U.S. Department of Commerce

Agency Financial Report

Fiscal Year 2021

This report can be found on the internet at https://www.commerce.gov/ofm/publications/agency-financial-reports.

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 2021 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, 2021, the Department had approximately 51 thousand employees.

INTERNET

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

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MESSAGE FROM SECRETARY RAIMONDO

I am pleased to present the fiscal year (FY) 2021 *Agency Financial Report* (AFR) for the Department of Commerce. The AFR is an opportunity for us to highlight the Department's accomplishments and challenges in FY 2021, while also providing information on financial management and performance.

The mission of the Department of Commerce is to create the conditions for economic growth and opportunity. Representatives from bureaus and offices across the Department are participating to develop our 2022 – 2026 Strategic Plan, which will be launched in February 2022. Additional data on the accomplishments from the 2018 – 2022 Strategic Plan and text explaining the significance of trends are available on the Department's Commerce Performance Data Pro dashboard.

Despite the unprecedented circumstances created under the COVID-19 pandemic, the Department completed the Decennial Census and delivered results on April 26, 2021. These results will be used to reapportion the 435 seats in U.S. House of Representatives and determine allocation of approximately $675 billion in annual federal funding across the states and territories. As the impacts of the pandemic continued to be felt across the country and the world, five Commerce bureaus worked to administer billions in COVID-related recovery aid to communities and businesses. This funding includes $3 billion in American Rescue Plan funds that will be awarded by the Department's Economic Development Administration to assist communities nationwide in their efforts to build back better by accelerating the economic recovery from the COVID-19 pandemic and building local economies that will be resilient to future economic shocks. Team Commerce continued to deliver for Americans while protecting their families and dealing with the stress of a global pandemic.

Furthermore, the Department's National Telecommunications and Information Administration is working to administer nearly $1 billion in grants under the Tribal Broadband Connectivity Program to expand broadband access and adoption on Tribal land, and $268 million in grants for the Connecting Minority Communities Pilot Program in an effort to make affordable high-speed internet available to all Americans.

During the same period, the Department also completed and released its Climate Action Plan for Adaptation and Resilience, which highlights the important role the Department plays in advancing climate adaptation and resilience. The actions captured in the Plan, as well as the broader work of the Department to address the climate crisis, support the Department's mission to create the conditions for economic growth and opportunity. The Department, through its scientific and economic bureaus, is uniquely situated to develop and deliver these services to help the private sector, local, regional, Tribal, and state governments and resource managers plan for and make decisions to adapt to climate change.

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.

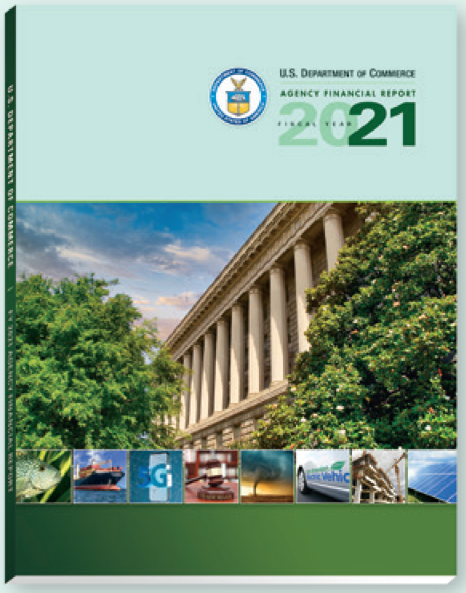
For the twenty-third year in a row, the independent auditors tasked with reviewing our financial statements have provided an unmodified opinion. The Department received one significant deficiency related to additional improvements needed in information technology general controls and will continue to take corrective actions to strengthen controls in this area in FY 2022.

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 2021, the Department is able to provide an unmodified statement of assurance that its internal controls and financial management systems meet the objectives of the FMFIA. Additional detailed performance information and results will be released in the Annual Performance Report in February 2022.

I am proud of the work achieved by the Department and look forward to future achievements.

Gina M. Raimondo
Secretary of Commerce
November 10, 2021

HOW TO USE THIS REPORT



This Agency Financial Report (AFR) for the fiscal year ended September 30 (FY) 2021 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 2023 Congressional Budget in conjunction with performance plan information as the "FY 2021 Annual Performance Report and FY 2023 Annual Performance Plan" for each bureau and will post it on the Department's website at *https://www.commerce.gov/about/budget-and-performance.*

The Department's annual AFR is available on the Department's website at *https://www.commerce.gov/ofm/publications/agency-financial-reports.* 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 2021 financial condition and results, a summary of COVID-19 activity, stewardship information, and climate change risk planning efforts.

Financial Section

This section contains details of the Department's finances in FY 2021. 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 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.

Management's Discussion and Analysis

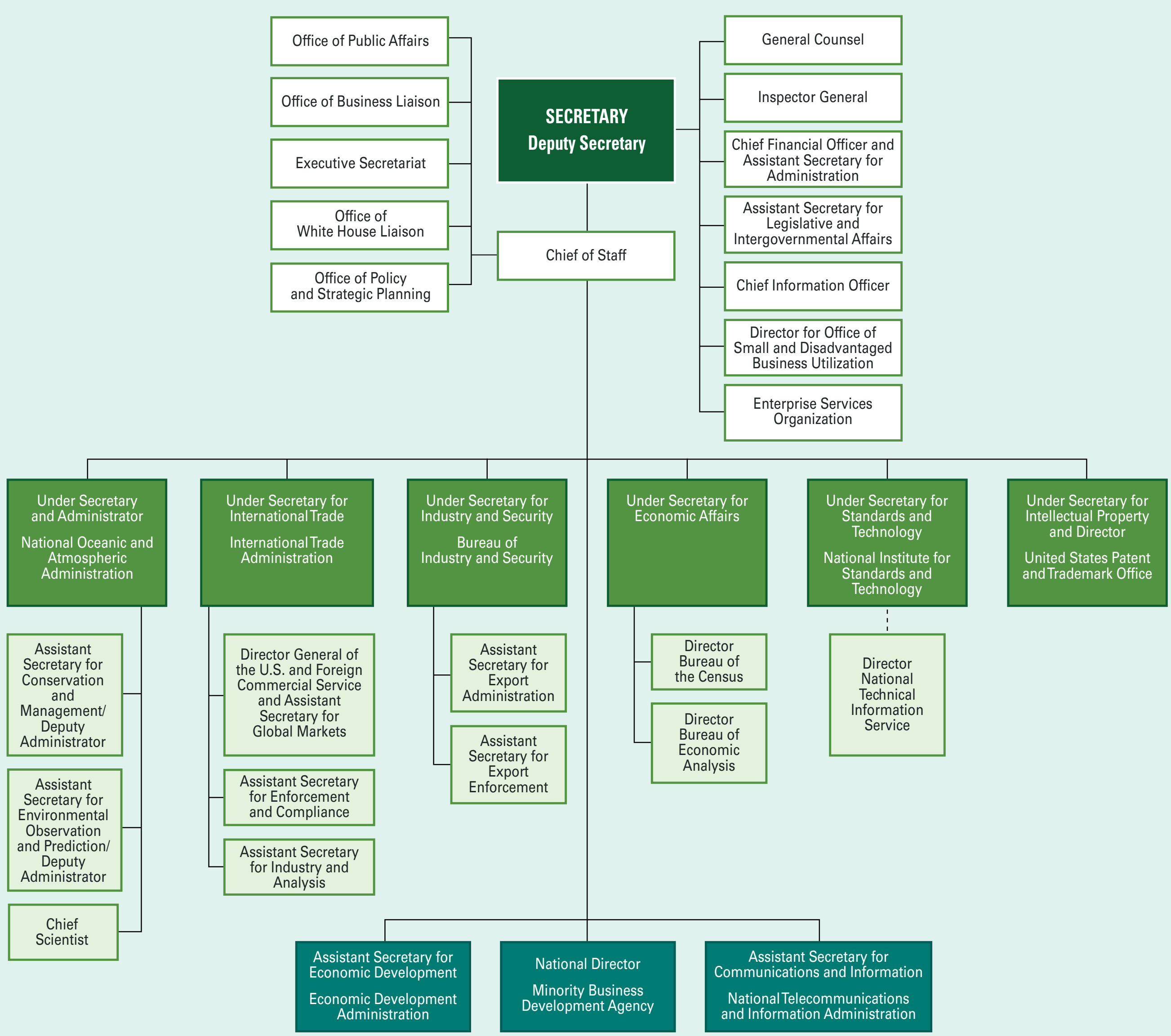
(Unaudited)

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). With the start of a new presidential term in January 2021, the Department of Commerce is developing its 2022 – 2026 Strategic Plan. The Secretary of Commerce will launch this new plan by February 2022.

A team of representatives from across all bureaus in collaboration with the Office of the Secretary develop the Department's Strategic Plan. Led by the Office of the Secretary and her Performance Excellence Office, several teams comprised of key political and career leadership to include representatives across all bureaus are working to develop the Department's FY 2022 – FY 2026 Strategic Plan. This plan will include new strategic goals and objectives, Agency Priority Goals, strategies, key performance indicators, and learning priorities in line with guidance from the Secretary and the Office of Policy and Strategic Planning. The plan's final structure, content, and emphasis will be in line with the priorities of the Secretary and the White House. For example, the Strategic Plan, and related deliverables, are expected to include goals and strategies that pertain to areas such as equity, climate, economic recovery, and economic growth.

In the spring of 2021, 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, as of FY 2021, is also included in this report.

During the summer of 2021, 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 2023 OMB Budget Justification. However, it only provided partial information on performance metric results because FY 2021 was not yet completed. However, the draft APPR provides details on strategic objective milestones that were achieved and sets performance metric targets for the next two fiscal years. The final APPR, will be published in February 2022. It will include the Department's complete performance information as of September 30, 2021 and will be sent to Congress with the President's Budget.

COMMERCE SPECIFIC PLAN MONITORING

The Department's Deputy Secretary, in his role as Chief Operating Officer, holds 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. The ASR process includes deliberations by multi-bureau Strategic Objective teams. A summary of findings, from this review, was sent to OMB in June 2021. The ASR process includes deliberations by multi-bureau Strategic Objective teams. These team meetings foster learning and inform revisions to strategies and performance indicators. In collaboration with the Chief Financial Officer/Assistant Secretary for Administration (CFO/ASA), Performance Improvement Officer (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.

Bureau 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 monthly 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 Department of Commerce Strategic Plans are 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 and mission-support functions. Strategic objectives (three to six 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*. The results achieved during FY 2021 closed out the formal reporting on these goals and objectives. The Department is currently developing the FY 2022 – FY 2026 Strategic Plan based on the priorities of the new Administration. The complete FY 2022 – FY 2026 Strategic Plan, with finalized goals and objectives, will be posted publicly in February 2022 to the Department's website as well as to *www.performance.gov*.

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 strives to lead the way to improve how data is made more easily accessible and useful for the American public. In January 2020, 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 (APPR) and the Annual Budget Submission to Congress that report detailed organizational performance information will continue to be posted for the public in February 2022 on *www.performance.gov* and *www.commerce.gov/about/budget-and-performance*.

FY 2021 PERFORMANCE SUMMARY

The Department's 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 in FY 2021. 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 Office 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 CFO/ASA, PIO, and Deputy Secretary's consideration.

The FY 2021 performance results shared in the following tables assess broad organizational outcomes and minimize duplicative reporting with the APPR in accordance with the Statement of Federal Financial and Accounting Standards (SFFAS 15) and OMB Circular A-136. Additionally, the following results, closed out the formal reporting on the previous Administration's strategic goals and objectives. The Department is currently developing new strategic goals and objectives in line with the priorities of the new Administration. These finalized goals and objectives will be submitted as part of the FY 2022 – FY 2026 Strategic plan and will be posted publicly in February 2022.

For the latest and most detailed performance data by Strategic Objective, please visit Commerce Performance Data Pro at *https://performance.commerce.gov/*.

