quantity contract awarded

on March 27, 2017. AT&T will bring operational expertise, financial stability, and significant network assets. AT&T has publicly indicated that it will invest about \$40 billion over the life of the contract to buildout, operate, deploy, and maintain the NPSBN, and together with FirstNet will help ensure that the NPSBN evolves with the needs of public safety. The Band 14 spectrum is nationwide, high-quality spectrum dedicated for priority use by public safety via the NPSBN. When the Band 14 spectrum is not in use by public safety, it will be available for commercial use by AT&T. In addition, AT&T has made all of its LTE bands available to public safety on the NPSBN.

Payments made in FY 2020 and FY 2019 by FirstNet to AT&T for success-based payment milestones under the FFP buildout and continuing enhancement Task Orders total \$1.46 billion and \$1.47 billion, respectively. Costs incurred by FirstNet for the buildout and continuing enhancement of the NPSBN are recorded as an asset (less accumulated amortization) and include (a) costs incurred for completed and accepted AT&T contract performance for the buildout/continuing enhancement of the NPSBN; and (b) accrued costs for estimated, unbilled AT&T contract performance progress for buildout/continuing enhancement of the NPSBN. See Note 22, *Funds from Dedicated Collections – NTIA's Network Construction Fund*, for more information.

AT&T, under the contract terms, is required to make annual payments to FirstNet over the 25-year contract period totaling \$18.00 billion, including the annual payments received in FY 2020 and FY 2019 of \$120.0 million. Payments received from AT&T and that are retained by FirstNet are required by Section 6208 of the Act to be used only for constructing, maintaining, operating, or improving the NPSBN.

Payments by both parties are made directly to the other party. The contract with AT&T has a contract ceiling for the entire 25-year period of performance of \$100.00 billion. Any other costs incurred by FirstNet associated with future, additional task orders shall be task-order dependent. No estimates can be made at this time as to any further payments to AT&T that might occur under any future task orders under the contract.

The contract incorporates, by reference, Federal Acquisition Regulation (FAR) clauses for (a) termination by the U.S. government for convenience (FAR 52.249-2, *Termination for Convenience of the government (Fixed-Price)*); and (b) termination for default by the contractor (FAR 52.249-8, *Default (Fixed Price Supply and Service)*). The contract is a multiple-year vehicle and therefore does not contain the FAR clause 52.217-9, *Option to Extend the Term of the Contract*. The contract, however, contains FAR Clause 52.217-8, *Option to Extend Services*, which allows for continued performance of any services within the limits and at the rates specified in the contract for a period not to exceed six months.

FirstNet oversees and monitors the contract with AT&T to ensure it delivers on the requirements associated with deploying, operating, and maintaining the NPSBN through various mechanisms, including subscriber adoption targets, successful milestone completion, disincentives, and other mechanisms outlined in the contract. FirstNet oversees the verification and validation of the contractual requirements, as well as some products and services—in accordance with the terms of the contract—before they are deployed so that first responders will have the proven tools they need in disasters and emergencies. Through its Innovation and Test Lab in Boulder, CO, FirstNet is testing capabilities unique to public safety. FirstNet's P3 with AT&T provides first responders with access to mission-critical capabilities over the NPSBN, including priority and preemption features that give first responders their own "fast lane" on the NPSBN to communicate and share information during emergencies, large events, or other situations when commercial networks could become congested.

Contractual risks of loss to the federal government primarily relate to (a) AT&T's satisfactory performance under the terms of the contract and in accordance with the terms and conditions contained in subsequent task orders; and (b) that the contract may be subject to (1) future renewal(s) of the license of the federally-owned spectrum that Congress allocated to FirstNet under the Act; and (2) FirstNet reauthorization.

As previously mentioned, the task orders issued thus far under the contract for buildout/continuing enhancement of the NPSBN are FFP awards (FAR Subpart 16.2, *Firm-Fixed-Price*). This type of arrangement provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience during performing. This award type places maximum risk upon the contractor and full responsibility for all costs and resulting profit or loss. However, even in an FFP type environment, risks can be categorized within three distinct types: cost, schedule, and technical performance.

In an FFP-type arrangement, the "cost risk" shifts from the government to the contractor—in this instance, from FirstNet to AT&T. An FFP-type award reduces price uncertainty by providing for a price that is not subject to adjustment based on the contractor's cost experience. It requires the contractor to complete all requirements for the established price. The payment amounts from AT&T to FirstNet were negotiated and are also contained in the resultant award to include the timing of such payments.

With regard to any scheduling and/or technical performance risk, AT&T provides mobile, broadband, video, and other communications services to U.S.-based consumers and companies globally—from the smallest business to the Fortune 1000. Since contract award, AT&T has successfully performed all required milestones and has delivered performance ahead of schedule. Moreover, public safety personnel across the country continue to turn to the NPSBN to advance their routine and emergency responses. Deliverables provided by AT&T thus far demonstrate an increase in user adoption by public safety to support routine and emergency responses. FirstNet continues to monitor risk over the entire contract with AT&T and all awarded task orders.

AT&T is moving quickly and expediting its deployment of the required nationwide coverage targets completed ahead of schedule. This helps ensure reliable connections to critical information, communication, and coordination, which essentially helps public safety adoption targets. Therefore, although there is some risk pertaining to schedule and/or performance, the risk does not appear to be significant at this time based on AT&T's performance since award.

This contract is modernizing and improving public safety communications by leveraging private sector resources, infrastructure, and cost-saving synergies to buildout, deploy, operate, and maintain the NPSBN. The P3 approach gives a fully-funded, self-sustaining network that will serve public safety for years to come. This business model is built upon the efficient use of resources, infrastructure, cost-saving synergies, and incentives.

NOAA Partnerships with 11 Regional Associations (RA) under the federal program for the U.S. Integrated Ocean Observing System (IOOS)

NOAA partners with 11 RAs under the federal program for IOOS. IOOS is governed by the Integrated Coastal and Ocean Observation System Act of 2009 (ICOOS Act), which authorized the establishment of a National Integrated Ocean Observing System (System) and codified a governance structure within which the System will operate. The Act explicitly vests authority in NOAA as the lead federal agency for implementation and administration of the System, and tasked NOAA to establish an IOOS Program Office. NOAA is additionally required to carry out its responsibilities in consultation with federal agency and regional partners.

IOOS is a federal-regional partnership working to provide new tools and forecasts to improve safety, enhance the economy, and protect the environment. Integrated ocean information is available in near real time, as well as retrospectively. Easier and better access to this information is improving the Nation's ability to understand and predict coastal events—such as storms, wave heights, and sea level change. Such knowledge is needed for everything from retail to development planning. Regional IOOS partners are essential to building and supporting IOOS. They provide increased observations, distinctive knowledge, and critical technological abilities, and apply these toward the development of products to meet regional and local needs.

IOOS is comprised of 11 RAs, which guide development of and stakeholder input to regional observing activities. The federal government, through the ICOOS Act, established the fundamental purpose and mission of the RAs with respect to its role in IOOS. RAs serve the Nation's coastal communities, including the Great Lakes, Caribbean, and Pacific Islands and territories. RAs design, maintain, and operate regional coastal observing systems. Each RA is managed by a board of directors drawn from stakeholders in the region. RAs work with agencies, industry, scientists, and others to tailor an observing system to address specific regional issues. The 11 RAs are:

- Alaska Ocean Observing System (AOOS)
- Caribbean Coastal Ocean Observing System (CARICOOS)
- Central and Northern California Ocean Observing System (CeNCOOS)
- Gulf of Mexico Coastal Ocean Observing System (GCOOS)
- Great Lakes Observing System (GLOS)
- Mid-Atlantic Regional Association Coastal Ocean Observing System (MARACOOS)
- Northwest Association of Networked Ocean Observing Systems (NANOOS)
- Northeastern Regional Association of Coastal Ocean Observing Systems (NERACOOS)
- Pacific Islands Ocean Observing System (PaIIOOS)
- Southern California Coastal Ocean Observing System (SCCOOS)
- Southeast Coastal Ocean Observing Regional Association (SECOORA)

Furthermore, all 11 RAs are currently voluntarily certified by NOAA to be Regional Information Coordination Entities (RICE), for which an RA, in order to be RICE-certified, is required to implement specific practices regarding data collection, governance, and management. The relevant federal regulations are located at Title 15, *Commerce and Foreign Trade*, Part 997, *Regional Information Coordination Entities*, of the Code of Federal Regulations (CFR).

Subsection 26, *Civil liability*, item (a), which is subject to conditions and restrictions set forth in items (b) through (d), states in full:

“For purposes of determining liability arising from the dissemination and use of observation data gathered pursuant to the ICOOS Act and these regulations, any non-federal asset or regional information coordination entity incorporated into the System by contract, lease, grant, or cooperative agreement that is participating in the System shall be considered to be part of the National Oceanic and Atmospheric Administration. Any employee of such a non-federal asset or regional information coordination entity, while operating within the scope of his or her employment in carrying out the purposes of this subtitle, with respect to tort liability, is deemed to be an employee of the federal government.”

NOAA currently has in place, as of September 30, 2020, separate cooperative agreements for each of the 11 RAs, each for the performance period of June 1, 2016 through May 31, 2021, totaling \$166.7 million. The cooperative agreements are with the fiscal sponsor for the RA; in a few cases, the RA also serves as its own fiscal sponsor. Payments are made by NOAA to the fiscal sponsor of the RA. NOAA breaks down a multi-year project period into “funding periods”—receipt by an RA of any NOAA financial assistance beyond the current funding period is contingent upon the availability of funds and satisfactory performance under the cooperative agreement and is at the sole discretion of NOAA. NOAA reserves the right to terminate funding for the award at any time throughout the award period should NOAA determine that a recipient is not meeting project milestones. NOAA's total expenses under the cooperative agreements with the 11 RAs for FY 2020 and FY 2019 is \$30.3 million and \$29.3 million, respectively.

The cooperative agreements' funding provided by NOAA to the 11 RAs is estimated by NOAA to be the predominate source of funding for each of the RAs, although the RAs may also receive some funding from other sources. NOAA does not have specific information on the dollar amounts of any additional funding received by the 11 RAs.

NOAA periodically conducts a competitive process (currently every five years) in which it requests proposals for NOAA funding for coordinated regional efforts that further the IOOS in sustaining and enhancing comprehensive regional coastal observing systems in 11 IOOS regions, and that build upon progress made to-date on the development of the regional coastal observing systems. NOAA expects successful awardees to serve as an RA responsible for operating the regional coastal observing system. Any organization, including the current awardee, may submit a proposal to serve as an RA; accordingly, an organization that currently serves as an RA may or may not be selected in the next competitive cycle. For purposes of the Department's evaluation of the expected lives of the NOAA partnerships with the RAs, because NOAA intends to continue the funding of and partnerships with RAs (successful awardees), NOAA's partnerships with RAs are considered to have expected lives that exceed five years.

Risk of loss under the partnerships with the 11 RAs primarily relates to NOAA being subject to the above discussed Subsection 26, *Civil liability*, of 15 CFR Part 997.

Any further possible risks of loss regarding the 11 RAs appear to relate to each RA's compliance with award provisions and satisfactory performance under the award. These risks of loss are mitigated in part because of NOAA's significant, continued involvement and monitoring of an RA's compliance with award requirements and performance under the award—RAs are required to report on progress and performance over the life of the cooperative agreement; and because NOAA breaks down a multi-year cooperative agreement into "funding periods" as previously discussed.

Furthermore, standard Departmental terms and conditions for these cooperative agreements include provisions for unsatisfactory performance or non-compliance with award provisions, internal controls, and audits, including provisions for the following:

- Failure to perform the work in accordance with award terms and maintain satisfactory performance as determined by the Department may result in implementation of additional award conditions pursuant to Title 2 of the CFR, *Grants and Agreements*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subsection 207, *Specific conditions*, or other appropriate enforcement action as specified in 2 CFR Part 200, Subsection 338, *Remedies for noncompliance*. Possible enforcement actions include temporarily withholding award payments pending correction of a deficiency, changing payment method to reimbursement only, disallowance of award costs, and wholly or partially suspending or terminating award.
- 2 CFR Part 200, Subsection 339, *Termination*, through Subsection 342, *Effects of suspension and termination*, apply to an award that is terminated prior to the end of period of performance due to recipient's material failure to comply with award terms and conditions.
- Each recipient must comply with standards for internal controls described at 2 CFR Part 200, Subsection 303, *Internal Controls*.
- An audit of the award may be conducted at any time.

NIST Energy Savings Performance Contract with Johnson Controls Government Systems LLC

NIST, in June 2015, awarded a FFP, multi-year, energy savings performance contract (ESPC) award of \$44.5 million (subsequently amended to \$44.7 million) to Johnson Controls Government Systems LLC (Johnson Controls or Contractor) for energy savings improvements for its Gaithersburg, MD campus.

ESPCs, per the U.S. Department of Energy, allow federal agencies to conduct energy projects with limited to no up-front capital costs, minimizing the need for Congressional appropriations. An ESPC is a working relationship between an agency and an energy service contractor. The contractor conducts a comprehensive energy audit for the federal facility and identifies improvements to save energy. In consultation with the agency, the contractor designs and constructs a project that meets the agency's needs and arranges the necessary funding. The contractor guarantees that the improvements will generate energy cost savings sufficient to

pay for the project over the term of the contract. The cost of an ESPC project must be covered by the energy, water, and related cost savings generated at the project site. The ESPC’s cost savings must be verified and documented annually. After the contract ends, any additional cost savings accrue to the agency.