For the tables below and on the following pages:
On Track; Noteworthy Progress; Focus for Improvement; Not Applicable (N/A)

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	FY 2021 Status
1.1 – Expand Commercial Space Activities	Focus for Improvement	Noteworthy Progress	On Track
1.2 – Advance Innovation	On Track	On Track	On Track
1.3 – Strengthen Intellectual Property Protection	On Track	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	FY 2021 Status
2.1 – Increase Aquaculture Production	On Track	Focus for Improvement	Focus for Improvement
2.2 – Reduce and Streamline Regulations	On Track	On Track	N/A
2.3 – Strengthen Domestic Commerce and the U.S. Industrial Base	On Track	On Track	On Track
2.4 – Increase U.S. Exports	On Track	Focus for Improvement	Noteworthy Progress
2.5 – Increase Inward Investments Into the United States	On Track	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	FY 2021 Status
3.1 – Enforce the Nation's Trade Laws and Security Laws	Noteworthy Progress	Noteworthy Progress	On Track
3.2 – Enhance the Nation's Cybersecurity	Noteworthy Progress	On Track	On Track
3.3 – Reduce Extreme Weather Impacts	On Track	On Track	On Track
3.4 – Deploy Public Safety Broadband	Noteworthy Progress	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	FY 2021 Status
4.1 – Conduct a Complete and Accurate Decennial Census	On Track	On Track	On Track
4.2 – Provide Accurate Data to Support Economic Activity	Noteworthy Progress	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	FY 2021 Status
5.1 – Engage Commerce Employees	Focus for Improvement	Focus for Improvement	Focus for Improvement
5.2 – Accelerate Information Technology Modernization	On Track	On Track	On Track
5.3 – Consolidate Functions for Cost Savings	On Track	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. The results achieved during FY 2020 closed out the previous Administration's reporting on the Department's five FY 2018 – FY 2022 APGs.

The Department is developing a new suite of APGs, as part of the FY 2022 – FY 2026 strategic planning process. These APGs will be in line with the priorities of the new Administration. More detailed information will be provided in the February APPR submission.

LOOKING FORWARD

The Department of Commerce is committed to creating the conditions for economic growth and opportunity. The Department is currently in the process of developing its 2022–2026 Strategic Plan, and the updated plan is expected to be launched in February 2022. The strategic plan will contain new strategic goals and priorities for the Department.

Challenges highlighted in Inspector General reports will be central to the Department's management plan in FY 2022 and beyond. The Department faces challenges in strengthening oversight to address cybersecurity weaknesses. Addressing these weaknesses will be key to protecting systems from attacks and other compromises that may pose risks to critical and sensitive data. The Department will work to improve the Department's capability to respond to emerging cyber threats and enhance the information technology security program and fulfill the President's executive order on improving the Nation's cybersecurity. The Department also will work to maintain continuity, manage risks, and leverage investments to improve satellite data, products, and services. Some tasks the Department will undertake to address satellite related priorities in FY 2022 and beyond include managing technical challenges with polar and geostationary satellites, planning, and implementing next generation satellite systems, addressing risks from frequency interference, initiating a space traffic management pilot program, and leveraging investments for cost-effective weather data and services to help increase resilience to climate change. The Department must also place sustained focus on its contract and grant awards as well as oversight of these awards to ensure that the funds are efficiently and effectively spent for their intended purpose. This includes ensuring that funds that the Department has received for the COVID-19 pandemic relief are spent appropriately and timely, and that the spending is effectively tracked and reported. Other challenges include enhancing capacity to enforce fair and secure trade and meeting intellectual property stakeholder needs in the midst of economic, technological, and legal changes, and the deployment of the Nationwide Public Safety Broadband Network which are inherently challenging and complex and will receive commensurate resources and disciplined program management oversight.

Additionally, the Department will begin actions in FY 2022 to establish a strong framework for designing the 2030 Census. In 2020, the Census Bureau carried out the 24th Decennial Census, as mandated by the U.S. Constitution. The Census Bureau announced on April 26, 2021, that the U.S. resident population in the 50 states and the District of Columbia was 331,449,281 as of April 1, 2020. The data derived from this Decennial Census will be used to reapportion the 435 seats among the respective states in the House of Representatives and redraw Congressional districts. Decennial Census data will also be used to determine the allocation of $675 billion in federal funding. However, the COVID-19 pandemic forced the Census Bureau to make major and unprecedented adjustments to its plans, such as suspending key census operations and modifying its approach to data collection. In preparation for the 2030 Decennial Census lifecycle, the Census Bureau has already begun evaluating and assessing 2020 Census operations. This effort will be critically important in laying the groundwork for improving innovations used during the 2020 Census and ensuring that data collection is high quality, that advertising efforts increase response rates, and that proper candidates for federal employment are hired for the 2030 Decennial Census.

The President's Management Agenda is expected to be released in FY 2022 and will establish an updated long-term version for an effective government that works on behalf of the American people with key performance and management priorities designed to improve results. While the new agenda has not yet been released, the Department has been working to improve Information Technology (IT) Modernization; achieve Data Availability, Accountability and Transparency; and create a workforce for the 21st Century. 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 Bureau 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 continue to be a priority in the coming years.

Implementation of the Evidence Act of 2018 will continue be a priority in FY 2022 and beyond. The required multi-year Learning Agenda and Annual Evaluation Plan will guide research, evaluation, and stakeholder consultation needed to build evidence on what policies and practices create the best "conditions for economic growth and opportunity." Data governance will be more structured to maximize the utility of Department data to both the public and private sector while maintaining privacy protections.

BALANCING RISK

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 are essential to minimizing losses and threats that deter mission success.

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 top-down, bottom-up governance structure to advance maturity. The Enterprise Risk Management Council meets monthly to review enterprise strategies that inform acceptable risk-taking and prioritization.

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 2022, 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 2021, 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, 2021, 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, 2021, 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.

Wynn W. Coggins
Acting Chief Financial Officer
and Assistant Secretary for Administration
November 10, 2021

Gina M. Raimondo
Secretary of Commerce
November 10, 2021

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 2021, the Department reviewed its management control system in accordance with the requirements of FMFIA, OMB, and Departmental guidelines.

The Federal Managers' Financial Integrity Act of 1982 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 the FY 2021 evaluations, the Department 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 2021 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 Digital Accountability and Transparency Act (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 (CARES Act), and the American Rescue Plan Act (ARP Act). 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 2021 Department Agency Financial Report, there is a significant deficiency related to Department-wide information technology (IT) access controls. 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 2021, 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, 2020 THROUGH SEPTEMBER 30, 2021

	NUMBER OF REPORTS[1]	POTENTIAL MONETARY BENEFITS OF OPEN RECOMMENDATIONS[2]
Beginning Balance[3]	31	$ 325,628,689
New Reports	14	–
Total Reports Open During the Period	45	325,628,689
Total Reports Closed During the Period[4]	17	(25,182,254)
Ending Balance	28	$ 304,446,435

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 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.

3 The beginning balance of Potential Monetary Benefits differs from the ending balance for FY 2020 because potential monetary benefits from one recommendation that was closed in FY 2020 were not deducted from the FY 2020 ending balance.

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 2021 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 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 (COTS) 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 actively 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 monthly submissions to meet the Digital Accountability and Transparency Act (DATA Act) requirements, as well as addressing any necessary modifications as required.

During FY 2021, the Department accomplished the following initiatives.

- Continued active participation in the government-wide G-Invoicing work group;
- Began Phase I implementation activities for the Business Applications Solution (BAS) project, including sprints 1, 2, and 3 for the common solution phase and core applications (financial, acquisition, and asset management) and completed requirements for Enterprise Data Warehouse (EDW);

- Deployed Real Property to Sunflower for the Department;
- Continued Tier 2/production support operations for E2;
- Completed design and development activities for Business Intelligence (BI) solution to meet the Department's needs for DATA Act metrics reporting—to include additional validation on Program Activity, Object Class and Disaster Emergency Fund Codes (DEFC) data elements;
- Successfully lead the Department in monthly DATA Act submissions to Treasury that included adding COVID-19 reporting data elements; and
- 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.

The Department will continue its efforts to enhance its financial systems by working towards implementing the BAS. The BAS program is a Department modernization initiative to deploy an integrated suite of financial and business management applications in support of the Department's mission. The objectives of BAS include implementing and integrating a suite of COTS business systems, EDW and BI reporting solution, and system interfaces in a hosted environment. The BAS program will continue the ongoing emphasis on achieving organizational excellence and outstanding customer service for the Department. The Department plans to accomplish the following in FY 2022 and beyond:

- Complete Phase I BAS Implementation activities and prepare for deployment of the National Oceanic and Atmospheric Administration (NOAA) on the new financial and acquisition system in the beginning of FY 2023;
- Confirm final, single configuration for all core applications (Oracle, Prism, Enterprise Business Suite [EBS]) and finalize production support processes and procedures to support BAS Software-as-a-Service (SaaS) operations;
- Finalize and deploy governance structure and support processes for EDW including initial report list available in production;
- 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;
- Provide operations and maintenance support activities for the SmartPay3 interface files for CBS;
- Continue to work with CWTSatoTravel to design, build, and deploy new E2 travel data analytics capabilities in conjunction with other agency E2 customers;
- Complete the addition of the 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—to COVID-19 related DEFC-based outlay tracking; and
- Continue testing activities for G-Invoicing leading up to production implementation in FY 2023.

FINANCIAL REPORTING AND POLICY

The Department's accomplishments during FY 2021 include the following:

- Comprehensive efforts towards 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 2021, see the *paymentaccuracy.gov* website;
  - Each of the Department's bureaus updated or prepared 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 bureaus' improper payment risk assessments of their programs/activities are prepared over a one to three-year cycle depending on the size of the bureau, 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;
  - A contractor prepared Statistical Sampling and Estimation Plans for NOAA and the Economic Development Administration's (EDA) Bipartisan Budget Act of 2018 disaster-related FY 2020 disbursements in order to yield statistically valid improper payments estimates, and performed the FY 2020 disbursements testing; and
  - In March 2021, the Department's Office of Financial Management performed a review of the statuses of sustained disallowed costs of $10 thousand or more, issued between December 1, 2019 through November 30, 2020. 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, grant/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 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. For more information on the Department's civil monetary penalties as of January 15, 2021, see the *Civil Monetary Penalties' Adjustments for Inflation* subsection included in *Other Information*;
- The Department performed the Year 3 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 2021, 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 4 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 2021, 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 2022 and beyond, the Department plans to accomplish the following amongst other items:

- Adjust the Department's civil monetary penalties for inflation in January 2022, 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*;
- Continue 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 GPFFR and includes appropriate disclosures; and
- Continue the process to 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 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 beginning to transition 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 remained committed to attracting, building, and maintaining a highly skilled, diverse, and engaged workforce. The Federal Employee Viewpoint Survey (FEVS) is one tool the Department uses to identify organizational strengths, improvements, and challenges year to year based on employee feedback. The FEVS Employee Engagement Index (EEI), which measures the organizational conditions that lead to employee engagement, increased from 73 percent during the 2019 FEVS to 76 percent in the 2020 FEVS, four percentage points higher than the government-wide average. The Department ranked fifth out of 17 large agencies, based on the 2020 Best Places to Work in the federal government rankings, and has been in the top five for nine consecutive years, making it clear the Department's employees continue to recommend it as a good place to work and are satisfied with their job and organization. Bureaus have developed FEVS action plans with focus areas based on the recent FEVS results, including actions to continue to improve employee engagement.

Although the COVID-19 pandemic brought on different workforce challenges, leadership prioritized the needs of the employees while ensuring mission delivery. The Department ranked second in the Partnership for Public Service's new COVID-19 overall response category, measuring the extent to which employees feel their organization supported their mental and physical well being during the COVID-19 pandemic, provided the resources they needed to do their work, had leaders who communicated effectively and prioritized their welfare, and successfully delivered on their mission. Many workplace flexibilities were put into place during the pandemic—including expanded telework and remote work options. In FY 2021, approximately 63 percent of Departmental employees (89 percent of accounting and budgeting employees) engaged in telework. To further enhance the employee work experience, the Department will be revising its telework policies. Additionally, virtual initiatives were established so that staff could maintain meaningful work connections as well as outlets for easing mental anxiety, including regularly scheduled all-hands meetings with leadership and the establishment of employee engagement teams to lead health and meditation sessions, physical fitness programs, lunch and learns, and team building activities.

To attract diverse and qualified employees, the Department continued leveraging various recruitment programs including those that target veterans and people with disabilities in all occupations. In FY 2021, approximately 1,112 veterans and 2,889 people with disabilities were hired, of which 32 were veterans and 31 were people with disabilities in the accounting and budgeting occupations. The Department also hosted approximately 716 Pathways Program participants, which consists of paid interns, recent college graduates, and Presidential Management Fellows. Of these, approximately 54 served as accountants, budget analysts, financial analysts, and auditors within finance and accounting offices in Department bureaus, including five new hires. Additionally, in line with the recent Executive Order related to Diversity, Equity, Inclusion, and Accessibility (DEIA) in the federal workforce, the Department will also be exploring corporate strategic outreach and recruitment strategies to continue to attract a diverse workforce.

The Department acknowledges the importance of building and maintaining a highly skilled workforce to carry out its mission. To that end, a very targeted succession planning initiative was undertaken in FY 2021 to address the lack of talent assessment tools, framework, and resources to determine gaps in the workforce as well as inconsistent succession planning activities, which limited the Department's ability to understand talent pools, address skill gaps, and manage future talent needs. To address these challenges, a Department-wide workforce and succession planning community of practice committee was established under the sponsorship of the CFO/ASA, made up of senior leaders, human resources (HR) specialists, data analysts, and contracted workforce planners, with the task of corporately developing policies and procedures to outline expectations for succession planning strategies across the Department. The initiative began by modeling a leadership succession planning program in the Office of the Secretary (OS) to determine leadership needs, evaluate talent pipeline proficiency and technical competency, and identify leadership skill gaps. To determine leadership needs, the Department developed success profiles that document the skills and experiences needed for each senior executive position in OS, both now and in the future. This effort was well supported by the Department's executive leadership, with 100 percent participation among identified career Senior Executive Service (SES) employees.

The collected data enabled the Department to assess position risks and support the prioritization and execution of succession planning activities. To evaluate pipeline proficiency and identify leadership skill gaps, employees and supervisors were asked to evaluate their current proficiency levels in the key skillsets identified by OS SES as necessary for success. This effort was also well received, yielding a 42 percent participation rate among employees and an 86 percent participation rate among supervisors. Of the number of individuals who participated, 21 percent were assessed to be "ready" by their supervisors for positions of increased responsibilities, indicating that the participants' current proficiency levels are equal to or higher to the level determined by the OS executive leadership. This model enabled the Department to identify key development areas and training opportunities to build the pipeline of future leaders and develop strategies and resources that can be utilized by bureaus in their own succession planning activities.

Furthermore, in FY 2021, Enterprise Services (ES) continued progress toward implementing intra-Departmental, multi-function ES operations. The ES model focuses on improving mission support services for Department bureaus and providing greater value at a lower cost. ES transitioned to a new vendor for HR services including processing for personal actions, pay, and benefits in FY 2021. The vendor will capitalize on automation to make processing more accurate and efficient, and as a result, the anticipated costs for personnel action requests, pay, and benefits will decrease year over year throughout the life of the contract. In addition, ES continued to provide outstanding acquisition services for the Department's strategic sourcing portfolio and full lifecycle, end-to-end procurement services for those bureaus that do not have procurement authority. Accomplishments during FY 2021 have included expanding the shared services acquisition portfolio, adding robotic process automation and electronic signature solution offerings to the Department-wide strategic sourcing program.

Also in FY 2021, ES completed the design and build of a new talent acquisition system that will automate many of the federal hiring steps and that will provide much greater transparency to the hiring managers about where their hires are in the process and how long each step in the hiring process takes. ES actively engaged with the bureaus throughout the design and build process and has rigorously been training its bureau customers how to use the system. The first go live is in October 2021. 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. Service level agreements are established for all ES programs and performance results are shared with bureau customers.

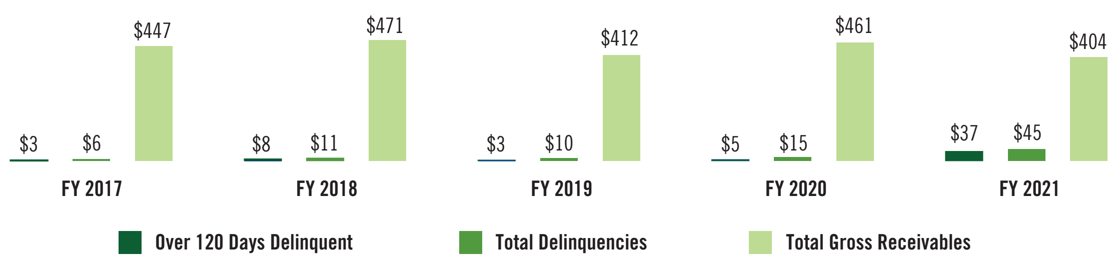
Lastly, to outline the Department's operational human capital initiatives for the year, the Department developed a new Human Capital Operating Plan (HCOP) for FY 2021. The HCOP includes the following four goals: Workforce Analysis; Empower and Engage Commerce Employees; Improve Internal and External Service Delivery Processes; and Maximize Employee Performance. Two priorities (Deploying Communication Tools and Securing Technological Solutions for Human Capital Analysis) from the Office of Personnel Management 2018 Federal Workforce Priorities Report were also included. To track progress, each goal and priority included milestones. To date, over 75 percent of the initiative milestones are completed. This includes milestones related to the design and build of the new talent acquisition system and for the launch of a new coaching framework to support employee development.

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, in 2021, 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 30[1] *(In Millions)*

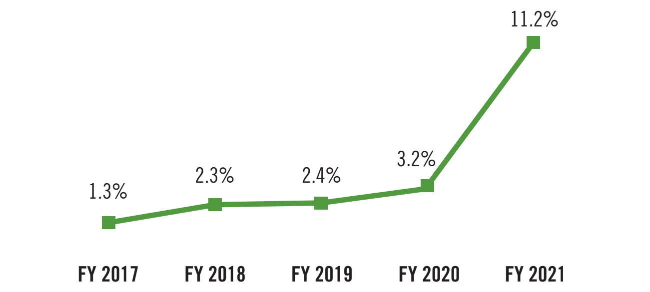


1 The source for this table's data is the Department's Treasury Report on Receivables (TROR). There are reporting methodology differences between the gross receivables in TROR and gross receivables reported in the Department's notes to the financial statements; therefore, the amounts will not agree.

The Department's total gross receivables with the public decreased $58 million, or 12.5 percent, from $461 million as of September 30, 2020 to $404 million as of September 30, 2021, 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 3.2 percent as of September 30, 2020 to 11.2 percent as of September 30, 2021. The large increase in the total delinquencies percentage from FY 2020 to FY 2021 is due to a receivable for the Bureau of Industry and Security that went from current to delinquent. The principal civil monetary penalty was $31 million and the interest that accumulated because of the delinquency was $3 million. Receivables with the public that were 120 days or more delinquent as a percentage of total gross receivables with the public, increased from 1.1 percent as of September 30, 2020 to 9.2 percent as of September 30, 2021.

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

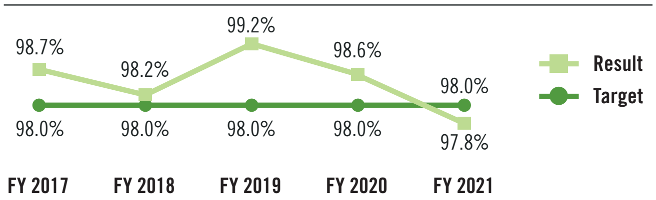


PAYMENT PRACTICES

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.

TIMELY VENDOR PAYMENTS *(Percentage)*



The Department's prompt payment performance decreased from 98.6 percent in FY 2020 to 97.8 percent in FY 2021. The number of invoices paid late increased from 3,066 in FY 2020 to 3,878 in FY 2021. 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 for Vendor Portal in FY 2021, adding 76 new vendors to the portal, an increase of 304 percent compared to the prior year. In addition to processing payments in FY 2021, the Vendor Portal users also used the system to get contract status, submit contract deliverables, receive direct solicitations, and submit offers through the portal.

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 as a means to improve mission support by streamlining the procurement and payment processes and by reducing administrative costs. The Department uses the U.S. General Services Administration's (GSA) SmartPay3 (SP3) system as its bankcard program for its three government bankcard programs that include purchase card, travel card, and fleet. The charge card program continues its initiatives to provide updated policy and guidance, enhance training, and ensure the efficiency and effectiveness of internal controls through continuous risk management reviews.

The Department has developed and implemented a sophisticated data analytics program to ensure the legitimate use of its purchase and travel cards. The program reviews all Department-wide purchase and travel card transactions to identify unusual patterns, trends, and anomalies for further review. Flagged activity is investigated and determined to be valid or recommended for disciplinary action. The Department works with OAM and the Departments' bureaus to implement corrective actions, monitor internal controls, perform data analytics, and conduct necessary reviews and testing to ensure proper internal controls are in place and operating effectively.

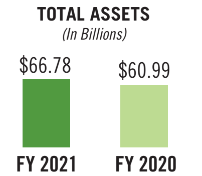
LIMITATIONS OF THE FINANCIAL STATEMENTS

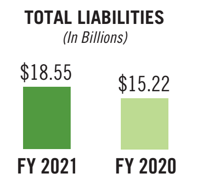
The principal financial statements in the financial section have been prepared to report the overall financial position, financial condition, and results of operations of the Department, pursuant to the requirements of 31 U.S.C. 3515(b). The statements have been prepared from the books and records of 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. Users of the financial statements are advised that the statements are for a component of the U.S. government.

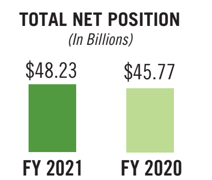
ANALYSIS OF FY 2021 FINANCIAL CONDITION AND RESULTS

FINANCIAL HIGHLIGHTS

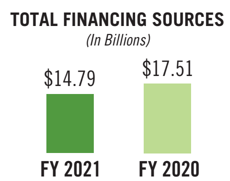
(Dollars in Thousands)	Percentage Change	FY 2021	FY 2020
Condensed Balance Sheets:			
As of September 30, 2021 and 2020			
ASSETS:			
Fund Balance with Treasury	4%	$ 32,530,613	$ 31,259,517
Investments, Net	58%	12,156,733	7,671,062
Loans Receivable, Net	-5%	374,568	394,200
General Property, Plant, and Equipment, Net	-2%	15,906,966	16,292,468
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network, Net	12%	5,343,646	4,774,779
Other	-22%	465,649	599,466
TOTAL ASSETS	**9%**	**$ 66,778,175**	**$ 60,991,492**
LIABILITIES:			
Accounts Payable	-43%	$ 1,430,071	$ 2,499,038
Debt	-0.3%	387,088	388,069
Advances from Others and Deferred Revenue	17%	1,935,290	1,652,049
Liability to General Fund of the U.S. Government for Deficit Reduction	58%	12,156,733	7,671,062
Federal Employee Benefits Payable	11%	1,049,192	943,625
Accrued Payroll and Leave Liability	-34%	830,330	1,251,910
Accrued Grant Liabilities	12%	237,343	211,116
Other	-14%	522,579	605,219
TOTAL LIABILITIES	**22%**	**$ 18,548,626**	**$ 15,222,088**
NET POSITION:			
Unexpended Appropriations	25%	$ 16,315,922	$ 13,040,173
Cumulative Results of Operations	-2%	31,913,627	32,729,231
TOTAL NET POSITION	**5%**	**$ 48,229,549**	**$ 45,769,404**
TOTAL LIABILITIES AND NET POSITION	**9%**	**$ 66,778,175**	**$ 60,991,492**