This NIST ESPC project, with a contract period of performance through January 2041, primarily provides for energy conservation measures (ECMs) for (a) electrical power generation and steam system improvements, and operational changes, for NIST’s central steam plant on campus; and (b) capital improvements and operational changes for NIST’s chiller plant on campus. The contract also includes Contractor costs for proposal development for energy surveys, including preliminary assessment, investment grade audit, and the final proposal; and Contractor project direct costs for executing the scope of the award. This contract was made pursuant to 42 U.S.C Section 8287, *Authority to enter into contracts*, which addresses ESPCs awarded by federal agencies. For purposes of the information disclosed in this Note, the contract period is also treated as the expected life of this P3 arrangement.

ECMs include measures to increase energy efficiency of energy-consuming systems, in order to reduce water consumption and improve the efficiency of energy production systems that generate electrical and/or thermal energy. Johnson Controls is responsible for providing all labor, materials, and capital to install ECMs and provide operations and maintenance as specified in the contract.

Each ECM set forth in the contract for delivery by the Contractor includes a sites-specific Measurement and Verification (M&V) plan that specifies the M&V requirements and procedures that shall apply to the ECM based on various factors, such as type of ECM, projected value of energy savings, certainty/uncertainty of savings being achieved, and the intended risk allocation between NIST and the Contractor. The M&V plans are the primary vehicle that NIST will use to first document and then to periodically evaluate the performance expectations of the ESPC. The M&V plans state where and how energy, water, and related cost savings are going to occur and how they are to be calculated and verified. The Contractor will conduct annual M&V activities to verify operation of the installed equipment/systems and calculate the previous year’s energy and water consumption reductions and cost savings, and compare verified, guaranteed, and actual savings. Lastly, the Contractor shall prepare and submit annual M&V reports to NIST, including data and calculations that demonstrate that continued ECMs performance achieves the guaranteed annual energy and water consumption reductions and related cost savings as specified in the contract.

Key financial data for this contract, as amended, is shown below:

	FY 2020
Award Amount ¹	\$ 44,656
Principal Financed ²	\$ 49,998
Total Estimated Cost Savings ³	\$ 112,141
Total Guaranteed Cost Savings ³	\$ 105,119
Total Payments to Contractor ³	
Principal	\$ 49,998
Performance Period Expenses (includes Contractor Profit)	34,629
Interest Expense	19,808
Total	\$ 104,435

¹ Total Implementation Costs.

² Total Implementation Costs plus Total Financing Procurement Price.

³ Implementation Period plus Post-acceptance Performance Period (19 Years).

The implementation period payment to the financier of \$2.0 million, which proceeded after project acceptance by NIST in November 2019, was made by NIST in December 2019, and post-acceptance performance period monthly payments to the financier, scheduled to be paid over 19 years, began in December 2019. Post-acceptance performance period payments made in FY 2020 to the financier totaled \$7.0 million, which included a \$3.5 million payment to buydown the principal balance; there were not any payments made to the financier in FY 2019. General Property, Plant, and Equipment items purchased by NIST through this contract that meet NIST's capitalization thresholds will be capitalized (see Note 1.M, *General Property, Plant, and Equipment, Net*, for NIST's capitalization thresholds).

The contract incorporates, by reference, FAR clauses for (a) cancellation under multi-year contracts (FAR 52.217-2, *Cancellation Under Multiyear Contracts*); (b) termination by the U.S. government for convenience (FAR 52.249-2, *Termination for Convenience of the Government (Fixed-Price)*); and (c) termination for default by the contractor (FAR 52-249-8, *Default (Fixed-Price Supply and Service)*; and FAR 52.249-10, *Default (Fixed- Price Construction)*).

The contract includes monthly financial schedules, should circumstances of NIST cancellation or termination for convenience of the contract occur, for (a) Financing Termination Liability Amounts¹, ranging from \$51.5 million prior to the first post-acceptance period monthly payment to \$95 thousand for the second to last monthly payment; and (b) Total Cancellation Ceiling Amounts² ranging from \$52.0 million prior to the first post-acceptance period monthly payment to \$95 thousand for the second to last monthly payment.

Contractual risks of loss to the federal government primarily relate to (a) the Contractor's ongoing satisfactory performance throughout the project lifecycle to ensure that the project is successful as designed; and (b) that the success of this ESPC project is also dependent on the newly installed equipment being properly operated and maintained—the savings calculations are based on the equipment operating as installed and as specified by Johnson Controls.

Johnson Control's management approach is designed to support NIST throughout the project lifecycle, and the contract sets forth numerous Contractor responsibilities to help ensure that the project is successful as designed, and that the installed equipment operates as intended.

Because this ESPC project is an FFP-type, maximum cost risk is with Johnson Controls. For that reason, the Contractor carefully controls the ECM investment costs so that they do not exceed their recovery through the NIST payments. The Contractor has implemented a budget plan and will frequently monitor costs and address any developing cost problems.

With regard to any scheduling and/or technical performance risk, Johnson Controls is responsible for ensuring that energy savings are met throughout the performance period. NIST will not be penalized for delays caused directly by Johnson Controls or its subcontractors. The annual M&V data reviews will be used to ensure that the project proceeds as designed and to identify any actions needed to be carried out by either party as appropriate.

There have been delays in the project; however, the ESPC project is proceeding satisfactorily. Therefore, although there is some risk pertaining to schedule and/or performance, the risk does not appear to be significant at this time based on Johnson Controls' performance since award.

¹ Remaining Unamortized Principal Balance plus a 3.0 percent Termination Liability Prepayment Charge.

² Maximum termination liability.

NOTE 27. COVID-19 REPORTING

The Department in FY 2020 received funding under Public Law 116-136, *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) for multiple programs, as detailed below. The CARES Act provided funding in two divisions, Divisions A and B. The Department received funds under Division A, Title I, *Keeping American Workers Paid and Employed Act* and under Division B, *Emergency Appropriations for Coronavirus Health Response and Agency Operations, Title II*; which provided supplemental appropriations to various agencies, including the Department. Funds received by the Department will be used to advance economic development to those both directly and indirectly impacted by COVID-19. This includes providing grants to and entering into cooperative agreements with communities impacted by COVID-19 to support immediate and long-term economic recovery, planning and technical assistance, capitalization and recapitalization of non-federal Revolving Loan Funds, and construction and non-construction assistance.

As a result of the additional appropriations received in FY 2020, related to the CARES Act, the Department has seen an increase in assets, total financing sources related to an increase in appropriations received, gross costs with the public, and budgetary resources as the funds were made available to the Department and obligation and disbursement of the funds began. See MD&A, COVID-19 (Italicize COVID-19) for additional information regarding the COVID-19 appropriations received by the Department in FY 2020.

Bureau	Funds Received, Public Law 116-136	Division	FY 2020 Transfers Out	FY 2020 Transfers In	FY 2020 New Obligations and Upward Adjustments	Unobligated Balances as of September 30, 2020	Funds Available for Obligation Until
EDA	\$ 1,500,000	B	\$ 3,000	\$ -	\$ 814,549	\$ 682,451	September 30, 2022
NOAA	320,000	B	-	-	308,592	11,408	September 30, 2021
NIST	66,000	B	-	-	64,432	1,568	September 30, 2021
MBDA	10,000	A	-	-	10,000	-	September 30, 2021
OIG	-	B	-	3,000	129	2,871	September 30, 2022
Total	\$ 1,896,000		\$ 3,000	\$ 3,000	\$ 1,197,702	\$ 698,298	

NOTE 28. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, AND STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS

To prepare the Financial Report of the U.S. government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the Department's FY 2020 consolidated financial statements and the Department's FY 2020 reclassified financial statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the FY 2019 FR can be found at the Services for the General Public page within the Bureau of the Fiscal Service website and a copy of the FY 2020 FR will be posted to this site as soon as it is released.

The term "non-federal" is used in this note to refer to federal government amounts that result from transactions with non-federal entities. These include transactions with individuals, businesses, non-profit entities, and state, local, and foreign governments. The term "intragovernmental" is used in this note to refer to amounts that result from other components of the federal government.

**Reclassification of Consolidated Balance Sheet to Line Items Used for the Government-wide Balance Sheet
As of September 30, 2020**

Department of Commerce Consolidated Balance Sheet		Line Items Used to Prepare Government-wide Balance Sheet				Difference
Financial Statement Line	Amount	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated and All Other	Total Amount
ASSETS						
Intragovernmental:						
Fund Balance with Treasury	\$ 31,259,517	\$ 15,209,745	\$ -	\$ 16,049,772	\$ -	\$ 31,259,517
Investments, Net	7,671,062	7,662,152	-	-	-	7,662,152
<i>Total Investments, Net</i>	7,671,062	7,671,062	-	-	-	7,671,062
Accounts Receivable	98,980	51	(37)	101,742	(2,776)	98,980
Advances and Prepayments	33,215	4,800	-	30,655	(2,240)	33,215
Total Intragovernmental	39,062,774	22,885,658	(37)	16,182,169	(5,016)	39,062,774
Cash	32,853	28,431	-	4,422	-	32,853
Accounts Receivable, Net	94,969	546	-	94,423	-	94,969
Direct Loans and Loan Guarantees, Net	394,200	-	-	394,200	-	394,200
Inventory, Materials, and Supplies, Net	202,037	-	-	202,037	-	202,037
General Property, Plant, and Equipment, Net	16,292,468	341,937	-	15,950,531	-	16,292,468
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network, Net	4,774,779	-	-	-	-	4,774,779
Other	137,412	4,796,768	-	115,423	-	4,912,191
<i>Total Other Assets</i>	4,912,191	4,796,768	-	115,423	-	4,912,191
TOTAL ASSETS	\$ 60,991,492	\$ 28,053,340	(37)	\$ 32,943,205	(5,016)	\$ 60,991,492
LIABILITIES						
Intragovernmental:						
Accounts Payable	\$ 102,279	\$ 11,772	(37)	\$ 106,046	(3,137)	\$ 114,644
		-	-	4	-	4
		21,528	-	65,025	(209)	86,344
<i>Total Accounts Payable</i>	102,279	33,300	(37)	171,075	(3,346)	200,992
Debt to Treasury	388,069	-	-	388,069	-	388,069
Unearned Revenue	406,553	-	-	399,845	(66)	399,809
Liability to General Fund of the U.S. Government for Deficit Reduction	7,671,062	7,671,062	-	-	-	7,671,062
Custodial Payable to Treasury	38,109	6,387	-	20,845	-	27,232
Other	125,448	-	-	44,356	-	44,356
<i>Total Other Liabilities</i>	8,241,172	7,677,449	-	465,046	(66)	8,142,459
Total Intragovernmental	8,731,520	7,710,749	(37)	1,024,190	(3,382)	8,731,520

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Department of Commerce Consolidated Balance Sheet	Difference	Line Items Used to Prepare Government-wide Balance Sheet				Reclassified Financial Statement Line		
		Amount	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)		Eliminations Between Dedicated and All Other	Total Amount
Accounts Payable		\$ 2,396,756	\$ 1,557,169	\$ -	\$ 839,587	\$ -	\$ 2,396,756	Accounts Payable
Federal Employee Benefits Liabilities		943,625	240,267	-	1,255,761	-	1,496,028	Federal Employee and Veteran Benefits Payable
Environmental and Disposal Liabilities		150,327	-	-	150,327	-	150,327	Environmental and Disposal Liabilities
Accrued Payroll and Annual Leave		1,251,910	-	-	-	-	-	-
Accrued Grants		211,116	-	-	-	-	-	-
Unearned Revenue		1,415,135	-	-	-	-	-	-
Other		121,699	1,249,725	-	1,197,733	-	2,447,458	Other Liabilities
Total Other Liabilities		2,999,860	1,249,725	-	1,197,733	-	2,447,458	Total Reclassified Other Liabilities
TOTAL LIABILITIES	\$ (1)¹	\$ 15,222,088	\$ 10,757,910	\$ (37)	\$ 4,467,598	\$ (3,382)	\$ 15,222,089	TOTAL LIABILITIES
NET POSITION								NET POSITION
Unexpended Appropriations – Funds from Dedicated Collections		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Unexpended Appropriations – Funds from Dedicated Collections
Unexpended Appropriations – All Other Funds		13,040,173	-	-	13,040,173	-	13,040,173	Unexpended Appropriations – All Other Funds
Cumulative Results of Operations – Funds from Dedicated Collections		17,295,431	17,295,431	-	-	52,010	17,347,441	Cumulative Results of Operations – Funds from Dedicated Collections
Cumulative Results of Operations – All Other Funds		15,433,800	-	-	15,419,729	(44,173)	15,375,556	Cumulative Results of Operations – All Other Funds
TOTAL NET POSITION	\$ 6,234²	\$ 45,769,404	\$ 17,295,431	\$ -	\$ 28,459,902	\$ 7,837	\$ 45,763,170	TOTAL NET POSITION
TOTAL LIABILITIES AND NET POSITION	\$ 6,233²	\$ 60,991,492	\$ 28,053,341	\$ (37)	\$ 32,927,500	\$ 4,455	\$ 60,985,259	TOTAL LIABILITIES AND NET POSITION

Due to differences in the USSGL Crosswalk for the Consolidated Balance Sheet and the USSGL Crosswalk for the Reclassified Balance Sheet, some lines presented on the face of the financial statement are different and will not contain the same values. The reconciliation is completed at the USSGL level to confirm that individual USSGL balances reported by the Department are in balance with GTAS.