	Percentage Change	FY 2021	FY 2020
Condensed Financing Sources:			
For the Years Ended September 30, 2021 and 2020			
Appropriations Received, Net of Reductions	-18%	$ 14,031,766	$ 17,186,690
Imputed Financing	10%	315,440	286,717
Transfer In of Auction Proceeds from Federal Communications Commission	not meaningful	4,476,093	–
Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction	not meaningful	(4,485,671)	(101,680)
Other	233%	451,967	135,665
TOTAL FINANCING SOURCES	**-16%**	**$ 14,789,595**	**$ 17,507,392**



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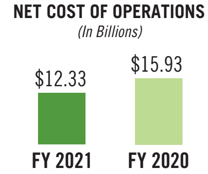
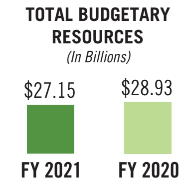
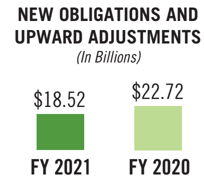
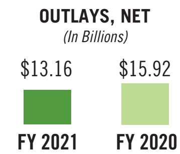
(Dollars in Thousands)	Percentage Change	FY 2021	FY 2020
Condensed Statements of Net Cost:			
For the Years Ended September 30, 2021 and 2020			
Gross Departmental Costs	-19%	$ 16,705,097	$ 20,543,526
Less: Earned Revenue	-5%	(4,375,647)	(4,612,620)
NET COST OF OPERATIONS	**-23%**	**$ 12,329,450**	**$ 15,930,906**
Selected Budgetary Information:			
For the Years Ended September 30, 2021 and 2020			
TOTAL BUDGETARY RESOURCES:			
Unobligated Balance From Prior Year Budget Authority, Net	24%	$ 6,954,600	$ 5,609,476
Appropriations	-18%	14,321,262	17,396,628
Borrowing Authority	-6%	95,757	101,520
Spending Authority from Offsetting Collections	-1%	5,774,824	5,819,553
TOTAL BUDGETARY RESOURCES	**-6%**	**$ 27,146,443**	**$ 28,927,177**
New Obligations and Upward Adjustments	**-18%**	**$ 18,523,440**	**$ 22,723,382**
Outlays, Net	**-17%**	**$ 13,157,089**	**$ 15,924,152**









COMPOSITION OF ASSETS AND ASSETS BY RESPONSIBILITY SEGMENT

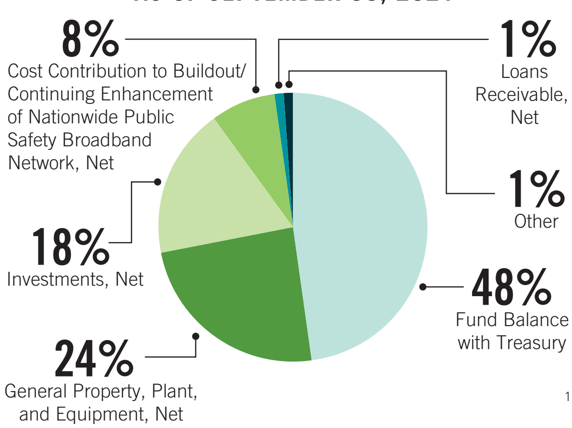
The composition and distribution by responsibility segment (by percentage) of the Department's assets remained consistent from September 30, 2020 to September 30, 2021.

Departmental assets amounted to $66.78 billion as of September 30, 2021.

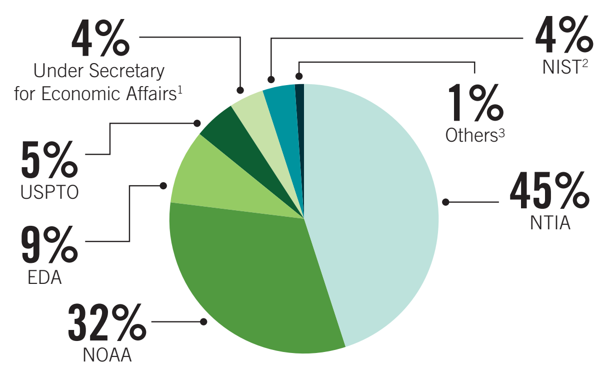
- **$32.53 billion of Fund Balance with the U.S. Department of the Treasury** (Treasury) is the aggregate amount of funds available to make authorized expenditures and pay liabilities.
- **$15.91 billion of General Property, Plant, and Equipment (PP&E), Net of Accumulated Depreciation** (Cost of $29.48 billion less Accumulated Depreciation of $13.57 billion), includes $6.39 billion of Satellites/Weather Systems Personal Property; $6.31 billion of Construction-in-progress, primarily of satellites and weather measuring and monitoring systems; $1.66 billion of Structures, Facilities, and Leasehold Improvements; and $1.55 billion of other General PP&E.
- **$374.6 million of Loans Receivable, Net of Allowances for Subsidy Cost (Present Value) and Allowances for Loan Losses,** relating to the National Oceanic and Atmospheric Administration's (NOAA) loan programs with the public.

- **$12.16 billion of Investments, Net** consist of non-marketable, market-based Treasury bills invested by the National Telecommunications and Information Administration's (NTIA) Public Safety Trust Fund, resulting primarily from transfers in of auction proceeds from the Federal Communications Commission (FCC) during FY 2021, 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.
- **$5.34 billion of Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network (NPSBN), Net of Accumulated Amortization** (Cost Contributions of $5.80 billion less Accumulated Amortization of $454.4 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 began in FY 2021.
- **$465.6 million of Other Assets** primarily includes Advances and Prepayments of $204.0 million, largely with the public; Inventory and Related Property, Net of Allowance for Excess, Obsolete, and Unserviceable Items of $121.2 million; and Accounts Receivable, Net of Allowance for Uncollectible Accounts, of $120.2 million primarily with other federal entities.

COMPOSITION OF THE DEPARTMENT'S ASSETS AS OF SEPTEMBER 30, 2021



ASSETS BY RESPONSIBILITY SEGMENT AS OF SEPTEMBER 30, 2021



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 the National Institute of Standards and Technology (NIST) and the National Technical Information Service (NTIS).

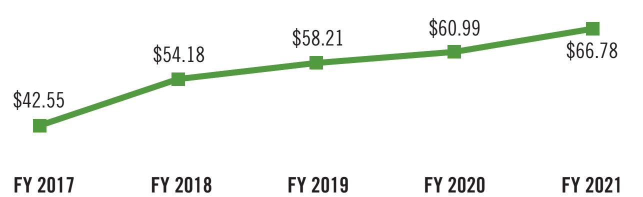
3 Others includes the Bureau of Industry and Security (BIS), Departmental Management (DM), the International Trade Administration (ITA), the Minority Business Development Agency (MBDA), and Intra-Departmental Eliminations.

TRENDS IN ASSETS

Departmental assets increased $5.79 billion, or 9 percent, from $60.99 billion as of September 30, 2020 to $66.78 billion as of September 30, 2021.

- **Investments, Net** significantly increased $4.49 billion, or 58 percent, from $7.67 billion to $12.16 billion, primarily due to a transfer in of auction proceeds from FCC of $4.48 billion received during FY 2021 by NTIA's Public Safety Trust Fund.

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



- **Cost Contribution to Buildout/Continuing Enhancement of NPSBN, Net** increased $568.9 million, or 12 percent, from $4.77 billion to $5.34 billion, due to additional actual/estimated work completed in FY 2021 by AT&T primarily for its buildout/ continuing enhancement of the NPSBN.

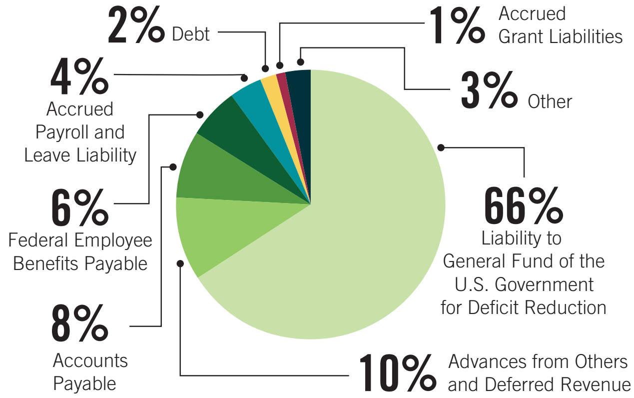
COMPOSITION OF LIABILITIES AND LIABILITIES BY RESPONSIBILITY SEGMENT

The composition (by percentage) and distribution (by responsibility segment) of the Department's liabilities changed somewhat from FY 2020 to FY 2021, mainly due to (a) a significant increase in NTIA Public Safety Trust Fund's Liability to the General Fund of the U.S. Government for Deficit Reduction of $4.49 billion, from $7.67 billion to $12.16 billion; and (b) a large decrease in Accounts Payable of $1.07 billion, from $2.50 billion to $1.43 billion, discussed further below in the *Trends in Liabilities* section. As a result, Liability to the General Fund of the U.S. Government for Deficit Reduction increased from 50 percent of the Departmental total to 66 percent, and Accounts Payable decreased from 17 percent of the Departmental total to 8 percent. Furthermore, NTIA's portion of the Department's total liabilities increased from 61 percent to 70 percent.

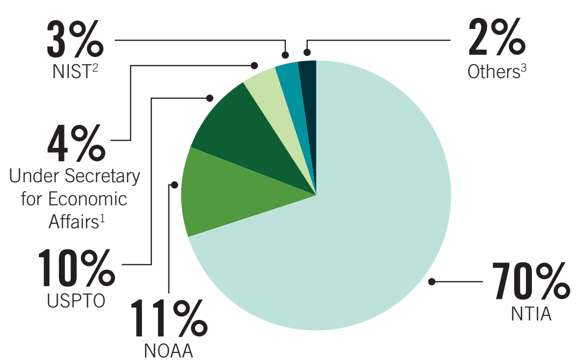
Liabilities of the Department amounted to $18.55 billion as of September 30, 2021.

- **$1.94 billion of Advances from Others and Deferred 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 Departmental total largely includes $1.25 billion of the U.S. Patent and Trademark Office's (USPTO) advances from non-federal customers for patent and trademark application and user fees that are pending action by USPTO, and also includes $322.8 million of the Census Bureau's unearned portions of advances received for customer orders, primarily from other federal entities.
- **$1.05 billion of Federal Employee Benefits Payable** is comprised of the actuarial present value of projected benefits for the NOAA Corps Retirement System and NOAA Corps Blended Retirement System of $824.3 million and for the NOAA Corps Post-retirement Health Benefits of $51.1 million, and the Department's Actuarial Federal Employees' Compensation Act (FECA) Liability of $173.8 million, which represents the actuarial liability for future workers' compensation benefits.
- **$1.43 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, largely owed to the public.
- **$830.3 million of Accrued Payroll and Leave Liability** includes salaries, wages, annual leave, and other leave that have been earned but are unpaid as of September 30, 2021, including accrued compensation earned during the fiscal year and including unpaid leave earned that an employee is entitled to upon separation and that will be funded by future years' budgetary resources.
- **$387.1 million of Debt** represents borrowings from the U.S. Treasury for NOAA's direct loan programs with the public.

COMPOSITION OF THE DEPARTMENT'S LIABILITIES AS OF SEPTEMBER 30, 2021



LIABILITIES BY RESPONSIBILITY SEGMENT AS OF SEPTEMBER 30, 2021



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

[2] NIST includes NIST and NTIS.

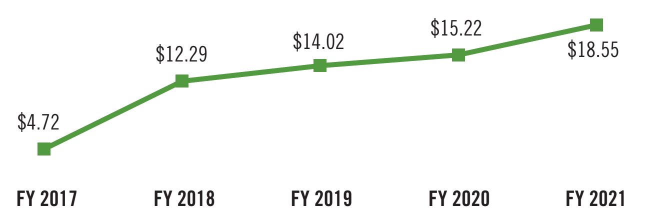
[3] Others includes BIS, DM, EDA, ITA, MBDA, and Intra-Departmental Eliminations.