¹ Rounding.

² The difference of \$6.2 million is due to differences in the presentation of the Department's Consolidated Balance Sheet versus the Combined Reclassified Balance Sheet. Difference will be resolved when the Bureau of the Fiscal Service compiles the FR as the Reclassified presentation will be updated to reflect the Department's presentation.

**Reclassification of Consolidated Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost
For the Year Ending September 30, 2020**

Department of Commerce Consolidated Statement of Net Cost		Line Items Used to Prepare Government-wide Statement of Net Cost				Difference	
Financial Statement Line	Amount	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated and All Other	Total Amount	Reclassified Financial Statement Line
	\$ 3,162,520	\$ -	\$ -	\$ 13,352,373	\$ -	\$ 16,514,893	Non-federal Costs Non-federal Gross Cost
	-	-	-	25,900	-	25,900	Gains/Losses from Changes in Actuarial Assumptions
	3,162,520	-	-	13,378,273	-	16,540,793	Total Non-federal Costs
	476,058	-	-	724,726	(493)	1,200,291	Intragovernmental Costs Benefit Program Costs
	29,686	-	-	257,031	-	286,717	Imputed Costs
	167,815	(227)	-	2,008,795	(32,580)	2,143,803	Buy/Sell Costs
	-	-	-	13,745	-	13,745	Borrowing and Other Interest Expense
	121,762	-	-	236,415	-	358,177	Other Expenses (without Reciprocals)
	795,321	(227)	(33,073)	3,240,712	(33,073)	4,002,733	Total Intragovernmental Costs
Total Gross Departmental Costs	20,543,526	(227)	(33,073)	16,618,985	(33,073)	20,543,526	Total Reclassified Gross Costs
				(148,233)	-	(3,916,837)	Non-federal Earned Revenue
				(711,496)	25,234	(694,761)	Intragovernmental Revenue Buy/Sell Revenue
				(1,022)	-	(1,022)	Borrowing and Other Interest Revenue
				(712,518)	25,234	(695,783)	Total Intragovernmental Earned Revenue
Total Earned Revenue	(4,612,620)	227	25,234	(860,751)	25,234	(4,612,620)	Total Reclassified Earned Revenue
NET COST OF OPERATIONS	\$15,930,906	\$ -				\$15,930,906	NET COST OF OPERATIONS

Reclassification of Consolidated Statement of Changes in Net Position to Line Items Used for Government-wide Statement of Operations and Changes in Net Position
For the Year Ending September 30, 2020

Department of Commerce Consolidated Statement of Changes in Net Position	Difference	Line Items Used to Prepare Government-wide Statement of Operations and Changes in Net Position				
Financial Statement Line	Amount	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated and All Other	Total Amount
Net Position, Beginning of Period	\$ 44,192,918	\$ 17,361,051	\$ -	\$ 26,831,867	\$ -	\$ 44,192,918
		20,175	-	47,061	-	67,236
		20,175	-	47,061	-	67,236
		101,693	-	-	-	101,693
		-	-	(293)	-	(293)
		4,751	-	-	-	4,751
		106,444	-	(293)	-	106,151
Unexpended Appropriations: Beginning Balance	\$ 11,314,698					
Budgetary Financing Sources:						
Appropriations Received	17,204,870	-	-	16,941,403	-	16,941,403
Rescissions/Sequestrations of Appropriations	(18,180)	-	-	-	-	-
Cancellations and Other Adjustments	(245,294)	-	-	-	-	-
Appropriations Used	(15,218,921)	-	-	(15,218,921)	-	(15,218,921)
Appropriations Transferred In/Out, Net	3,000	-	-	15,218,921	-	15,218,921
		319,904	(260,623)	186,833	-	246,114
		(263,258)	260,623	-	2,000	(635)
		51,644	(46,000)	-	-	5,644
		(48,000)	46,000	-	2,000	-
		-	-	(901)	-	(901)
		-	-	(2,579)	-	(2,579)
Total Budgetary Financing Sources	1,725,475	60,290	-	17,128,756	-	17,189,046
Unexpended Appropriations - Ending Balance	13,040,173					

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Department of Commerce Consolidated Statement of Changes in Net Position	Difference	Line Items Used to Prepare Government-wide Statement of Operations and Changes in Net Position				Reclassified Financial Statement Line
Financial Statement Line	Amount	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated and All Other	Total Amount
Cumulative Results of Operations:						
Beginning Balance	\$ 32,878,220					
Budgetary Financing Sources:						
Appropriations Used	15,218,921					
Non-exchange Revenue	128,198					
Donations and Forfeitures of Cash and Cash Equivalents	344					
Transfers In/(Out) Without Reimbursement, Net	251,974					
Other Budgetary Financing Sources/Uses, Net	(2)					
Other Financing Sources (Non-Exchange):						
Donations and Forfeitures of Property Equivalents	2,486	\$ -	\$ -	\$ (41,093)	\$ -	\$ (41,093)
Transfers In/(Out) Without Reimbursement, Net	938	25	-	938	-	938
Imputed Financing Sources from Cost Absorbed by Others	286,717	29,686	-	257,031	(25)	-
Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction	(101,680)	(101,681)	-	-	-	(6,156)
Other Financing Sources/(Uses), Net	(5,979)					286,717
Total Financing Sources	15,781,917	(71,970)	-	209,843	852	138,725
Net Cost of Operations	(15,930,906)					(15,930,906)
Net Change	(148,989)					
Cumulative Results of Operations - Ending Balance	32,729,231					
NET POSITION	\$ 45,769,404					\$ 45,763,170
						NET POSITION

Due to differences in the USSGL Crosswalk for the Statement of Changes in Net Position and the USSGL Crosswalk for the Reclassified Statement of Operations and Changes in Net Position, the lines presented on the face of the statement are different and will not contain the same values. The reconciliation is completed at the USSGL level to confirm that individual USSGL balances reported by the Department are in balance with GTAS.

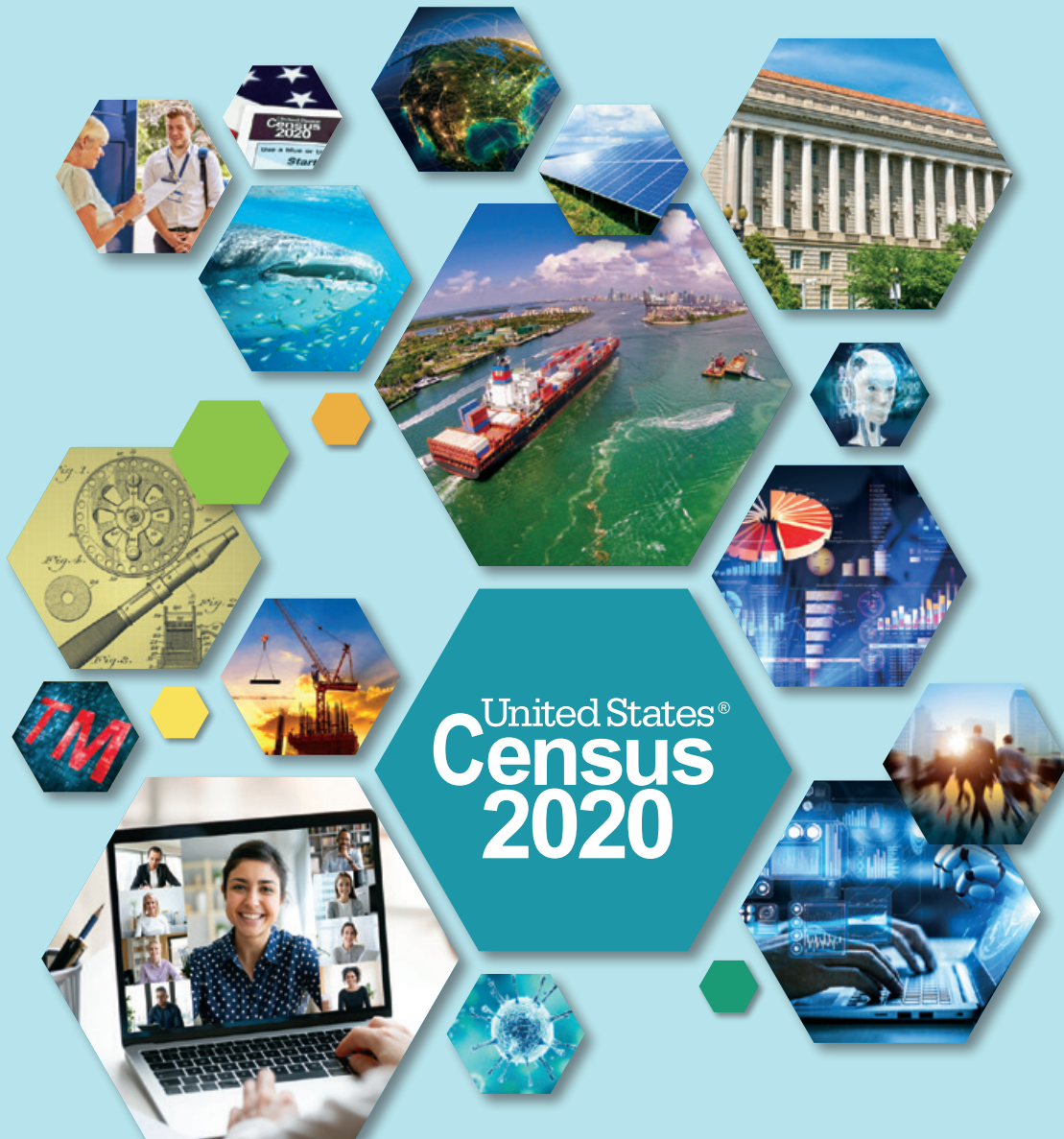
¹ The difference of \$6.2 million is due to differences in the presentation of the Department's Consolidated Statement of Changes in Net Position versus the Combined Reclassified SCNF. Difference will be resolved when Fiscal Services compiles the FR as the Reclassified presentation will be updated to reflect the Department's presentation.

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FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)



REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

A Deferred Maintenance and Repairs

Deferred Maintenance and Repairs (DM&R) are maintenance and repairs that were not performed when they should have been, that were scheduled and not performed, or that were delayed for a future period. Maintenance and Repairs are activities directed toward keeping Property, Plant, and Equipment (PP&E) in acceptable operating condition. These activities include preventive maintenance, replacement of parts and structural components, and other activities needed to preserve the asset so that it can deliver acceptable performance and achieve its expected life. Maintenance and Repairs exclude activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater, than those originally intended. The significant portions of Departmental DM&R relate to PP&E of both the National Oceanic and Atmospheric Administration (NOAA) and the National Institute of Standards and Technology (NIST). NOAA and NIST represent 85 percent and 7 percent of the Department's General PP&E, Net balance as of September 30, 2020, respectively.

NOAA:

NOAA measures DM&R using Condition Assessment Surveys, which are periodic visual (i.e., physical) inspections of applicable PP&E to determine their current condition and estimated cost to correct any deficiencies, and by collecting information from its line offices. NOAA schedules its surveys for real property on a cyclical basis, with each appropriate asset being surveyed every five years. NOAA completed a condition survey of the entire applicable real property inventory in FY 2011. In FY 2015, NOAA started completing a new round of facility condition assessments (FCA), and plans to complete assessments of the applicable inventory by the end of FY 2021. Completion of FCAs is dependent on sufficient budget resources being available and the ability to contract for the FCAs. NOAA plans to target continuing a five-year assessment cycle so that the entire applicable inventory is assessed approximately every five years but budgetary, contracting, or other constraints (such as the COVID-19 pandemic) may extend that cycle time.

NOAA performs condition assessment surveys for capitalized NOAA-owned buildings, structures with acquisition cost over \$200 thousand, and heritage assets. For financial reporting purposes, NOAA does not report on DM&R for:

- Owned real property that has been permanently removed from service or which NOAA is planning to permanently remove from service within five years;
- Structures with acquisition cost under \$200 thousand; and
- Land and Stewardship Land as land does not have deferred maintenance.

NOAA prioritizes maintenance and repair projects to sustain its PP&E in good operating condition, including maintaining warranties. As work becomes deferred, NOAA will prioritize those projects that will remedy fire and life safety deficiencies and minimize risk of mission failure.

Acceptable condition standards are established for real property by using industry standards for benchmarking and cost estimating. These standards are used to evaluate site and building conditions, which include the review of building systems such as civil, structure, architectural, life safety, mechanical, plumbing, elevators, electric, and others.

In measuring DM&R, FCAs report physical deficiencies that cannot be remedied with normal operating maintenance, excluding de minimis conditions that generally do not present a material physical deficiency to the subject property. Actionable items are typically considered to be (1) existing or potential unsafe conditions; (2) building or fire code violations as revealed by municipal agencies; or (3) conditions that if left unremedied, have the potential to result in or contribute to critical element or system failure in the near term, or shall result most probably in a significant escalation of its remedial cost.