- **$12.16 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.
- **$237.3 million of Accrued Grant Liabilities** relates to a diverse array of financial assistance programs and projects, including the Economic Development Administration's (EDA) accrued grants of $97.2 million for its grant investments that help communities generate jobs, retain existing jobs, and stimulate industrial and commercial growth; NOAA's accrued grants of $80.5 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 $53.2 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.
- **$522.6 million of Other Liabilities** primarily includes Environmental and Disposal Liabilities of $151.3 million, including $69.9 million for asbestos-related cleanup costs and $68.5 million for a nuclear reactor operated by NIST; Liability For Non-Fiduciary Deposit Funds, Undeposited Collections, and Clearing Accounts of $134.3 million, which primarily includes USPTO collections from customers held in a non-fiduciary deposit fund for when the customer has not yet requested a service; and Employer Contributions and Payroll Taxes Payable of $91.6 million that are payable to other federal entities.

TRENDS IN LIABILITIES

Liabilities of the Department significantly increased $3.33 billion, or 22 percent, from $15.22 billion as of September 30, 2020 to $18.55 billion as of September 30, 2021.

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



- **NTIA Public Safety Trust Fund's Liability to the General Fund of the U.S Government for Debt Reduction** significantly increased $4.49 billion, or 58 percent, from $7.67 billion to $12.16 billion, primarily as a result of the transfer in of auction proceeds from FCC of $4.48 billion received during FY 2021. These funds are not available to the Department and must be paid to the U.S. government for deficit reduction pursuant to the Middle Class Tax Relief and Job Creation Act of 2012.
- Offset by a significant decrease in **Accounts Payable** of $1.07 billion, or 43 percent, from $2.50 billion to $1.43 billion, primarily as a result of:
  - A large decrease in Accounts Payable with the public for NTIA's Network Construction Fund of $851.1 million, or 59 percent, from $1.44 billion to $593.3 million, mainly due to a reduction in the payable accrual for (a) completed and accepted AT&T contract performance for buildout of the NPSBN; and (b) accrued costs for estimated, unbilled AT&T contract performance progress for buildout of the NPSBN.
  - A significant decrease in Accounts Payable with the public for the Census Bureau's Periodic Censuses and Programs fund group of $333.3 million, or 77 percent, from $430.2 million to $96.9 million, mainly due to a reduction in payables related to the 2020 Decennial Census.
- And also offset by a decrease in **Accrued Payroll and Leave Liability** of $421.6 million, or 34 percent, from $1.25 billion to $830.3 million, primarily due to a large decrease in accrued payroll of $452.4 million, from $464.2 million to $11.9 million, in Census Bureau's Periodic Censuses and Programs fund group mainly resulting from decreased staffing for the 2020 Decennial Census.

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 $2.46 billion, or 5 percent, from $45.77 billion as of September 30, 2020 to $48.23 billion as of September 30, 2021.

Unexpended Appropriations significantly increased $3.28 billion, or 25 percent, from $13.04 billion as of September 30, 2020 to $16.32 billion as of September 30, 2021, primarily due to:

- A significant increase in Unexpended Appropriations for EDA's Economic Development Assistance Program fund group of $2.54 billion, or 75 percent, from $3.38 billion to $5.92 billion, largely resulting from appropriations received in FY 2021 of $3.0 billion under the American Rescue Plan Act of 2021 for economic adjustment assistance to prevent, prepare for, and respond to coronavirus and for necessary expenses for responding to economic injury as a result of coronavirus.
- A very large increase in Unexpended Appropriations for NTIA of $1.59 billion, from $31.5 million to $1.62 billion, resulting from new appropriations received in FY 2021 totaling $1.585 billion for the Tribal Broadband Connectivity Program ($1.00 billion), Broadband Infrastructure Program ($300.0 million), and Connecting Minority Communities Fund ($285.0 million).
- Offset by a decrease in Unexpended Appropriations for the Census Bureau's Periodic Census and Programs fund group of $1.37 billion, or 52 percent, from $2.62 billion in FY 2020 to $1.25 billion in FY 2021, primarily due to the winding down of activities for the 2020 Decennial Census.

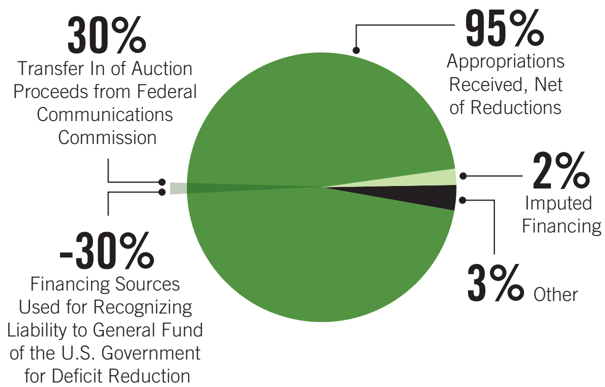
COMPOSITION OF AND TRENDS IN FINANCING SOURCES

The composition (by percentage) of the Department's financing sources, as reported in the *Department's Consolidated Statements of Changes in Net Position*, changed significantly from FY 2020 to FY 2021 due to trends in individual financing source items discussed later in this section. As a result of the fluctuations discussed in this section:

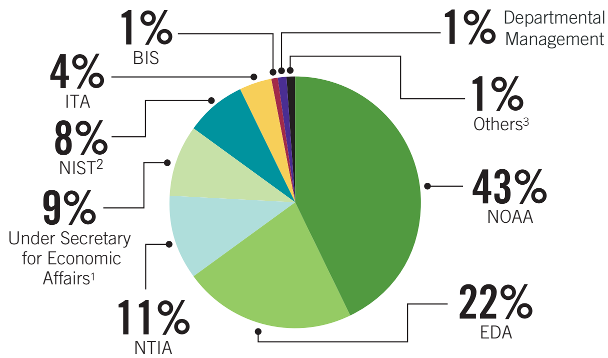
- **Appropriations Received, Net of Reductions** decreased from 98 percent of the Department's total financing sources to 95 percent.
- **Transfer In of Auction Proceeds from FCC** increased from zero percent to 30 percent of the Departmental total.
- **Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction** increased from negative one percent to negative 30 percent of the Departmental total.

The distribution by responsibility segment (by percentage) of the Department's Total Financing Sources changed significantly from FY 2020 to FY 2021. Primarily due to a significant decrease in Appropriations Received for the Census Bureau's Periodic Censuses and Programs fund group of $6.47 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 decreased from 44 percent to 9 percent. Mainly as a result of the above noted decrease for the Under Secretary for Economic Affairs, and also as a result of a significant increase in Appropriations Received provided to NTIA for new COVID-19 related Appropriations Received of $1.585 billion

COMPOSITION OF THE DEPARTMENT'S FY 2021 FINANCING SOURCES



FY 2021 FINANCING SOURCES BY RESPONSIBILITY SEGMENT



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

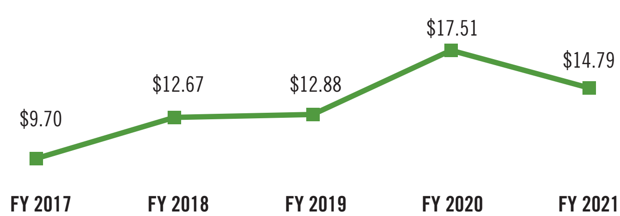
2 NIST includes NIST and NTIS.

3 Others includes MBDA and USPTO.

as previously described in the *Composition of and Trends in Net Position* section. NTIA's portion of the Departmental total increased from negative one percent to 11 percent. Lastly, as a result of the above noted decrease for the Under Secretary for Economic Affairs, and also as a result of a significant increase in Appropriations Received for EDA's Economic Development Assistance Programs fund group of $1.51 billion, as described further below in this section. EDA's portion of the Departmental total increased from 10 percent to 22 percent.

Total financing sources of the Department decreased $2.72 billion, or 16 percent, from $17.51 billion in FY 2020 to $14.79 billion in FY 2021.

TRENDS IN TOTAL FINANCING SOURCES *(In Billions)*



Significant line item increases or decreases in Departmental financing sources from FY 2020 to FY 2021 include:

- **Appropriations Received, Net of Reductions** significantly decreased $3.15 billion, or 18 percent, from $17.19 billion in FY 2020 to $14.03 billion in FY 2021, primarily due to:
  - A very large decrease in Appropriations Received for the Census Bureau's Periodic Census and Programs fund group of $6.47 billion, or 89 percent, from $7.28 billion in FY 2020 to $818.2 million in FY 2021, primarily due to the winding down of activities for the 2020 Decennial Census.
  - Offset by a very large increase in Appropriations Received for NTIA of $1.59 billion, from $40.4 million to $1.63 billion, resulting from new Appropriations Received in FY 2021 totaling $1.585 billion as previously described in the *Composition of and Trends in Net Position* section.
  - Also offset by a significant increase in Appropriations Received for EDA's Economic Development Assistance Programs fund group of $1.51 billion, or 84 percent, from $1.79 billion to $3.31 billion, resulting from COVID-19 related Appropriations Received in FY 2021 of $3.00 billion under the American Rescue Plan Act of 2021 (as previously described in the *Composition of and Trends in Net Position* section) as compared to COVID-19 related Appropriations Received in FY 2020 of $1.50 billion under the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act).

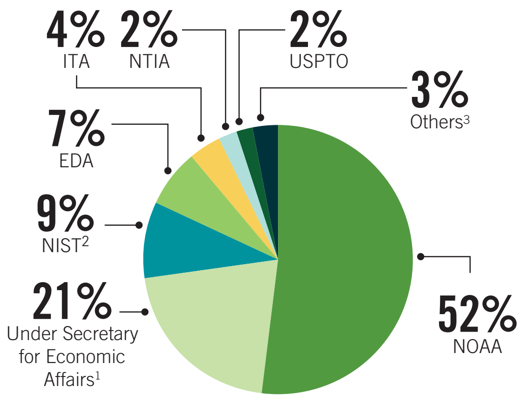
- **Transfer In of Auction Proceeds from FCC** significantly increased $4.48 billion, from zero to $4.48 billion. The transfers in from FCC to NTIA's Public Safety Trust Fund represent auction proceeds that depend on applicable FCC auction activity and results.
- **Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction** significantly increased $4.38 billion, from $(101.7) million to $(4.49) billion, primarily as a result of the $4.48 billion increase in auction proceeds transferred in from FCC to NTIA's Public Safety Trust Fund as discussed directly above.

COMPOSITION OF FY 2021 NET COST OF OPERATIONS AND NET COST OF OPERATIONS BY RESPONSIBILITY SEGMENT

In FY 2021, the Department's Net Cost of Operations amounted to $12.33 billion, which consists of Gross Costs of $16.71 billion less Earned Revenue of $4.38 billion.

The distribution by responsibility segment (by percentage) of the Department's Net Cost of Operations changed significantly from FY 2020 to FY 2021. Primarily due to a significant decrease in Gross Costs for the Census Bureau's Periodic Censuses and Programs fund group of $5.12 billion, discussed in the *Trends in Net Cost of Operations* section, the Under Secretary for Economic Affairs portion of the Departmental total decreased from 47 percent to 21 percent. In part due to the above noted decrease for the Under Secretary for Economic Affairs, and also due to an increase in NOAA's Gross Costs of $446.4 million, discussed in the *Trends in Net Cost of Operations* section, resulted in NOAA's portion of the Departmental total increasing from 37 percent to 52 percent.

FY 2021 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 BIS, DM, and MBDA.

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 2021 Consolidated Statement of Net Cost,* which excludes intra-Departmental transactions.

- **NOAA's FY 2021 Net Cost of Operations** was $6.41 billion (Gross Costs of $6.66 billion less Earned Revenue of $249.1 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 2021 Net Cost of Operations** of $243.0 million (Gross Costs of $3.63 billion less Earned Revenue of $3.38 billion) relates to its patents and trademark programs. USPTO is the federal agency responsible 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 2021 Net Cost of Operations** was $2.63 billion (Gross Costs of $2.99 billion less Earned Revenue of $365.2 million), which includes BEA and the Census Bureau. 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.

  - *https://www.commerce.gov/bureaus-and-offices/ousea*

  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 2021 Net Cost of Operations** was $2.52 billion (Gross Costs of $2.88 billion less Earned Revenue of $361.2 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 2021 Net Cost of Operations** was $1.14 billion (Gross Costs of $1.35 billion less Earned Revenue of $211.2 million), which includes NIST and the National Technical Information Service (NTIS), as NIST provides oversight for NTIS.

  NIST's FY 2021 Net Cost of Operations, by itself, was $1.14 billion (Gross Costs of $1.29 billion less Earned Revenue of $152.0 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.

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

  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.ntis.gov/about/about-us.xhtml*

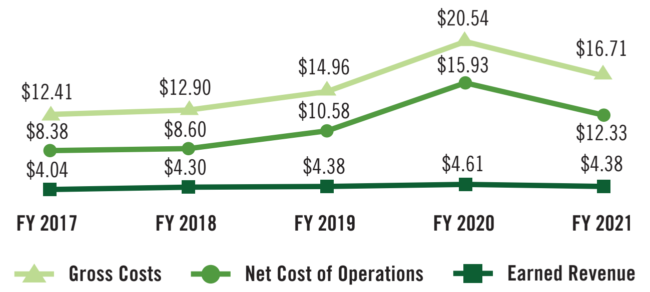
- The **International Trade Administration's (ITA) FY 2021 Net Cost of Operations** was $540.3 million (Gross Costs of $568.2 million less Earned Revenue of $27.9 million). ITA fosters economic growth and prosperity through global trade by strengthening the competitiveness of American industry, promoting 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 2021 Net Cost of Operations** was $797.0 million (Gross Costs of $801.0 million less Earned Revenue of $4.0 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 2021 Net Cost of Operations** was $214.1 million (Gross Costs of $387.3 million less Earned Revenue of $173.2 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/about*
  - *https://firstnet.gov/about/*
- **Departmental Management's (DM) FY 2021 Net Cost of Operations** was $164.2 million (Gross Costs of $521.4 million less Earned Revenue of $357.2 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.
  - *https://www.commerce.gov/sites/default/files/2021-06/BiB-Final-622-Noon.pdf*
- **Other Departmental Bureaus' FY 2021 Net Cost of Operations** was $192.2 million (Gross Costs of $194.7 million less Earned Revenue of $2.5 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 decreased $3.60 billion, or 23 percent, from $15.93 billion in FY 2020 to $12.33 billion in FY 2021. Gross Costs decreased $3.84 billion, or 19 percent, from $20.54 billion to $16.71 billion. Earned Revenue decreased $237.0 million, or 5 percent, from $4.61 billion to $4.38 billion. The decrease in Gross Costs is primarily due to:

TRENDS IN NET COST OF OPERATIONS *(In Billions)*

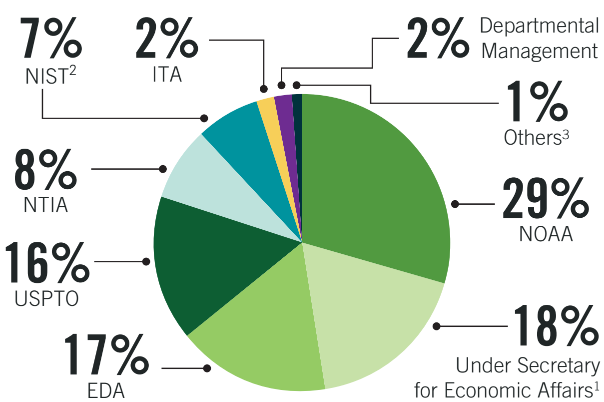


- Gross Costs for the Census Bureau's Periodic Census and Programs fund group decreased $5.12 billion, or 72 percent, from $7.09 billion in FY 2020 to $1.97 billion in FY 2021, primarily due to decreased expenses incurred for the 2020 Decennial Census.
- Offset by an increase in Gross Costs for NOAA of $446.4 million, or 7 percent, from $6.21 billion to $6.66 billion, mainly due to increased expenses associated with various satellite programs and increased expenses in National Marine Fisheries Service's National Catch Share grants under funding provided to NOAA in FY 2020 under the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act).
- Also offset by an increase in Gross Costs for EDA's Economic Development Assistance Programs fund group of $381.4 million, or 110 percent, from $345.2 million to $726.6 million, largely resulting from increased expenses under COVID-19 related Appropriations Received.

SELECTED BUDGETARY INFORMATION BY RESPONSIBILITY SEGMENT

The distribution by responsibility segment (by percentage) of the Department's Total Budgetary Resources changed somewhat from FY 2020 to FY 2021. Most notably, because of a significant decrease in Appropriations for the Census Bureau's Periodic Censuses and Programs fund group of $6.67 billion, discussed in the following *Trends in Selected Budgetary Information* section, the Under Secretary for Economic Affairs portion of the Departmental total decreased from 35 percent to 18 percent. Furthermore, in part due to the effect of the above noted large decrease for the Under Secretary for Economic Affairs portion, and also due to EDA and NTIA significant increases in Appropriations as discussed in the *Trends in Selected Budgetary Information* section, EDA's portion of the Departmental total increased from 9 percent to 17 percent, and NTIA's portion of the Departmental total increased from 2 percent to 8 percent.

FY 2021 TOTAL BUDGETARY RESOURCES BY RESPONSIBILITY SEGMENT



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

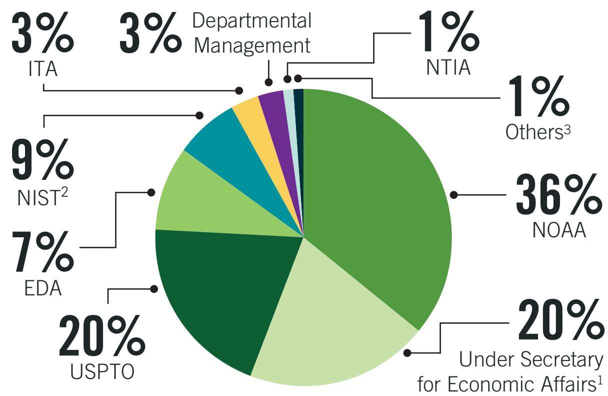
2 NIST includes NIST and NTIS.

3 Others includes BIS and MBDA.

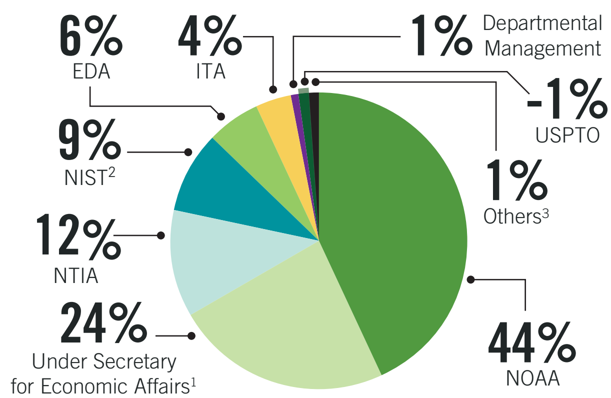
The distribution by responsibility segment (by percentage) of the Department's New Obligations and Upward Adjustments also changed somewhat from FY 2020 to FY 2021. Most noteworthy, due to a significant decrease in New Obligations and Upward Adjustments for the Census Bureau's Periodic Censuses and Programs fund group of $4.50 billion, discussed in the following *Trends in Selected Budgetary Information* section, the Under Secretary for Economic Affairs portion of the Departmental total decreased from 36 percent to 20 percent.

Lastly, the distribution by responsibility segment (by percentage) of the Department's Outlays, Net (comprised of Outlays, Gross less Actual Offsetting Collections) changed somewhat from FY 2020 to FY 2021. Most notable, due to a significant decrease in Outlays, Net from FY 2020 to FY 2021 for Census Bureau's Periodic Censuses and Programs fund group of $3.68 billion, discussed in the following *Trends in Selected Budgetary Information* section, the Under Secretary for Economic Affairs portion of the Departmental total decreased from 43 percent to 24 percent.

FY 2021 NEW OBLIGATIONS AND UPWARD ADJUSTMENTS BY RESPONSIBILITY SEGMENT



FY 2021 OUTLAYS, NET 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.

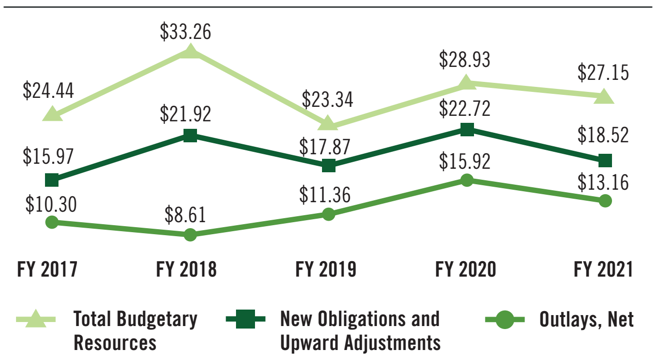
[3] Others includes BIS and MBDA.

TRENDS IN SELECTED BUDGETARY INFORMATION

The Department's Total Budgetary Resources decreased $1.78 billion, or 6 percent, from $28.93 billion in FY 2020 to 27.15 billion in FY 2021, primarily due to:

- A decrease in Appropriations of $3.08 billion, or 18 percent, from $17.40 billion in FY 2020 to $14.32 billion in FY 2021, mainly due to:
  - Appropriations for the Census Bureau's Periodic Censuses and Programs fund group significantly decreased $6.67 billion, or 92 percent, from $7.28 billion to $605.9 million, largely resulting from decreased funding for the 2020 Decennial Census.

TRENDS IN SELECTED BUDGETARY INFORMATION *(In Billions)*



  - Offset by a very large increase in NTIA's Appropriations of $1.59 billion, from $40.4 million to $1.63 billion, as a result of new Appropriations in FY 2021 totaling $1.585 billion as previously described in the *Composition of and Trends in Net Position* section.
  - Also offset by a large increase in Appropriations for EDA's Economic Development Assistance Programs fund group of $1.53 billion, or 87 percent, from $1.76 billion to $3.29 billion, largely resulting from COVID-19 related Appropriations in FY 2021 of $3.00 billion under the American Rescue Plan Act of 2021 (as previously described in the *Composition of and Trends in Net Position* section) as compared to COVID-19 related Appropriations in FY 2020 of $1.50 billion under the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act).

- Offset by an increase in Unobligated Balance From Prior Year Budget Authority, Net of $1.35 billion, or 24 percent, from $5.61 billion to $6.95 billion. 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 year unpaid obligations, prior year appropriations that are temporarily precluded from obligation, downward adjustments of prior year paid obligations, transfers of prior year balances, and cancellations of annual or multi-year appropriations.

The Department's New Obligations and Upward Adjustments decreased $4.20 billion, or 18 percent, from $22.72 billion in FY 2020 to $18.52 billion in FY 2021, primarily due to:

- New Obligations and Upward Adjustments for the Census Bureau's Periodic Censuses and Programs fund group significantly decreased $4.50 billion, or 68 percent, from $6.58 billion to $2.09 billion, largely resulting from decreased new obligations incurred for the 2020 Decennial Census.

The Department's Outlays, Net decreased $2.77 billion, or 17 percent, from $15.92 billion in FY 2020 to $13.16 billion in FY 2021, largely due to:

- Outlays, Net for Census Bureau's Periodic Censuses and Programs fund group significantly decreased $3.68 billion, or 57 percent, from $6.47 billion to $2.79 billion, primarily from decreased disbursements for the 2020 Decennial Census.
- Offset by a large increase in Outlays, Net for EDA's Economic Development and Assistance Programs fund group of $420.1 million, or 139 percent, from $301.4 million to $721.5 million, mainly from increased disbursements under COVID-19 related Appropriations.

CORONAVIRUS DISEASE 2019 (COVID-19)

As a result of the COVID-19 pandemic which began in 2020, Congress authorized additional COVID-19 relief funding under two separate bills in FY 2021. The Department received funds under both Public Law 116-260, the *Coronavirus Response and Relief Supplemental Appropriations* (CRRSA Act) and Public Law 117-2, the *American Rescue Plan Act* (ARP), in addition to the $1.90 billion received in FY 2020 under the *Coronavirus Aid, Relief, and Economic Security Act* (Public Law 116-136) (CARES Act).