The fourth quarter FY 2020 balance estimated cost is composed of DM&R for the applicable inventory from the FY 2011 inventory assessment and FCAs completed in FY 2015 through FY 2020. In FY 2020, NOAA implemented a new FCA reporting methodology using the BUILDER system from the U.S. Army Corps of Engineers (USACE). To the extent possible, data from previous FCAs was entered into the BUILDER system. Some data from the earliest FCAs could not be entered into BUILDER. These FCAs will be redone in the next FCA cycle and will be entered into BUILDER at that time. For data not in BUILDER, the data has been escalated based on the date of their FCA estimate and changes since then to the "Engineering News-Record" construction cost index. If the asset has yet to be assessed, the DM&R estimate from the Integrated Facilities Inspection Program in FY 2011 was utilized and escalated. BUILDER estimates were not manually escalated because the BUILDER cost database is updated annually with new replacement cost data by the USACE.

There was a combined increase in DM&R for Buildings and Multi-use Heritage Assets of \$31.4 million from September 30, 2019 to September 30, 2020. The increase is primarily related to (a) the change in FCA reporting methodology from the prior FCA methodology to the BUILDER methodology whereby DM&R is assessed based on defined projects needed for specific systems. BUILDER uses a visual direct rating methodology, which the assessor provides a rating level of the condition of each system/component. BUILDER compares the condition index against a NOAA set condition index threshold that generates a maintenance/repair action when its condition drops below a minimum performance limit and estimated cost for corrective action; and (b) additional FCAs were completed for properties that were not previously assessed.

Specific to personal property, DM&R relates solely to capitalized personal property meeting the \$200 thousand threshold criteria. DM&R on capitalized personal property is reported with an estimated project cost of \$25 thousand or more.

With the exception of NOAA's vessels, most of NOAA's capitalized personal property, such as weather systems, is required to be maintained on a regular basis as the public relies on information from these systems for their safety and livelihood. It is imperative that NOAA ensures that the systems are functioning properly. Therefore, maintenance on these systems is rarely deferred. Capitalized personal property is normally maintained through maintenance contracts, when appropriate.

NOAA performs Condition Assessment Surveys to determine the status of ships according to the priorities shown below:

Urgent and Immediate: Program has stopped until maintenance is performed.

Important: Maintenance must be performed within six months or program will stop.

Medium: Maintenance must be performed within two years or program will stop.

Low: Maintenance must be performed within five years or program will stop.

Very Low: Maintenance can be delayed indefinitely. No threat to program.

The following table shows NOAA's DM&R as of September 30, 2020 and 2019:

(In Thousands)

Asset Category	Deferred Maintenance and Repairs as of September 30, 2020	Deferred Maintenance and Repairs as of September 30, 2019
Buildings	\$ 114,903	\$ 84,062
Multi-use Heritage Assets	20,643	20,122
Ships	10,690	15,924
Other Personal Property	26	-
Total	\$ 146,262	\$ 120,108

NIST:

NIST measures DM&R (related to real property) using FCA surveys, which are periodic visual inspections of PP&E to determine their current condition, and estimates the costs to correct identified deficiencies. NIST accomplishes its FCAs by contract. NIST originally scheduled its surveys on a cyclical basis with each appropriate asset being surveyed once every three years. For DM&R reporting purposes, NIST completed a baseline condition survey of the entire applicable inventory for the Gaithersburg, MD campus in 2011 and for the Boulder, CO campus in 2013. A third of the Gaithersburg inventory was reassessed in the third quarter of FY 2013, in the third quarter of FY 2014, and in the first quarter of FY 2015. A third of the Boulder inventory was reassessed in the second quarter of FY 2015, in the fourth quarter of FY 2016, and in the first quarter of FY 2017.

Deficiencies can be added to the respective campus' backlog in years when contractor inspections are not scheduled. During the scheduled on-site assessment, the contract inspector estimates the remaining useful life of various components that comprise a building's mechanical, electrical, or architectural system and records this information in the assessment software program. When a particular building system nears the end of its useful life, a new self-generated (by the software program) facility deficiency is added to the backlog list.

With the end of the Gaithersburg FCAs contract in 2016 and the end of the Boulder contract in mid FY 2018, NIST's current contract encompasses both campuses, unlike in the past where FCAs were conducted through separate, individual campus-focused contracts. The Federal Real Property Council's latest guidance requires facility assessments for each facility every five years if using condition assessments for reporting DM&R needs. NIST, in coordination with the Department, migrated its facility condition assessments data over to the U.S. Army Corps of Engineer's BUILDER Sustainment Management System (SMS). The BUILDER SMS uses a knowledge-based philosophy that does not rely on fixed frequencies of inspections or assessments. It is widely accepted and being used by all branches of the U.S. Department of Defense, the National Nuclear Security Administration within the U.S. Department of Energy, and other Executive Branch offices of the U.S. government. During FY 2018, NIST's existing database of backlog deficiencies was migrated from VFA facility software to the Army Corps of Engineers' BUILDER SMS. At the end of FY 2019, NIST awarded the replacement facility condition assessment and Capital Asset Management contract to a firm that is well versed in BUILDER SMS. The work that has been performed during FY 2020 includes the consulting firm reviewing and becoming familiar with the deficiency backlog that was migrated to BUILDER SMS and newly assessing the condition of NIST's facilities and their sustainability at its two main campuses and two radio stations. In FY 2020, NIST modified the contract to include the following additional professional Architectural/Engineering services: to assess code compliance facility related deficiencies as they pertain to the National Electric Code, Fire Protection and Fire Alarm Codes, Life Safety Code, and Americans with Disabilities Act (ADA), and to assess the condition of NIST's on-site utilities infrastructure (domestic water, sanitary sewer, storm sewer, cooling distribution, heating distribution, electrical distribution, fuel distribution), and horizontal infrastructure outside buildings' immediate exterior envelope (roadways, parking lots, sidewalks, fencing) at the two main campuses.

This additional contract work is planned for completion and the deficiencies entered into the BUILDER software program by mid-FY 2021.

Deficiencies can be added to the respective campus’ backlog in years when contractor inspections are not scheduled. During the scheduled on-site assessment, the contract inspector estimates the remaining useful life of various components that comprise a building’s mechanical, electrical, plumbing, or building envelope closure system (architectural, roof, façade, etc.) and records this information into the BUILDER assessment software program. When a building system nears the end of its useful life, the software program adds a new self-generated replacement facility deficiency to the backlog list. NIST does not make a distinction between active or inactive assets for reporting DM&R. NIST will perform facility condition assessments surveys for capitalized NIST-owned buildings (including those fully depreciated).

DM&R estimates relate to capitalized, non-capitalized, and fully depreciated general PP&E. Under BUILDER SMS, and effective with third quarter FY 2020 reporting, all DM&R for real property is reported, including individual items with DM&R estimates costing less than \$25 thousand.

NIST prioritizes maintenance and repair projects to sustain its real property in good operating condition, including maintaining warranties. DM&R is impacted by funding shortfalls. Individual real property maintenance and repair projects are ranked using a Project Risk Table to determine the category of the risk (i.e., critical, high, medium, or low). Each project’s risk is rated in five different areas (mission; safety and regulatory compliance; energy, sustainability, and resilience; economics; and preservation of heritage assets) and its likelihood of executability. An overall rating score is then determined for ranking purposes. A ranking can be adjusted to consider current projects underway, prioritization of future candidate projects, and budgetary funding outlook.

Acceptable real property facility condition standards are established by using building codes and/or industry standards for benchmarking and cost estimating. These standards are used to evaluate site and interior conditions, life safety, mechanical and plumbing systems, elevator and conveying systems, electrical systems, structural systems, building envelope closure systems, etc.

Facility condition index (FCI) values are calculated for each NIST facility. The ratio of the cost of correcting all facility deficiencies in a building divided by the cost of replacing the building is expressed on a 100 percentage point scale. The FCI index is 100 minus this ratio of cost expressed. This is somewhat similar to a system described by the Building Research Board of the National Research Council. Generally, a facility with an index above 95 is considered excellent, between 95 and 90 is considered good, between 90 and 85 is considered fair, and below 85 is considered poor.

There was an increase in DM&R from September 30, 2019 to September 30, 2020 of \$60.0 million, primarily due to an increase in facility deficiencies of \$84.6 million offset by deficiency corrections during FY 2020 of \$24.5 million.

The following table shows NIST’s DM&R as of September 30, 2020 and 2019:

(In Thousands)

Assets Category	Deferred Maintenance and Repairs as of September 30, 2020	Deferred Maintenance and Repairs as of September 30, 2019
Buildings	\$ 627,627	\$ 603,236
Site Utilities and Infrastructure	206,867	171,210
Total	\$ 834,494	\$ 774,446

B Combining Schedule of Budgetary Resources by Major Budget Account

The table below illustrates the Department's FY 2020 budgetary resources by major budget account.

**United States Department of Commerce Combining Schedule of Budgetary Resources by Major Budget Account
For the Year Ended September 30, 2020 (In Thousands)**

	Combined Total	Census Bureau Periodic Censuses and Programs	EDA Economic Development Assistance Programs	NOAA Operations, Research, and Facilities	NOAA Procurement, Acquisition, and Construction	NTIA Digital Television Transition and Public Safety Fund	NTIA Network Construction Fund	NTIA Public Safety Trust Fund	USPTO Salaries and Expenses Fund	Other Budget Accounts
BUDGETARY RESOURCES:										
Unobligated Balance From Prior-years Budget Authority, Net	\$ 5,609,476	\$ 1,242,421	\$ 753,529	\$ 597,697	\$ 376,670	\$ 102	\$ 12,046	\$ 69,988	\$ 576,156	\$ 1,980,867
Appropriations	17,396,628	7,280,763	1,762,500	4,005,711	1,529,057	-	-	-	-	2,818,597
Borrowing Authority	101,520	-	-	-	-	-	-	-	-	101,520
Spending Authority From Offsetting Collections	5,819,553	-	2,161	305,886	-	-	46,000	140	3,452,156	2,013,210
TOTAL BUDGETARY RESOURCES	\$ 28,927,177	\$ 8,523,184	\$ 2,518,190	\$ 4,909,294	\$ 1,905,727	\$ 102	\$ 58,046	\$ 70,128	\$ 4,028,312	\$ 6,914,194
STATUS OF BUDGETARY RESOURCES:										
New Obligations and Upward Adjustments	\$ 22,723,382	\$ 6,583,604	\$ 1,483,444	\$ 4,462,691	\$ 1,615,797	\$ -	\$ 52,629	\$ 51,791	\$ 3,515,555	\$ 4,957,871
Unobligated Balance, End of Year										
Apportioned, Unexpired Accounts	5,893,158	1,917,927	1,034,528	349,939	273,834	-	1,986	18,296	510,134	1,786,514
Exempt From Apportionment, Unexpired Accounts	736	-	-	-	-	-	-	-	-	736
Unapportioned, Unexpired Accounts	104,725	-	218	260	-	102	3,431	41	2,623	98,050
Unobligated Balance, End of Year, Unexpired Accounts	5,998,619	1,917,927	1,034,746	350,199	273,834	102	5,417	18,337	512,757	1,885,300
Unobligated Balance, End of Year, Expired Accounts	205,176	21,653	-	96,404	16,096	-	-	-	-	71,023
Total Unobligated Balance, End of Year	6,203,795	1,939,580	1,034,746	446,603	289,930	102	5,417	18,337	512,757	1,956,323
TOTAL STATUS OF BUDGETARY RESOURCES	\$ 28,927,177	\$ 8,523,184	\$ 2,518,190	\$ 4,909,294	\$ 1,905,727	\$ 102	\$ 58,046	\$ 70,128	\$ 4,028,312	\$ 6,914,194
OUTLAYS, NET, AND DISBURSEMENTS, NET:										
Outlays, Net	\$ 15,924,152	\$ 6,469,528	\$ 301,426	\$ 3,809,328	\$ 1,716,577	\$ 4,113	\$ 1,465,099	\$ 51,393	\$ (265,205)	\$ 2,371,893
Distributed Offsetting (Receipts)/Outlays, Net	(6,335)	-	-	-	-	-	-	-	-	(6,335)
AGENCY OUTLAYS, NET	\$ 15,917,817	\$ 6,469,528	\$ 301,426	\$ 3,809,328	\$ 1,716,577	\$ 4,113	\$ 1,465,099	\$ 51,393	\$ (265,205)	\$ 2,365,558
DISBURSEMENTS, NET¹	\$ (8,014)									\$ (8,014)

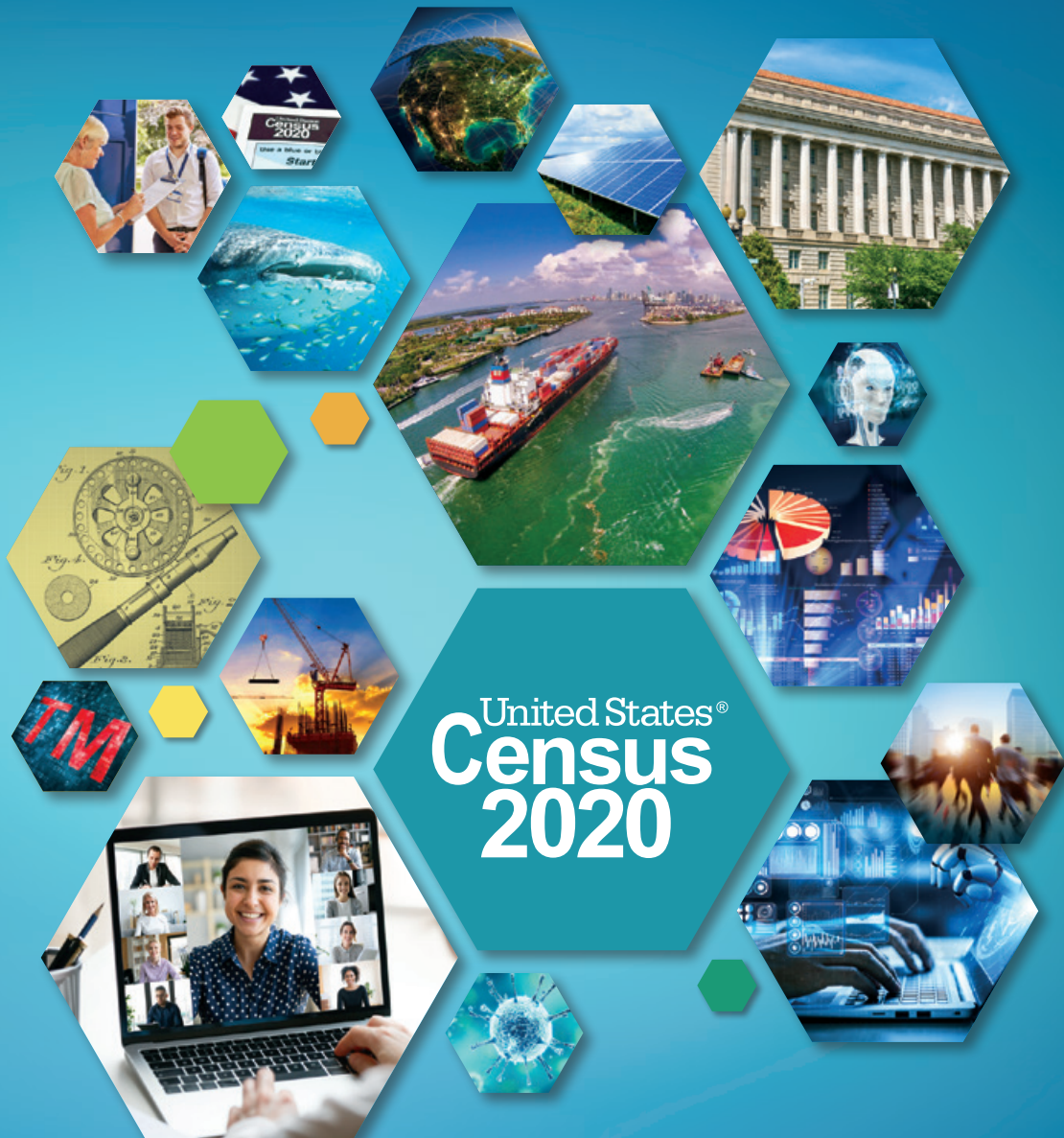
¹ Includes only Non-budgetary Credit Reform Financing Accounts

For more information on the NTIA Digital Television Transition and Public Safety Fund, NTIA Network Construction Fund, NTIA Public Safety Trust Fund, and USPTO Salaries and Expenses Fund, see Note 22 to the financial statements, *Funds from Dedicated Collections*.



OTHER INFORMATION

(Unaudited)



OFFICE OF INSPECTOR GENERAL SUMMARY ON TOP MANAGEMENT AND PERFORMANCE CHALLENGES



UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

October 15, 2020

INFORMATION MEMORANDUM FOR SECRETARY ROSS

FROM: 
Peggy E. Gustafson
Inspector General

SUBJECT: *Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2021*
Final Report No. OIG-21-003

The Office of Inspector General (OIG) is required by statute¹ to report annually the most serious management and performance challenges facing the U.S. Department of Commerce (the Department). Attached is our final report on the Department's top management and performance challenges for fiscal year 2021.

For each challenge identified within this memorandum, please find brief descriptions of the issues discussed in greater detail in the report.

Challenge 1: Establishing a Solid Foundation for 2030 Decennial Research and Testing and Ensuring That the Census Bureau Adequately Vets Candidates for Employment

- Ensuring an accurate count
- Ensuring that lessons learned from the 2020 Census are an essential part of success in 2030
- Assessing 2020 Census successes and areas needing improvement
- Developing a testing schedule that ensures completion of tests as planned and anticipates funding needs
- Ensuring only candidates suitable for federal government employment are hired

¹ 31 U.S.C. § 3516(d).



Challenge 2: Addressing Risks and Progressing Toward a New Architecture for Satellite Systems

- Meeting launch readiness challenges of next-in-series polar and geostationary satellites
- Making progress toward a next-generation satellite system architecture
- Managing spectrum risks to observations, operations, and communications
- Establishing the Department's role in space traffic management

Challenge 3: Deploying a Nationwide Public Safety Broadband Network (NPSBN)

- Ensuring the successful performance of the contract
- Reinvesting capital effectively and efficiently to upgrade and modernize the NPSBN
- Maintaining effective engagement with public safety community

Challenge 4: Strengthening Confidence in Intellectual Property (IP) Rights

- Managing IP rights in a changing environment
- Managing impacts related to the coronavirus disease (COVID-19)
- Ensuring new technology delivers quality IP
- Improving management of information technology (IT) operations

Challenge 5: Continuing to Improve the Department's Cybersecurity Posture

- Implementing strong security measures to safeguard decennial census data
- Sustaining modernization priority of the Department's legacy systems to strengthen IT security posture
- Securing the First Responder Network Authority to protect public safety
- Consistently implementing the Department's enterprise IT security policies and procedures

Challenge 6: Refining Processes for Trade Remedies Against Imports That Threaten to Impair National Security

- Evaluating and improving processes for adjudicating Section 232 exclusion requests

Challenge 7: Improving Management and Oversight of Contracts and Grants

- Ensuring effective oversight and monitoring of the Department’s management of emergency and disaster relief funds
- Managing contract and program performance
- Developing and retaining a competent acquisition workforce to support the Department’s mission

In the midst of the COVID-19 pandemic, the Department faces an additional set of oversight challenges to ensuring that Coronavirus Aid, Relief, and Economic Security Act (CARES Act)² funds are timely and appropriately spent. On June 18, 2020, we issued a management alert³ to the Deputy Secretary of Commerce, detailing the most significant challenges to the Economic Development Administration (EDA) and the National Oceanic and Atmospheric Administration (NOAA) Fisheries about their ongoing disaster relief efforts—as well as Department-wide acquisition and grants workforce, award monitoring, and file management challenges. Finally, we noted the Department’s challenge of mitigating the risk of fraud, waste, and abuse created by the significant influx of funds to be distributed quickly. A great sense of urgency has arisen in response to the COVID-19 outbreak. However, as past OIG work responding to stimulus and recovery programs has done, we advise that—in the rush to disseminate stimulus funding—the Department provide the necessary, additional guidance to direct spending more effectively and to track and report more meaningful results.

We remain committed to keeping the Department’s decision-makers informed of problems identified through our audits and investigations so that timely corrective actions can be taken. The final version of the report will be included in the Department’s *Annual Financial Report*, as required by law.⁴

² The CARES Act (Pub. L. No. 116-136) was signed into law on March 27, 2020, to respond to the COVID-19 outbreak and its impact on the economy, public health, state and local governments, individuals, and businesses. This law contains several provisions related to the Department, including appropriations to EDA, NOAA, the National Institute of Standards and Technology, and the Minority Business Development Agency.

³ U.S. Department of Commerce Office of Inspector General, June 18, 2020. *Management Alert: Top Oversight Challenges Facing the Department of Commerce to Ensuring That Pandemic Funds Are Timely and Appropriately Spent*, OIG-20-031-M. Washington, DC: DOC OIG.

⁴ 31 U.S.C. § 3516(d).



We appreciate the cooperation received from the Department, and we look forward to working with you and the Secretarial Officers in the coming months. If you have any questions concerning this report, please contact me at (202) 482-4661.

The complete OIG Report, *Top Management and Performance Challenges Facing the Department of Commerce* can be found at the following website: <https://www.oig.doc.gov/Pages/Top-Management-and-Performance-Challenges-Facing-the-Department-of-Commerce-in-FY-2021.aspx>

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Presented below is a summary of financial statement audit and management assurances for FY 2020. Table 1 relates to the Department’s FY 2020 financial statement audit, which resulted in an unmodified opinion with no material weakness. Table 2 presents the number of material weaknesses reported by the Department under Section 2 of the Federal Managers’ Financial Integrity Act (FMFIA)—either with regard to internal controls over operation or financial reporting, and Section 4, which relates to internal controls over financial management systems; as well as the Department’s compliance with the Federal Financial Management Improvement Act (FFMIA).

Table 1. Summary of Financial Statement Audit

- **Audit Opinion:**
 - Unmodified
- **Restatement:**
 - No

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Table 2. Summary of Management Assurances

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA § 2)						
Statement of Assurance:		Unmodified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA § 2)						
Statement of Assurance:		Unmodified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
CONFORMANCE WITH FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS (FMFIA § 4)						
Statement of Assurance:		Systems conform with financial management system requirements				
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0	0	0	0	0	0
COMPLIANCE WITH FFMIA						
	Agency			Auditor		
1. System Requirements	No lack of substantial compliance noted			No lack of substantial compliance noted		
2. Accounting Standards	No lack of substantial compliance noted			No lack of substantial compliance noted		
3. U.S. Standard General Ledger at Transaction Level	No lack of substantial compliance noted			No lack of substantial compliance noted		

PAYMENT INTEGRITY

Agencies are required to periodically review all programs and activities and identify those that may be susceptible to significant improper payments, take multiple actions when programs and activities are identified as susceptible to significant improper payments, and annually report information on their improper payments monitoring and minimization efforts. The Department has not itself identified any programs or activities susceptible to significant improper payments.

The Department recognizes the importance of maintaining adequate internal controls to ensure proper payments, and the Department's commitment to continuous improvement in the overall disbursement management process remains high. Each of the Department's payment offices have implemented policies and procedures to detect and prevent improper payments. For FY 2020 and beyond, the Department will continue its efforts to ensure the integrity of its disbursements.

PAYMENT INTEGRITY INFORMATION ACT (PIIA) OF 2019 AND RELATED OMB GUIDANCE

PIIA was signed into law on March 2, 2020 with one intention being to serve as a more comprehensive Public Law for payment integrity legislation. As a result, three previous Public Laws for payment integrity were repealed (the Improper Payments Information Act of 2002, the Improper Payments Elimination and Recovery Act of 2010, and the Improper Payments Elimination and Recovery Improvement Act of 2012).

The Office of Management and Budget (OMB) is in the process of updating OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (July 15, 2016), Appendix C, *Requirements for Payment Integrity Improvement* (June 26, 2018) for guidance to federal agencies related to PIIA, and has advised agencies to continue to follow the current version of OMB Circular A-123, Appendix C until the updated version is issued.

DEPARTMENTAL PAYMENT INTEGRITY INFORMATION INCLUDED IN PAYMENTACCURACY.GOV

The U.S. Department of the Treasury (Treasury), in coordination with the U.S. Department of Justice and OMB, established the PaymentAccuracy.gov website, located at <https://paymentaccuracy.gov>, to create a centralized location to publish information about U.S. government improper payments made to individuals, organizations, and contractors. This website also provides a centralized place where suspected incidents of fraud, waste, and abuse can be reported, and contains information about (1) current and historical rates and amounts of improper payments; (2) why improper payments occur; and (3) what agencies are doing to reduce and recapture improper payments.

Additionally, PaymentAccuracy.gov contains the Department's data for overpayments identified in FY 2020 and overpayments verified as recaptured in FY 2020, through all sources. The website also contains information about the results of improper payment statistical sampling and estimation performed in FY 2020, and other Departmental payment integrity and fraud-related information, including payment integrity information that was included in the Department's previous Agency Financial Reports (AFR) and that is no longer included in this fiscal year's AFR payment integrity reporting for the Department.

WHAT IS AN IMPROPER PAYMENT?

Excerpt from OMB Circular A-123, Appendix C:

An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

Incorrect amounts are overpayments or underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts,¹ payments that are for an incorrect amount, and duplicate payments). An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law).

In addition, when an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment should also be considered an improper payment. When establishing documentation requirements for payments, agencies should ensure that all documentation requirements are necessary and should refrain from imposing additional burdensome documentation requirements.

Interest or other fees that may result from an underpayment by an agency are not considered an improper payment if the interest was paid correctly. These payments are generally separate transactions and may be necessary under certain statutory, contractual, administrative, or other legally applicable requirements.

A "questioned cost"² should not be considered an improper payment until the transaction has been completely reviewed and is confirmed to be improper.

The term 'payment' in this guidance means any disbursement or transfer of Federal funds (including a commitment for future payment, such as cash, securities, loans, loan guarantees, and insurance subsidies) to any non-Federal person, non-Federal entity, or Federal employee, that is made by a Federal agency, a Federal contractor, a Federal grantee, or a governmental or other organization administering a Federal program or activity.

The term 'payment' includes disbursements made pursuant to prime contracts awarded under the Federal Acquisition Regulation and Federal awards subject to the 2 C.F.R. Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) that are expended by recipients."

IMPROPER PAYMENTS RISK ASSESSMENT PROCESS

The Department annually assesses the effectiveness of internal control over financial reporting, in compliance with OMB Circular A-123, Appendix C. Furthermore, as scheduled, the assessment includes a review of internal controls over disbursement processes,

¹ *Applicable discounts* are only those discounts where it is both advantageous and within the agency's control to claim them.

² The term 'questioned cost' is defined under the Uniform Guidance, 2 C.F.R. Part 200.84, as follows: "Questioned cost means a cost that is questioned by the auditor because of an audit finding: (a) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for funds used to match Federal funds; (b) Where the costs, at the time of the audit, are not supported by adequate documentation; or (c) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances."

including Department-wide sample testing of disbursements for improper payments and for appropriate internal control attributes. The most recent review performed indicated that internal controls over disbursement processes were sound.