Under Public Law 117-2, ARP, the Department received $3.15 billion in funds as follows:

- $3.00 billion for EDA's Economic Development Assistance to prevent, prepare for, and respond to COVID-19, domestically or internationally through economic adjustment assistance remaining available for obligation until September 30, 2022.
- NIST received $150.0 million to be used to fund awards for research, developments, and testbeds to prevent, prepare for, and respond to coronavirus to remain available for obligation until September 30, 2022.
- OIG received $3.0 million for oversight of activities supported with funds appropriated to the Department to prevent, prepare for, and respond to COVID-19 remaining available for obligation until September 30, 2022.

Public Law 116-260, CRSSA Act, is omnibus legislation with 30 divisions, of which the first 12 (divisions A-L) represent the regular annual appropriations acts with 18 additional divisions providing additional coronavirus related supplemental appropriations and other provisions. Under Divisions M and N of the CRSSA Act the Department received $1.91 billion in funds related to COVID-19 relief as follows:

- Under Division N, Title IV, *Broadband Internet Access*, NTIA received $1.59 billion in no-year funds available for obligation until expended as follows:
  - $1.00 billion to carry out a Tribal Broadband Connectivity Program of assistance.
  - $300.0 million to carry out a Broadband Infrastructure Program of assistance.
  - $285.0 million to establish an Office of Minority Broadband Initiatives and creates a Connecting Minority Communities Fund to be used to carry out a pilot program of assistance to be used to purchase broadband internet access service or equipment or to hire or train information technology personnel.
- Under Division N, Title III, *Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act*, MBDA received $25.0 million for the Minority Business Development Centers Program for necessary expenses, including cost sharing requirements, to assist minority business enterprises to prevent, prepare for, and respond to coronavirus. These funds are no-year funds available for obligation until expended.
- Under Division M, Title I, CRRSA Act, 2021, NOAA's Fisheries Disaster Assistance program received $300.0 million to prevent, prepare for, and respond to coronavirus, domestically or internationally, and only for activities authorized under Section 12005 of the CARES Act which remained available for obligation until September 30, 2021.

In FY 2020, Congress passed the CARES Act of which the Department received $1.9 billion.

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 provide technical assistance to small business concerns which remained 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 the 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 which remained available until September 30, 2021.
  - Of the funds appropriated, $50.0 million is earmarked for the Hollings Manufacturing Extension Partnership (MEP) program, and $10.0 million is earmarked for the Manufacturing USA program.
- 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 remained 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 have resulted in an increase in volume and value of grants and financial assistance by the Department bureaus detailed above. In order to support this increased volume, there is also an increase in staffing costs by EDA and NTIA 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. Additional details regarding the COVID-19 funds received by the Department are provided in Note 27, *COVID-19 Reporting*, of the notes to the financial statements.

CLIMATE CHANGE

The Department has begun taking action to assess, measure, and mitigate climate change related risks and their potential impact on the Department. In accordance with Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*, the Department developed a Climate Action Plan and Policy Statement for Adaptation and Resilience that includes a summary of the Department's efforts to enhance climate literacy, an overview of Department climate vulnerability assessments, Department actions to enhance climate adaptation and resilience, and five priority actions the Department will undertake in the next several years. The Plan also highlights the integration of equitable climate considerations into aspects of the Department's missions, policies, operations, facility management, real property, acquisitions, and use of resources, using the best available science and information. The final Plan was signed by the Secretary of Commerce and provided to the White House Council on Environmental Quality to share publicly in September 2021. Additional actions and efforts will continue in FY 2022 and beyond.

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: 15 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 Non-collection-type heritage 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 (artifacts, photographs, documents, motion pictures, and other items); 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. NIST also maintains the following non-collection-type heritage assets: Boulder Laboratories Building 1 in Boulder, CO; Gaithersburg Campus in Gaithersburg, MD; Fort Collins Campus in Fort Collins, CO; and Kehaka, Kauai Campus in Kehaka, HI. 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 2021 and FY 2020:

(In Millions)

Program	FY 2021	FY 2020
EDA:		
Public Works	$ 125.7	$ 122.8
Economic Adjustment Assistance	12.8	10.7
Assistance to Coal Communities	28.5	25.5
Assistance to Nuclear Closure Communities	16.4	3.2
Disaster Recovery	283.1	353.4
CARES Act (Coronavirus Aid, Relief, and Economic Security Act)	307.3	4.4
EDA Subtotal	**773.8**	**520.0**
NOAA:		
National Estuarine Research Reserves	4.2	4.5
NOAA Subtotal	**4.2**	**4.5**
Total	**$ 778.0**	**$ 524.5**

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 2021 is attributed to an increase in supplemental funding received by EDA to be used for COVID-19 relief. FY 2021 is the first full fiscal year that EDA has had to administer applications and award funding.

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. Physical property investments include key public infrastructure, including distance learning networks, smart rooms and buildings and telecommunications and development facilities. In addition, EDA invests in traditional public works projects, including water and sewer systems improvements, industrial parks, business incubator facilities, expansion of port and harbor facilities, skill-training facilities, and brownfields redevelopment.

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. Some grants include construction of physical property owned by state and local governments.

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.

COVID-19 Relief: EDA received $3.00 billion of supplemental appropriations in FY 2021 under the American Rescue Plan Act (ARP Act), and $1.50 billion of supplemental appropriations in FY 2020 under the CARES Act to prevent, prepare for, and respond to COVID-19, domestically or internationally through programs authorized under Economic Adjustment Assistance, for which EDA also receives annual appropriations. There have not yet been any investments in non-federal physical property under the ARP Act.

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.

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 2021 and FY 2020:

(In Millions)

Program	FY 2021		FY 2020	
Educational Partnership Program	$	19.6	$	16.0
Ernest F. Hollings Undergraduate Scholarship Program		5.5		5.4
National Estuarine Research Reserve Program		1.7		1.8
National Sea Grant College Program		–		1.2
Total	**$**	**26.8**	**$**	**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 2017 through FY 2021:

(In Millions)

	FY 2021								
Program	**Basic**	**Applied**	**Development**	**Total**	**FY 2020**	**FY 2019**	**FY 2018**	**FY 2017**	**Total**
NIST Laboratories Program	$ 304.1	$ 486.0	$ 11.6	$ 801.7	$ 764.1	$ 759.2	$ 733.2	$ 734.2	$ 3,792.4
Manufacturing USA	–	14.7	14.7	29.4	16.2	12.8	7.6	8.6	74.6
Public Safety Communications Research Program	–	48.6	–	48.6	44.2	41.4	36.2	21.7	192.1
Total	**$ 304.1**	**$ 549.3**	**$ 26.3**	**$ 879.7**	**$ 824.5**	**$ 813.4**	**$ 777.0**	**$ 764.5**	**$ 4,059.1**

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 2017 through FY 2021:

(In Millions)

	FY 2021								
Program	**Basic**	**Applied**	**Development**	**Total**	**FY 2020**	**FY 2019**	**FY 2018**	**FY 2017**	**Total**
Environmental and Climate	$ –	$ 468.7	$ 97.4	$ 566.1	$ 531.2	$ 536.5	$ 488.6	$ 452.5	$ 2,122.4
Fisheries	–	51.9	21.6	73.5	68.7	58.8	60.1	57.7	261.1
Weather Service	–	1.9	17.8	19.7	18.3	22.1	19.5	20.7	79.6
Other	–	116.0	12.5	128.5	131.3	131.9	144.5	68.1	536.2
Total	**$ –**	**$ 638.5**	**$ 149.3**	**$ 787.8**	**$ 749.5**	**$ 749.3**	**$ 712.7**	**$ 599.0**	**$ 2,999.3**

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.

Financial Section

MESSAGE FROM THE CHIEF FINANCIAL OFFICER (Unaudited)

This FY 2021 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 2021, the Department achieved an unmodified audit opinion for the twenty-third 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 2022.

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 those 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. The impacts of the COVID-19 pandemic continued to be felt by the Department in FY 2021, and many employees continued to demonstrate their dedication to the Department as well as their own resiliency by continuing to complete mission requirements seamlessly, no matter what the working environment may be. 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 Applications Solution (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 2021, the Department continued work on the BAS contract with full implementation of BAS anticipated by the start of FY 2025. 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.

Wynn W. Coggins
Acting Chief Financial Officer
and Assistant Secretary for Administration
November 10, 2021

FINANCIAL SECTION

Independent Auditors' Report

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

INFORMATION MEMORANDUM FOR SECRETARY RAIMONDO

FROM: Richard Bachman, Assistant Inspector General for Audit and Evaluation, (202) 482-3391

DATE: Monday, November 15, 2021

RE: ***Department of Commerce FY 2021 Financial Statements***
Final Report No. OIG-22-007-A

I am pleased to provide you with the attached audit report, which presents an unmodified opinion on the U.S. Department of Commerce's (the Department's) fiscal year 2021 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. 21-04, *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 area of access controls; 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

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, 2021 and 2020, 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. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Commerce as of September 30, 2021 and 2020, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

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 Raimondo, 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, 2021, 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.

KPMG

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, 2021 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 21-04.

We also performed tests of its compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the 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 11, 2021

KPMG

Exhibit 1 – Significant Deficiency

A. Information Technology General Controls

During fiscal year 2021, certain information technology (IT) access control deficiencies existed within the Department's financial management systems, supporting infrastructure, and supporting systems that we considered collectively to be a significant deficiency. 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 IT general control area, we identified deficiencies in (1) financial system application, database, and operating system access administration controls, including password controls, access authorization, and periodic access review and recertification; (2) supporting system password controls; and (3) supporting system application and database access administration controls, including periodic access review and recertification and removal of inactive accounts.

Collectively, the aforementioned access 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 access control deficiencies can ultimately impact the Department's ability to accurately and timely perform its financial reporting duties. These deficiencies resulted from issues in the design, implementation, or operating effectiveness of the controls by Department and its 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 with the one significant deficiency noted relating to information technology general controls. We recognize that further improvements are necessary, and we will continue to strengthen our controls in FY 2022 through implementation of detailed corrective action plans.

FINANCIAL SECTION

PRINCIPAL FINANCIAL STATEMENTS

United States Department of Commerce Consolidated Balance Sheets
As of September 30, 2021 and 2020 *(In Thousands)*

	FY 2021	FY 2020
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Notes 2 and 19)	$ 32,530,613	$ 31,259,517
Investments, Net (Notes 3 and 22 – NTIA's Public Safety Trust Fund)	12,156,733	7,671,062
Accounts Receivable (Note 4)	97,425	98,980
Advances and Prepayments	27,740	33,215
Total Intragovernmental	**44,812,511**	**39,062,774**
With the Public:		
Cash and Other Monetary Assets (Note 5)	12,045	32,853
Accounts Receivable, Net (Note 4)	22,741	94,969
Loans Receivable, Net (Note 6)	374,568	394,200
Inventory and Related Property, Net (Notes 7 and 18)	121,150	202,037
General Property, Plant, and Equipment, Net (Note 8)	15,906,966	16,292,468
Advances and Prepayments	176,221	130,686
Other Assets		
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)	5,343,646	4,774,779
Other (Note 9)	8,327	6,726
Total with the Public	**21,965,664**	**21,928,718**
TOTAL ASSETS	**$ 66,778,175**	**$ 60,991,492**
Stewardship Property, Plant, and Equipment (Note 24)		
LIABILITIES		
Intragovernmental:		
Accounts Payable	$ 94,568	$ 102,282
Debt (Note 11)	387,088	388,069
Advances from Others and Deferred Revenue	443,723	398,280
Other Liabilities		
Liability to General Fund of the U.S. Government for Deficit Reduction (Note 22 – NTIA's Public Safety Trust Fund)	12,156,733	7,671,062
Custodial Payable to Treasury (Note 20)	503	38,109
Other (Note 12)	145,194	133,718
Total Intragovernmental	**13,227,809**	**8,731,520**
With the Public:		
Accounts Payable	1,335,503	2,396,756
Federal Employee Benefits Payable (Note 13)	1,049,192	943,625
Environmental and Disposal Liabilities (Note 14)	151,251	150,327
Advances from Others and Deferred Revenue	1,491,567	1,253,769
Other Liabilities		
Accrued Payroll and Leave Liability	830,330	1,251,910
Accrued Grant Liabilities	237,343	211,116
Liability for Non-fiduciary Deposit Funds, Undeposited Collections, and Clearing Accounts	134,251	161,366
Other (Note 12)	91,380	121,699
Total with the Public	**5,320,817**	**6,490,568**
TOTAL LIABILITIES	**$ 18,548,626**	**$ 15,222,088**
Commitments and Contingencies (Note 17)		
NET POSITION		
Unexpended Appropriations – Funds from Dedicated Collections (Note 22)	$ –	$ –
Unexpended Appropriations – Funds from Other than Dedicated Collections	16,315,922	13,040,173
Total Unexpended Appropriations	**16,315,922**	**13,040,173**
Cumulative Results of Operations – Funds from Dedicated Collections (Note 22)	17,051,604	17,295,431
Cumulative Results of Operations – Funds from Other than Dedicated Collections	14,862,023	15,433,800
Total Cumulative Results of Operations	**31,913,627**	**32,729,231**
TOTAL NET POSITION	**$ 48,229,549**	**$ 45,769,404**
TOTAL LIABILITIES AND NET POSITION	**$ 66,778,175**	**$ 60,991,492**