Each of the Department's bureaus/reporting entities periodically completes or updates, over a one to three-year period (depending on the size of the entity), improper payments risk assessments covering all of its programs/activities as required by OMB Circular A-123, Appendix C. These improper payments risk assessments of the entity's programs/activities also incorporate improper payments risk assessments every three years of the control, procurement, and grants management environments.

IMPROPER PAYMENTS AND RECAPTURES OF IMPROPER PAYMENTS

The Department has extensive payment integrity monitoring, minimization, recapturing, and corrective actions efforts in place, including the identification of improper payments through bureau post-payment reviews, the Office of Inspector General (OIG) audits or reviews, Single Audit Act audits of grants/cooperative agreements, other grants/cooperative agreements audits, contract closeout reviews, grants/cooperative agreements closeout reviews, other audits or reviews, sample reviews of Department-wide sustained disallowed costs, and Department-wide sample testing of disbursements under internal controls testing.

The Department's bureaus report improper payments and related recaptures information (recaptures information for improper payments of \$10 thousand or more) to the Office of Financial Management (OFM) on a quarterly basis. OFM then tracks the improper payments of \$10 thousand or more that have not been fully recaptured, and periodically throughout the fiscal year requests updates from the responsible bureaus on tracked, unrecaptured improper payments.

OMB Circular A-123, Appendix C provides guidance for agencies to determine if cost-effective payment recapture audits can be performed. The Department had been performing from 2005 through June 2017, primarily with contractor assistance, annual payment recapture audits of contracts/obligations for many of the Department's bureaus/ reporting entities on a rotational basis. Annual payment recapture auditing was additionally performed by a contractor, effective 2011, for Department-wide grants and other cooperative agreements (i.e., financial assistance). In March 2018, the Department completed a cost/benefit analysis for contracts/obligations and for grants and other cooperative agreements and determined that it was not able to conduct a cost-effective payment recapture audit program (one in which the benefits, including recaptured amounts, exceed the costs) for the above noted categories. The Department continues to periodically evaluate if there are any categories of disbursements for which payment recapture auditing could be or could become cost-effective.

IMPROPER PAYMENTS STATISTICAL SAMPLING AND ESTIMATION PROCESS

On February 9, 2018, the President signed into law the Bipartisan Budget Act of 2018, which included supplemental appropriations to many federal agencies for disaster relief purposes. The Economic Development Administration (EDA) was appropriated \$600.0 million and the National Oceanic and Atmospheric Administration (NOAA) was appropriated \$400.1 million.

For FY 2020, the Department was required to submit a statistical sampling and estimation plan to OMB and perform statistically valid sampling for FY 2019 disbursements of the above noted disaster funds received by NOAA, because the FY 2019 disbursements exceeded \$10.0 million. The Department complied with all requirements through the services of a contractor. In FY 2021, the Department will perform the same process for FY 2020 disbursements of the above noted disaster funds received by NOAA. Furthermore, the Department will submit a statistical sampling and estimation plan to OMB and perform statistically valid sampling for FY 2020 disbursements of the above noted disaster funds received by EDA.

FRAUD REDUCTION REPORT

Fraud risk management is an important aspect of the Department's strategy to achieve its mission and goals. Fraud prevention, detection, monitoring, and response are key to managing fraud risk and are continually being integrated into the culture and controls throughout the Department. Several key control strategies have been implemented since FY 2018.

Fraud risk has been identified as one of 10 categories of risk by the Department's Enterprise Risk Management (ERM) Framework. The Department's ERM Framework is designed to facilitate a risk-based approach to fraud risk assessment at different levels within the organization. Management uses the U.S. government Accountability Office (GAO) Fraud Risk Management Framework leading practices as a guide to combat fraud, increase emphasis on prevention, and put into place corrective actions to address identified deficiencies. The Department also utilizes several processes and sources to identify, manage, and mitigate fraud risks. These processes and sources include, but are not limited to, the Agency Risk Profile, GAO High-Risk List, and Mission Critical Programs and Activities List.

Analyses of risks, including fraud risks, are also an integral process of the Department's financial internal control program. The Department annually performs an assessment of the risks at the entity and process levels. At the entity level, the Department and components assess exposures and controls around fraud risk. How the Department anticipates, identifies, and responds to fraud is considered during the assessment. Existing Departmental policies and procedures are also examined to ensure that they adequately meet their objective. At the process level, inherent and control risks are assessed for each of the Department's key business processes and sub-processes. The process level assessment includes evaluations such as the Department's payroll, contracts, purchase card, and grants management business cycles. The exercise and results of these assessments aids in identifying types and levels of risks within the Department and informs the mitigation process.

Business process workshops are also held annually in which interdisciplinary teams, including task owners and the Internal Control Senior Assessment Team, come together to identify and examine the control activity and control design around key business processes. During these workshops, key control objectives and activities are discussed and control gaps are identified and addressed. Internal control test steps are also discussed and/or modified.

The Department is an active participant with the Office of Management and Budget and other agencies in the government-wide working group for the implementation of the Fraud Reduction and Data Analytics Act (FRDAA) of 2015. The Department continues to explore ways to refine and enhance its processes to better deter, detect, and reduce instances of fraud. For example, the Department established an enterprise-wide data analytics program to perform, collect, and analyze data to detect and monitor for potential fraud. The data analytics program involves the development of continuous monitoring processes, data science techniques, analytics and visualizations, to be applied to sensitive programs and financial data in order to identify trends, anomalies, and other meaningful patterns that may signify potential internal control weakness or indicators of fraud, waste, and abuse. In FY 2019, the Department completed extensive analysis of travel data taken from the Department's recently implemented travel system. The Department plans to continue to expand its data analytics program to enhance the capabilities and scope of additional analysis. Lastly, the Department has developed and presented to the financial community within the Department a fraud awareness training program. The program is designed to provide a clear understanding of the definition and primary causes of fraud and help to provide a greater appreciation of the impact fraud has on programs within the Department and how to help strengthen controls around preventing fraud.

REAL PROPERTY

The Department's Office of Real Property Programs is responsible for managing and reporting on an extensive inventory of real property which includes buildings, land, and other structures that the Department owns or leases. The Department's real property is located across the United States, and usages for Departmental operations include office space, laboratories, communication systems, and storage. For more information on the Department's real property, please visit the following websites:

Performance.gov: <https://www.performance.gov/real-property-metrics/>

The Department of Commerce Office of Real Property Programs: <https://www.osec.doc.gov/ofeq/orpp/default.htm>

CIVIL MONETARY PENALTIES' ADJUSTMENTS FOR INFLATION

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996 and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, requires agencies to adjust their civil monetary penalties (CMP) for inflation to maintain their deterrent effect. A CMP is defined as any penalty, fine, or other sanction that is (1) for a specific monetary amount as provided by federal law, or has a maximum amount provided for by federal law; (2) assessed or enforced by an agency pursuant to federal law; and (3) assessed or enforced pursuant to an administrative proceeding or a civil action in the federal courts. The Department has been adjusting its CMPs for inflation since 1996 in accordance with the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended. Effective 2017, agencies are required to make annual adjustments for inflation to CMPs, to take effect not later than January 15.

The Department published its 2020 adjustments for inflation to CMPs (Title 15, *Commerce and Foreign Trade*, Part 6, *Civil Monetary Penalty Adjustments for Inflation*, of the Code of Federal Regulations) in the Federal Register on January 3, 2020 (Vol. 85, No. 2, *Rules and Regulations*, pages 207-210). These adjustments for inflation to CMPs, which became effective on January 15, 2020, are also available at the Department's website at http://www.osec.doc.gov/ofm/OFM_Publications.html. The following table provides detailed information on each of the Department's CMPs as of January 15, 2020.

(Dollars in Actual Amounts)

CMP Description	Statutory Authority	CMP Type	Year CMP Originally Enacted	Latest Year of CMP Non-inflation Adjustment (via Statute or Regulation)	Current CMP Level
Department of Commerce					
Penalty for each submission of a false, fictitious, or fraudulent claim for payment or benefits.	31 U.S.C. 3802(a)(1), Program Fraud Civil Remedies Act of 1986	Violation	1986	1986	Maximum \$11,665
Penalty for each submission of a false, fictitious, or fraudulent written statement.	31 U.S.C. 3802(a)(2), Program Fraud Civil Remedies Act of 1986	Violation	1986	1986	Maximum \$11,665
Penalty for each submission of a false, fictitious, or fraudulent claim for payment.	31 U.S.C. 3729(a)(1)(G), False Claims Act	Violation	1863	1986	Minimum \$11,665 Maximum \$23,331
Bureau of Economic Analysis					
Failure to furnish information required under chapter, whether required to be furnished in form of a report or otherwise, or to comply with rule, regulation, order, or instruction promulgated under chapter.	22 U.S.C. 3105(a), International Investment and Trade in Services Act	Failure to furnish information	1990	1990	Minimum \$4,819 Maximum \$48,192

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(Dollars in Actual Amounts)

CMP Description	Statutory Authority	CMP Type	Year CMP Originally Enacted	Latest Year of CMP Non-inflation Adjustment (via Statute or Regulation)	Current CMP Level
Bureau of Industry and Security					
Violation of chapter or any regulation under chapter.	15 U.S.C. 5408(b)(1), Fastener Quality Act	Violation	1990	1990	Maximum \$48,192
Prohibited acts relating to inspections.	22 U.S.C. 6761(a)(1)(A), Chemical Weapons Convention Implementation Act	Violation	1998	1998	Maximum \$39,229
Recordkeeping violations.	22 U.S.C. 6761(a)(1)(B), Chemical Weapons Convention Implementation Act	Violation	1998	1998	Maximum \$7,846
Unlawful act described in section 1705(a).	50 U.S.C. 1705(b), International Emergency Economic Powers Act	Violation	1977	2007	Maximum \$307,922
Violation of section 22 U.S.C. 8124 or 22 U.S.C. 8141.	22 U.S.C. 8142(a), United States Additional Protocol Implementation Act	Violation	2006	2006	Maximum \$31,881
Violation of this subchapter or any regulation, order, or license issued under this subchapter.	50 U.S.C. 4819, Export Control Reform Act of 2018	Violation	2018	2018	Maximum \$305,292
Census Bureau					
Delinquency in filing export information.	13 U.S.C. 304, Collection of Foreign Trade Statistics	Violation	1962	2002	Each day's delinquency of a violation: Maximum \$1,419 Maximum per violation: \$14,194
Unlawful export information activities.	13 U.S.C. 305(b), Collection of Foreign Trade Statistics	Violation	1962	2002	Maximum \$14,194
International Trade Administration					
Violation of chapter or any regulation under chapter.	19 U.S.C. 81s, Foreign Trade Zone	Violation	1934	1934	Maximum \$2,976
Violation of protective orders issued pursuant to NAFTA or the U.S.-Canada Agreement.	19 U.S.C. 1677f(f)(4), U.S.-Canada Free Trade Agreement Protective Order	Violation	1988	1988	Maximum \$214,097

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(Dollars in Actual Amounts)

CMP Description	Statutory Authority	CMP Type	Year CMP Originally Enacted	Latest Year of CMP Non-inflation Adjustment (via Statute or Regulation)	Current CMP Level
National Oceanic and Atmospheric Administration					
Noncompliance with the requirements of licenses or regulations issued under subchapter.	51 U.S.C. 60123(a), Land Remote Sensing Policy Act of 2010	Violation	2010	2010	Maximum \$11,776
Violation for receiving and using unenhanced Landsat data as specified.	51 U.S.C. 60148(c), Land Remote Sensing Policy Act of 2010	Violation	2010	2010	Maximum \$11,776
Violation from committing an act prohibited by section 773e.	16 U.S.C. 773f(a), Northern Pacific Halibut Act of 1982	Violation	1982	2007	Maximum \$246,339
Violation of provisions of chapter.	16 U.S.C. 783, Sponge Act	Violation	1914	1914	Maximum \$1,759
Fishing violation of section 957(a).	16 U.S.C. 957(d), Tuna Conventions Act of 1950	Violation	1962	1962	Maximum \$87,913
Subsequent fishing violation of section 957(a).	16 U.S.C. 957(d), Tuna Conventions Act of 1950	Subsequent Violation	1962	1962	Maximum \$189,352
Violation of section 957(b).	16 U.S.C. 957(e), Tuna Conventions Act of 1950	Violation	1962	1962	Maximum \$2,976
Subsequent violation of section 957(b).	16 U.S.C. 957(e), Tuna Conventions Act of 1950	Subsequent Violation	1962	1962	Maximum \$17,583
Import violation of section 957(c).	16 U.S.C. 957(f), Tuna Conventions Act of 1950	Violation	1962	1962	Maximum \$378,706
For chapter enforcement and additional prohibitions, see 16 U.S.C. 1826g.	16 U.S.C. 957(i), Tuna Conventions Act of 1950	Violation	2015	1	Maximum \$192,768 ¹
For chapter enforcement, see 16 U.S.C. 1826g.	16 U.S.C. 959, Tuna Conventions Act of 1950	Violation	2015	1	Maximum \$192,768 ¹
For chapter enforcement and additional prohibitions, see 16 U.S.C. 1826g.	16 U.S.C. 971f(a), Atlantic Tunas Convention Act of 1975	Violation	2015	1	Maximum \$192,768 ¹
Act prohibited by section 973(c) as specified.	16 U.S.C. 973f(a), South Pacific Tuna Act of 1988	Violation	1988	1988	Maximum \$535,243
Violation of provision of chapter or any regulation or permit issued hereunder.	16 U.S.C. 1174(b), Fur Seal Act Amendments of 1983	Violation	1983	1983	Maximum \$25,479
Violation of provision of subchapter or of any permit or regulation issued thereunder.	16 U.S.C. 1375(a)(1), Marine Mammal Protection Act of 1972	Violation	1972	1972	Maximum \$29,755
For section enforcement and additional prohibitions, see 16 U.S.C. 1826g.	16 U.S.C. 1385(e), Dolphin Protection Consumer Information Act	Violation	1990	1	Maximum \$192,768 ¹

Footnote is shown at the end of this table.

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(Dollars in Actual Amounts)

CMP Description	Statutory Authority	CMP Type	Year CMP Originally Enacted	Latest Year of CMP Non-inflation Adjustment (via Statute or Regulation)	Current CMP Level
National Oceanic and Atmospheric Administration (continued)					
Violation of chapter or any regulation or permit issued under chapter.	16 U.S.C. 1437(d)(1), National Marine Sanctuaries Act	Violation	1984	1992	Maximum \$181,484
Violation of provision of chapter or any provision of permit or certificate issued hereunder, or of any regulation issued to implement subsections as specified.	16 U.S.C. 1540(a)(1), Endangered Species Act of 1973	Violation	1973	1988	Maximum \$53,524
Violation of provision of any other regulation issued under chapter as specified.	16 U.S.C. 1540(a)(1), Endangered Species Act of 1973	Violation	1973	1988	Maximum \$25,691
Violation otherwise of provision of chapter, or regulation, permit, or certificate issued hereunder.	16 U.S.C. 1540(a)(1), Endangered Species Act of 1973	Violation	1973	1978	Maximum \$1,759
Violation of act prohibited by 16 U.S.C. 1857.	16 U.S.C. 1858(a), Magnuson-Stevens Fishery Conservation and Management Act	Violation	1976	1990	Maximum \$192,768 ¹
Violation of unlawful act under 16 U.S.C. 2435.	16 U.S.C. 2437(a), Antarctic Marine Living Resources Convention Act of 1984	Violation	1984	1	Maximum \$192,768 ¹
Violation of chapter or any regulation promulgated under chapter, deemed to be violation of 16 U.S.C. 2431-2444.	16 U.S.C. 2465(a), Antarctic Protection Act of 1990	Violation	1990	1	Maximum \$192,768 ¹
Violation of conduct prohibited by any provision of chapter as specified; or, violation of subsections (d) or (f) of 16 U.S.C. 3372.	16 U.S.C. 3373(a)(1), Lacey Act Amendments of 1981	Violation	1981	1981	Maximum \$27,553
Violation of subsections (b) or (f) of 16 U.S.C. 3372, except as provided in section 3373(a)(1).	16 U.S.C. 3373(a)(2), Lacey Act Amendments of 1981	Violation	1981	1981	Maximum \$689
Violation of unlawful act under section 3606(a).	16 U.S.C. 3606(b)(1), Atlantic Salmon Convention Act of 1982	Violation	1982	1	Maximum \$192,768 ¹
For chapter enforcement and additional prohibitions, see 16 U.S.C. 1826g.	16 U.S.C. 3637(b), Pacific Salmon Treaty Act of 1985	Violation	1985	1	Maximum \$192,768 ¹

Footnote is shown at the end of this table.

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(Dollars in Actual Amounts)

CMP Description	Statutory Authority	CMP Type	Year CMP Originally Enacted	Latest Year of CMP Non-inflation Adjustment (via Statute or Regulation)	Current CMP Level
National Oceanic and Atmospheric Administration (continued)					
Violation of provision of an order or regulation issued under this chapter, or for failure or refusal to pay, collect, or remit any assessment required under chapter.	16 U.S.C. 4016(b)(1)(B), Fish and Seafood Promotion Act of 1986	Violation	1986	1986	Minimum \$1,166 Maximum \$11,665
For chapter enforcement and additional prohibitions, see 16 U.S.C. 1826g.	16 U.S.C. 5010, North Pacific Anadromous Stocks Act of 1992	Violation	1992	1	Maximum \$192,768 ¹
Applicable to regulations issued under this subsection, per section 308 (16 U.S.C. 1858) of Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA), violation of section 307, <i>Prohibited acts</i> (16 U.S.C. 1857) of MSFCMA.	16 U.S.C. 5103(b)(2), Atlantic Coastal Fisheries Cooperative Management Act	Violation	1993	1	Maximum \$192,768 ¹
Violation of unlawful act under section 5154(b).	16 U.S.C. 5154(c)(1), Atlantic Striped Bass Conservation Act	Violation	1984	1	Maximum \$192,768 ¹
Violation of act prohibited by 16 U.S.C 5505.	16 U.S.C. 5507(a), High Seas Fishing Compliance Act of 1995	Violation	1995	1995	Maximum \$167,433
For chapter enforcement and additional prohibitions, see 16 U.S.C. 1826g.	16 U.S.C. 5606(b), Northwest Atlantic Fisheries Convention Act of 1995	Violation	1995	1	Maximum \$192,768 ¹
For chapter enforcement and additional prohibitions, see 16 U.S.C. 1826g.	16 U.S.C. 6905(c), Western and Central Pacific Fisheries Convention Implementation Act	Violation	2007	1	Maximum \$192,768 ¹
Violation of provision of chapter or of any regulation promulgated under chapter, enforced as if violation of section 307 (<i>Prohibited acts</i> ; 16 U.S.C. 1857) of MSFCMA.	16 U.S.C. 7009(c) and (d), Pacific Whiting Act of 2006	Violation	2007	1	Maximum \$192,768 ¹
Violation of provision of section 1978.	22 U.S.C. 1978(e), Fishermen's Protective Act of 1967	Violation	1971	1971	Maximum \$29,755
Subsequent violation of provision of section 1978.	22 U.S.C. 1978(e), Fishermen's Protective Act of 1967	Subsequent Violation	1971	1971	Maximum \$87,913
Violation of act prohibited by 30 U.S.C. 1461.	30 U.S.C. 1462(a), Deep Seabed Hard Mineral Resources Act	Violation	1980	1980	Maximum \$75,867

Footnote is shown at the end of this table.

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(Dollars in Actual Amounts)

CMP Description	Statutory Authority	CMP Type	Year CMP Originally Enacted	Latest Year of CMP Non-inflation Adjustment (via Statute or Regulation)	Current CMP Level
National Oceanic and Atmospheric Administration (continued)					
Violation of act prohibited by 42 U.S.C. 9151.	42 U.S.C. 9152(c), Ocean Thermal Energy Conversion Act of 1980	Violation	1980	1980	Maximum \$75,867
Violation regarding prohibition on sale of billfish, which shall be treated as an act prohibited by 16 U.S.C. 1857.	16 U.S.C. 1827a, Billfish Conservation Act of 2012	Violation	2012	1	Maximum \$192,768 ¹
Violation of act prohibited by 16 U.S.C. 7406.	16 U.S.C. 7407(b), Port State Measures Agreement Act of 2015	Violation	2015	1	Maximum \$192,768 ¹
Violation of prohibited act under 16 U.S.C. 1826g(e).	16 U.S.C. 1826g(f), High Seas Driftnet Fishing Moratorium Protection Act	Violation	2015	1	Maximum \$192,768 ¹
Violation of chapter, enforced as a violation of section 308 (<i>Civil penalties and permit sanctions</i> ; 16 U.S.C. 1858) of MSFCMA.	16 U.S.C. 7705, Ensuring Access to Pacific Fisheries Act	Violation	2016	1	Maximum \$192,768 ¹
Violation of chapter, enforced as a violation of section 308 (<i>Civil penalties and permit sanctions</i> ; 16 U.S.C. 1858) of MSFCMA.	16 U.S.C. 7805, Ensuring Access to Pacific Fisheries Act	Violation	2016	1	Maximum \$192,768 ¹
National Technical Information Service					
Disclosure or usage violation of subsection (1).	42 U.S.C. 1306c(c), Bipartisan Budget Act of 2013	Violation	2013	2013	Violation \$1,000 Maximum total penalty on any person for any calendar year, excluding willful or intentional violations \$250,000

¹ This National Oceanic and Atmospheric Administration maximum CMP, as prescribed by law, is the maximum CMP per 16 U.S.C. 1858(a), Magnuson-Stevens Fishery Conservation and Management Act CMP. The Latest Year of CMP Non-inflation Adjustment (via Statute or Regulation) for this maximum CMP is 1990.

OVERSIGHT OF EXPIRED GRANT AND COOPERATIVE AGREEMENT AWARDS

The Department administers a diverse array of programs and projects concerned with the entire spectrum of business and economic development concerns. Departmental operating units and grants offices are responsible for the award, administration, and monitoring of these programs under a variety of legislative authorities, governing regulations, policies, and procedures using mandatory and discretionary grants and cooperative agreements. Awards are made to a wide variety of recipients, including state and local governments, for-profit or commercial organizations, non-profit organizations, and educational institutions. The administration of the Department's grant and cooperative agreement programs requires adherence not only to the program objectives for which funds are awarded, but also to sound business practices, as well as laws, regulations, policies, and procedures governing grants and cooperative agreements.

UNCLOSED, EXPIRED GRANT AND COOPERATIVE AGREEMENT AWARDS FOR WHICH THE PERIOD OF PERFORMANCE HAS EXPIRED BY TWO YEARS OR MORE

The Office of Management and Budget's (OMB) Circular A-136 Revised dated August 27, 2020, *Financial Reporting Requirements*, Section II.4.10., *Grants Programs*, requires the following information to be reported in the Other Information section of the Department's annual Agency Financial Report (AFR) effective FY 2020:

All reporting entities with grant programs must submit a brief high-level summary of expired, but not closed, Federal grant and cooperative agreements (awards), including:

- i. A summary table of the total number of awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2020 (i.e., on or before September 30, 2018).
- ii. A brief narrative of the progress made over the past year compared to the previous year's report, challenges preventing closeout of awards reported, and actions to be taken to close awards reported. This narrative is optional if the entity did not report on expired grants in FY 2019.

This reporting requirement is applicable to the seven bureaus that issue grants and/or other cooperative agreements: Census Bureau, Economic Development Administration (EDA), International Trade Administration (ITA), Minority Business Development Agency (MBDA), National Institute of Standards and Technology (NIST), National Oceanic and Atmospheric Administration (NOAA), and National Telecommunications and Information Administration (NTIA). EDA manages the majority of its grants through its six regional offices, NIST's Grants Management Division (GMD) manages all grants awarded by NIST as well as a portion of those grants awarded by NTIA. NOAA's GMD manages all grants awarded by NOAA as well as those grants awarded by the Census Bureau, ITA, MBDA, and a portion of those grants awarded by NTIA.

The table on the following page summarizes the Department's total number of grant and cooperative agreement awards and balances as of September 30, 2020, for which closeout has not yet occurred but for which the period of performance has elapsed by two years or more and the related dollar amounts of undisbursed balances.

(Numbers of Agreements in Actual Amounts; Dollars in Thousands)

Category	Period of Performance has Expired as of September 30, 2020		
	Closeout Lapse of Two Years or More and up to Three Years	Closeout Lapse of Three Years or More and up to Five Years	Closeout Lapse of Five Years and More
Number of Grants/Cooperative Agreements with Zero Dollar Balances	5	7	1
Number of Grants/Cooperative Agreements with Undisbursed Balances	12	13	–
Total Dollar Amount of Undisbursed Balances	\$ 3,364	\$ 6,166	\$ –

A similar report was not required to be included in the FY 2019 Agency Financial Report. Challenges preventing the timely closing of these awards are primarily due to the delayed receipt of necessary closeout documentation (final performance report, final SF 425, Federal Financial Report, etc.), final indirect cost rate negotiations, audit disputes and/or debt collection requirements and the Department's grant-making bureaus are diligently working with the respective recipients in resolving each particular issue. Additionally, from an oversight perspective, the grant-making bureaus submit a bi-monthly report to the Department's Financial Assistance Policy and Oversight Division (FAPOD) detailing the status of all expired awards. FAPOD consolidates these reports and presents the information during the Department's bi-monthly Grants Council meeting for review and analysis.

UNDISBURSED BALANCES IN EXPIRED GRANT ACCOUNTS

Undisbursed balances in expired grant accounts (which includes both grants and cooperative agreements) include budget authority that is no longer available for new obligations but is still available for disbursement. The period of disbursement lasts for five years after the last unexpired year unless the expiration period has been lengthened by legislation. Specifically, one may not incur new obligations against expired budget authority, but one may liquidate existing obligations by making disbursements (Section 20.4(c), *Period of availability of budget authority*, of OMB Circular A-11 Revised dated July 10, 2020, *Preparation, Submission, and Execution of the Budget*).

OMB Memorandum M-16-18, *Financial and Performance Reporting on Undisbursed Balances in Expired Grant Accounts* (July 15, 2016), requires the following information to be reported in the Department's annual AFR and annual performance plans/budgets (effective FY 2019) regarding undisbursed balances in expired grant accounts:

- i. In the preceding three fiscal years, provide the total number of expired grant accounts with undisbursed balances for the Department and the total amount that has not been obligated to a specific grant or project remaining in the accounts;
- ii. Details on future action the Department will take to resolve undisbursed balances in expired grant accounts;
- iii. The method that the Department uses to track undisbursed balances in expired grant accounts; and
- iv. Process for identification of undisbursed balances in expired grant accounts that may be returned to the U.S. Department of the Treasury (Treasury).

This reporting requirement is currently applicable to six of the seven bureaus that issue grants and/or other cooperative agreements, as previously discussed, with the exclusion of EDA.

Both NIST GMD and NOAA GMD have teams that are responsible for reviewing, closing out, and deobligating undisbursed balances in expired awards. As part of their routine grants management responsibilities, these offices review reports that identify expired awards with undisbursed balances of funds as well as expired awards that may have existing audit findings or other unresolved matters which require further coordination prior to deobligating funds and closing out an award.

During its reviews of expired awards with undisbursed obligations, NIST GMD reconciles the recipient's final SF 425, *Federal Financial Report*, against the amount of funding remaining in NIST's financial system. NIST GMD works with all relevant parties to resolve any discrepancies prior to the deobligation of funds and begins the deobligation process once it is determined that the recipient is not owed any further federal funding and that all relevant issues are resolved. NIST has a Grants Management Officer (GMO) assigned to oversee the closeout process. This individual routinely obtains reports from its Grant Management Information System (GMIS) to identify any awards that have expired and that are eligible for the closeout process. Additionally, these reports identify if any undisbursed obligations remain in the award account. If there is an unobligated balance, NIST's finance office uses the budget account to determine what unobligated funds, if any, may be returned to Treasury. Any funds that are returned to Treasury are typically returned to Treasury upon the budget account entering the cancelled phase.

On a monthly basis, NOAA GMD obtains and reviews an Undisbursed Funds Chart to track expired grant awards with undisbursed obligations. Upon review and acceptance of the recipient's SF 425, NOAA GMD completes and submits a deobligation request to NOAA's finance office. After deobligation is completed, NOAA's finance office identifies the applicable budget account and determines what, if any, unobligated funds may be returned to Treasury.

Each bureau submits a bi-monthly report to the Department's FAPOD detailing the current status of expired awards—number of expired awards not yet closed and undisbursed balances of funds in these awards. FAPOD consolidates these reports and presents the information during the Department's bi-monthly Grants Council meetings for review and analysis. A direct impact of the Grants Council's oversight has been the Department's significant progress in reducing the backlog of closeouts and deobligations.

The table on the following pages presents, for each applicable budget account as of September 30, 2020, 2019 and 2018, the number of expired grant awards with undisbursed obligations, the number of undisbursed obligations relating to expired grant awards, and the total unobligated balance. The total unobligated balance for each budget account shown includes the unobligated balances for both expired funds and unexpired funds.

(Numbers in Actual Amounts; Dollars in Thousands)

Bureau	Budget Account	As of September 30, 2020			As of September 30, 2019			As of September 30, 2018		
		Number of Expired Grants with Undisbursed Obligations	Undisbursed Obligations for Expired Grant Awards	Total Unobligated Balance in Budget Account	Number of Expired Grants with Undisbursed Obligations	Undisbursed Obligations for Expired Grant Awards	Total Unobligated Balance in Budget Account	Number of Expired Grants with Undisbursed Obligations	Undisbursed Obligations for Expired Grant Awards	Total Unobligated Balance in Budget Account
ITA	1250 Operations and Administration, ITA, Commerce	-	\$ -	\$ 49,687	5	\$ 196	\$ 53,098	5	\$ 34	\$ 57,719
MBDA	0201 Minority Business Development, MBDA	1	4	4,182	26	1,884	4,609	49	13,739	5,353
NIST	0500 Scientific and Technical Research and Services, NIST		2,415	34,149		1,082	17,104		1,679	29,609
	0513 Wireless Innovation Fund, NIST		140	108,667		73	158,502		-	195,107
	0515 Construction of Research Facilities, NIST		-	230,633		-	254,757		-	266,727
	0525 Industrial Technology Services, NIST		2,853	8,526		2,642	5,362		981	8,506
	0549 Scientific and Technical Research and Services, Recovery Act, NIST, Commerce		-	113		-	113		-	113
	4650 Working Capital Fund, NIST		346	150,386		2,853	154,951		210	133,548
	Total	157	5,754	532,474	209	6,650	590,789	312	2,870	633,610
NOAA	1450 Operations, Research, and Facilities, NOAA		12,051	446,602		12,535	551,283		17,041	466,461
	1451 Expenses, Pacific Coastal Salmon Recovery, NOAA		66	157		356	112		159	793
	1460 Procurement, Acquisition, and Construction, NOAA, Commerce		177	289,930		45	361,500		272	502,201
	2055 Fisheries Disaster Assistance, NOAA, Commerce		651	168,697		430	-		59	219,858

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Bureau	Budget Account	As of September 30, 2020			As of September 30, 2019			As of September 30, 2018			
		Number of Expired Grant Awards with Undisbursed Obligations	Undisbursed Obligations for Expired Grant Awards	Total Unobligated Balance in Budget Account	Number of Expired Grant Awards with Undisbursed Obligations	Undisbursed Obligations for Expired Grant Awards	Total Unobligated Balance in Budget Account	Number of Expired Grant Awards with Undisbursed Obligations	Undisbursed Obligations for Expired Grant Awards	Total Unobligated Balance in Budget Account	
NOAA <i>(continued)</i>	4316		\$ -	\$ 165,155		\$ 109	\$ 136,988		\$ 35	\$ 137,657	
	5139					673	750		395	2,089	
	5284		248	19,809		4	19,643		608	17,777	
	5362			1					1,285	-	
	5439						125		240	-	
	Total	324	13,272	1,091,035	758	14,152	1,070,401	542	20,094	1,346,836	
	NTIA	0550			35,623			30,897		144	35,439
		0551									
		0554			1,215			1,109		39	855
		0516		1,276	8,015			174,717			169,792
4358				5,417			8,387		1,012	40,329	
Total	4	1,276	50,270	1		215,110	4	1,195	246,415		
Total		486 \$	20,306 \$	1,727,648 \$	999 \$	22,882 \$	1,934,007 \$	912 \$	37,932 \$	\$2,289,933	

GLOSSARY OF ACRONYMS

Abbreviation	Title
A	
ACI	Annual Comparability Index
AFR	Agency Financial Report
AGA	Association of Government Accountants
APG	Agency Priority Goal
APPR	Annual Performance Plan and Report
ASA	Assistance Secretary for Administration
ASAP	Automated Standard Application for Payments (Treasury)
ASR	Annual Strategic Review
B	
BAS	Business Application Solutions
BEA	Bureau of Economic Analysis
BI	Business Intelligence
BIS	Bureau of Industry and Security
BRS	Blended Retirement System (NOAA Corps)
C	
CARES Act	Coronavirus Aid, Relief, and Economic Security Act (March 27, 2020)
CAP	Cross-Agency Priority
CAPS	Commerce Alternative Personnel System
CBS	Commerce Business Systems
CEAR	Certificate of Excellence in Accountability Reporting (AGA)
CEIP	Coastal Energy Impact Program (a NOAA direct loan program)
CFO	Chief Financial Officer
CFO/ASA	Chief Financial Officer and Assistant Secretary for Administration (DM)
CFR	Code of Federal Regulations
CMP	Civil Monetary Penalty
COSMIC-2	Constellation Observing System for Meteorology Ionosphere and Climate-2
COTS	Commercial off-the-shelf [software]
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CSRS	Civil Service Retirement System (OPM)
CTP	Corporation for Travel Promotion (Disclosure Entity)
D	
DATA Act	Digital Accountability and Transparency Act of 2014
DM	Departmental Management
DM&R	Deferred Maintenance and Repairs
DMF	Death Master File
DOI	U.S. Department of the Interior
DOL	U.S. Department of Labor

Abbreviation	Title
E E2	Electronic Travel System, version 2 or E2 Solutions (travel management system)
ECM	Energy Conservation Measures (ESPCs)
EDA	Economic Development Administration
EEI	Employee Engagement Index (FEVS)
EPA	Environmental Protection Agency
ERM	Enterprise Risk Management
ES	Enterprise Services (DM)
ESA	Economics and Statistics Administration
ESPC	Energy Savings Performance Contract
F FACE	Financial Assistance Committee for E-Government
FAPOD	Financial Assistance Policy and Oversight Division (DM)
FAR	Federal Acquisition Regulation
FASAB	Federal Accounting Standards Advisory Board
FCA	Facility Condition Assessment (NIST and NOAA DM&R)
FCC	Federal Communications Commission
FCCS	Federal Claims Collections Standards
FCI	Facility Condition Index (NIST DM&R)
FDI	Foreign Direct Investment
FECA	Federal Employees' Compensation Act
FEGLI	Federal Employees' Group Life Insurance Program (OPM)
FEHB	Federal Employees Health Benefit Program (OPM)
FERS	Federal Employees Retirement System (OPM)
FEVS	Federal Employee Viewpoint Survey
FFMIA	Federal Financial Management Improvement Act of 1996
FFP	Firm-Fixed-Price
FirstNet	First Responder Network Authority (an independent authority within NTIA)
FKNMS	Florida Keys National Marine Sanctuary (NOAA)
FMFIA	Federal Managers' Financial Integrity Act of 1982
FR	Financial Report of the U.S. Government
FRDAA	Fraud Reduction and Data Analysis Act of 2015
FWC	Future Workers' Compensation (benefits; Actuarial FECA Liability)
FY	Fiscal Year ended September 30
G G-Invoicing	Government Invoicing (Treasury)
GAAP	Generally Accepted Accounting Principles
GAO	U.S. Government Accountability Office
GEMS	Grants Enterprise Management Solution
GMIS	Grant Management Information System (NIST)
GMD	Grants Management Division (NIST and NOAA)
GMO	Grants Management Officer (NIST)



Abbreviation	Title
GPRA	Government Performance and Results Act of 1993
GPRAMA	Government Performance and Results Modernization Act of 2010
GSA	U.S. General Services Administration
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System (Treasury)
H	
HCOP	Human Capital Operating Plan
HR	Human Resources
I	
ICOOS Act	Integrated Coastal and Ocean Observation System Act of 2009
IFQ	Individual Fishing Quota Loans (a NOAA direct loan program)
IOOS	U.S. Integrated Ocean Observing System
IP	Intellectual Property
IPIA	Improper Payments Information Act of 2002
IT	Information Technology
ITA	International Trade Administration
K	
KPI	Key Performance Indicators
M	
M&V	Measurement and Verification (ESPCs)
MBDA	Minority Business Development Agency
MD&A	Management's Discussion and Analysis
MSFCMA	Magnuson-Stevens Fishery Conservation and Management Act (NOAA Civil Monetary Penalties)
N	
NHTSA	National Highway Traffic Safety Administration (U.S. Department of Transportation)
NIST	National Institute of Standards and Technology
NMFS	National Marine Fisheries Service (NOAA)
NOAA	National Oceanic and Atmospheric Administration
NPSBN	Nationwide Public Safety Broadband Network
NTIA	National Telecommunications and Information Administration
NTIS	National Technical Information Service
O	
OAM	Office of Acquisition Management (DM)
OAR	Office of Oceanic and Atmospheric Research (NOAA)
OFM	Office of Financial Management (DM)
OIG	Office of Inspector General (DM)
OMB	Office of Management and Budget
OPM	U.S. Office of Personnel Management

Abbreviation	Title
P P3	Public–Private Partnership
PAR	Personnel Action Request (ES)
PIIA	Payment Integrity Information Act (of 2019)
PIO	Performance Improvement Officer (DM)
R R&D	Research and Development
RA	Regional Association (Disclosure P3s – NOAA)
RFP	Request for Proposal
RICE	Regional Information Coordination Entity (Disclosure P3s – NOAA)
S S&E	Salaries and Expenses (DM)
SAM	System for Award Management (GSA)
SBR	Combined Statement of Budgetary Resources
SCNP	Consolidated Statement of Changes in Net Position
SF 132	Apportionment and Reapportionment Schedule
SF 133	Report on Budget Execution and Budgetary Resources
SF 425	Standard Form 425, <i>Federal Financial Report</i>
SFFAS	Statement of Federal Financial Accounting Standards (FASAB)
SMS	Sustainment Management System (USACE: NIST DM&R)
ST&C	Standard Terms and Conditions
T TBNMS	Thunder Bay National Marine Sanctuary (NOAA and the State of Michigan)
TPA	Travel Promotion Act of 2009
Treasury	U.S. Department of the Treasury
TROR	Treasury Report on Receivables
TSP	Thrift Savings Plan
U U.S.C.	United States Code
USDA	U.S. Department of Agriculture
USFWS	U.S. Fish and Wildlife Service (DOI)
USSGL	United States Standard General Ledger
USPTO	U.S. Patent and Trademark Office
W WCF	Working Capital Fund (DM)
WIPO	World Intellectual Property Organization





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We also offer special gratitude and recognition to The DesignPond for their outstanding contributions in the design and production of this report.

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING

In August 2020, the U.S. Department of Commerce received the *Certificate of Excellence in Accountability Reporting* (CEAR) from the Association of Government Accountants (AGA) for its Fiscal Year 2019 Agency Financial Report. The CEAR Program was established by the AGA, in conjunction with the Chief Financial Officers Council and the U.S. Office of Management and Budget, to improve the effectiveness of financial and program accountability reporting.





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