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, 2021 and 2020 (Note 18) *(In Thousands)*

	FY 2021	FY 2020
National Oceanic and Atmospheric Administration		
Gross Costs	$ 6,637,645	$ 6,195,754
Less: Earned Revenue	(230,553)	(259,786)
Net Cost of Operations	**6,407,092**	**5,935,968**
Under Secretary for Economic Affairs		
Gross Costs	2,991,443	7,849,120
Less: Earned Revenue	(362,273)	(285,141)
Net Cost of Operations	**2,629,170**	**7,563,979**
National Institute of Standards and Technology		
Gross Costs	1,331,961	1,275,146
Less: Earned Revenue	(189,512)	(215,707)
Net Cost of Operations	**1,142,449**	**1,059,439**
Economic Development Administration		
Gross Costs	800,944	402,518
Less: Earned Revenue	(3,954)	(4,700)
Net Cost of Operations	**796,990**	**397,818**
International Trade Administration		
Gross Costs	551,862	526,342
Less: Earned Revenue	(11,562)	(13,345)
Net Cost of Operations	**540,300**	**512,997**
U.S. Patent and Trademark Office		
Gross Costs	3,626,876	3,622,439
Less: Earned Revenue	(3,383,902)	(3,656,521)
Net Cost of Operations	**242,974**	**(34,082)**
National Telecommunications and Information Administration		
Gross Costs	383,436	342,163
Less: Earned Revenue	(169,340)	(157,798)
Net Cost of Operations	**214,096**	**184,365**
Departmental Management		
Gross Costs	186,298	158,129
Less: Earned Revenue	(22,098)	(18,276)
Net Cost of Operations	**164,200**	**139,853**
Others		
Gross Costs	194,632	171,915
Less: Earned Revenue	(2,453)	(1,346)
Net Cost of Operations	**192,179**	**170,569**
Total Gross Departmental Costs	16,705,097	20,543,526
Less: Total Earned Revenue	(4,375,647)	(4,612,620)
NET COST OF OPERATIONS	**$ 12,329,450**	**$ 15,930,906**

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, 2021 and 2020 *(In Thousands)*

	FY 2021			FY 2020		
	Funds from Dedicated Collections (Note 22)	Funds from Other than Dedicated Collections	Consolidated Total	Funds from Dedicated Collections (Note 22)	Funds from Other than Dedicated Collections	Consolidated Total
Unexpended Appropriations:						
Beginning Balance	$ –	$ $13,040,173	$ $13,040,173	$ –	$ 11,314,698	$ 11,314,698
Appropriations Received	–	14,042,906	14,042,906	–	17,204,870	17,204,870
Appropriations Transferred In/Out	–	(897)	(897)	–	3,000	3,000
Other Adjustments	–	(67,666)	(67,666)	–	(263,474)	(263,474)
Appropriations Used	–	(10,698,594)	(10,698,594)	–	(15,218,921)	(15,218,921)
Net Change in Unexpended Appropriations	–	3,275,749	3,275,749	–	1,725,475	1,725,475
Unexpended Appropriations: Ending	**–**	**16,315,922**	**16,315,922**	**–**	**13,040,173**	**13,040,173**
Cumulative Results of Operations:						
Beginning Balance	17,295,431	15,433,800	32,729,231	17,361,051	15,517,169	32,878,220
Other Adjustments	–	(5,000)	(5,000)	–	–	–
Appropriations Used	–	10,698,594	10,698,594	–	15,218,921	15,218,921
Non-exchange Revenue	20,900	7,230	28,130	121,881	6,317	128,198
Donations and Forfeitures of Cash and Cash Equivalents	–	41	41	–	344	344
Transfer In of Auction Proceeds from Federal Communications Commission (Note 22 – NTIA's Public Safety Trust Fund)	4,476,093	–	4,476,093	–	–	–
Transfers In/Out Without Reimbursement	208,960	270,087	479,047	65,016	187,896	252,912
Donations and Forfeitures of Property	–	30	30	–	2,486	2,486
Imputed Financing	50,020	265,420	315,440	29,686	257,031	286,717
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)	(4,485,671)	–	(4,485,671)	(101,680)	–	(101,680)
Other	16,232	(9,090)	7,142	(12)	(5,969)	(5,981)
Net Cost of Operations	(530,361)	(11,799,089)	(12,329,450)	(180,511)	(15,750,395)	(15,930,906)
Net Change in Cumulative Results of Operations	(243,827)	(571,777)	(815,604)	(65,620)	(83,369)	(148,989)
Cumulative Results of Operations: Ending	**17,051,604**	**14,862,023**	**31,913,627**	**17,295,431**	**15,433,800**	**32,729,231**
NET POSITION	**$ 17,051,604**	**$ 31,177,945**	**$ 48,229,549**	**$ 17,295,431**	**$ 28,473,973**	**$ 45,769,404**

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, 2021 and 2020 (Note 19) *(In Thousands)*

	FY 2021		FY 2020	
	Budgetary	Non-budgetary Credit Reform Financing Accounts	Budgetary	Non-budgetary Credit Reform Financing Accounts
BUDGETARY RESOURCES:				
Unobligated Balance From Prior Year Budget Authority, Net	$ 6,954,491	$ 109	$ 5,609,178	$ 298
Appropriations	14,321,262	–	17,396,628	–
Borrowing Authority	–	95,757	–	101,520
Spending Authority From Offsetting Collections	5,755,527	19,297	5,802,644	16,909
TOTAL BUDGETARY RESOURCES	**$ 27,031,280**	**$ 115,163**	**$ 28,808,450**	**$ 118,727**
STATUS OF BUDGETARY RESOURCES:				
New Obligations and Upward Adjustments	$ 18,409,233	$ 114,207	$ 22,604,764	$ 118,618
Unobligated Balance, End of Year				
Apportioned, Unexpired Accounts	8,282,332	–	5,893,158	–
Exempt From Apportionment, Unexpired Accounts	691	–	736	–
Unapportioned, Unexpired Accounts	121,968	956	104,616	109
Unobligated Balance, End of Year, Unexpired Accounts	8,404,991	956	5,998,510	109
Unobligated Balance, End of Year, Expired Accounts	217,056	–	205,176	–
Total Unobligated Balance, End of Year	**8,622,047**	**956**	**6,203,686**	**109**
TOTAL STATUS OF BUDGETARY RESOURCES	**$ 27,031,280**	**$ 115,163**	**$ 28,808,450**	**$ 118,727**
OUTLAYS, NET, AND DISBURSEMENTS, NET:				
Outlays, Net	$ 13,157,089		$ 15,924,152	
Distributed Offsetting Receipts	(23,140)		(6,335)	
AGENCY OUTLAYS, NET	**$ 13,133,949**		**$ 15,917,817**	
DISBURSEMENTS, NET		**$ (1,828)**		**$ (8,014)**

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

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FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

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

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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.

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 that are not already included in the financial statements 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, *Revenue 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 obligated[2] 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;[4]

    ii. *Agency Outlays, Net*, which is comprised of *Outlays, Net* less *Distributed Offsetting Receipts*. *Distributed Offsetting Receipts* represents actual collections from the public or from other federal entities, net of disbursements, that are credited to certain receipt accounts (general fund, special fund, trust fund, and gift and donation receipt accounts) and budget clearing accounts, and for which the net receipts recorded to this line offset the budget 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.

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[2] Per OMB Circular A-11, Section 20, *Terms and Concepts*, "**Obligation** means a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally."

[3] Per OMB Circular A-11, Section 20, *Terms and Concepts*, "**Outlay** means a payment to liquidate an obligation (other than the repayment of debt principal or other disbursements that are 'means of financing' transactions). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of government spending."

[4] Per OMB Circular A-11, Section 20, *Terms and Concepts*, "**Offsetting collections** mean payments to the government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, offsetting collections are authorized to be spent for the purposes of the account without further action by Congress. They usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the government and from intragovernmental transactions with other government accounts. The authority to spend offsetting collections is a form of budget authority."

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 Agency Outlays, Net* (FY 2021) or to *Outlays, Net* (FY 2020) in Note 23. These reconciliations help 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 *Agency Outlays, Net* or *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 identified by FASAB, which is the official body for setting the accounting standards of the U.S. government.

Throughout these financial statements, intragovernmental assets, liabilities, gross costs, earned revenue, transfers, and other activity represent balances or activity totals 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 2021 and FY 2020.

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 Loans Receivable, 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 Prior to 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 and Related Property, Net

Inventory, materials, and supplies 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. 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 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: 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 FirstNet has a personal property bulk acquisition capitalization threshold of $150 thousand or more.

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 Contribution to Buildout/Continuing Enhancement 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. 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 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.

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 recognized 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 a particular continuing enhancement of the NPSBN is recognized on a straight-line basis over the shorter of the performance period of the continuing enhancement or the remaining time frame of the AT&T contract. See Note 22, *Funds from Dedicated Collections*, for information regarding accumulated amortization.

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: 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 include accrued interest payable. See Note 11, *Debt*, for information regarding maturity dates.

Advances from Others and Deferred Revenue: This liability 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; and (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). The intragovernmental liability primarily relates to monies collected under customer orders or similar arrangements. The majority of the 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 Statements 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.

Other Liabilities – Employer Contributions and Payroll Taxes Payable: This intragovernmental liability records the employer portion of payroll taxes and benefit contributions, such as retirement, including the Department's contribution to the Thrift Savings Plan, and health and life insurance for covered employees.

Other Liabilities – 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 Payable:

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 the liability balances as of September 30, 2021 and 2020, the discount rate was selected by averaging the quarterly spot yields over the 10-year period ended June 30, 2021 (or June 30, 2020) and determining the single equivalent discount rate that produced the same liability. The specific spot yields used were as of June 30, 2021 (or as of June 30, 2020) 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 are updated 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 Leave Liability: This liability to employees includes funded and unfunded salaries, wages, annual leave, and other leave that have been earned but are unpaid as of September 30, including accrued compensation earned during the fiscal year and including unpaid leave earned that an employee is entitled to upon separation and that will be funded by future years' budgetary resources.

Accrued Grant Liabilities: 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.

Liability for Non-fiduciary Deposit Funds, Undeposited Collections, and Clearing Accounts: This liability with the public represents collections held in non-fiduciary deposit funds and held in clearing accounts awaiting disposition, and primarily includes USPTO collections from customers held in a non-fiduciary deposit fund for when the customer has not yet requested a service.

Other Liabilities – 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. The Department does not have any capital lease liabilities as of September 30, 2021 and 2020.

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 or is paid out to the employee. As a result, budgetary resources do not cover a significant portion of the Department's unpaid annual leave, which is a component of the Department's *Accrued Payroll and Leave Liability*.

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

The portion of the Department's *Advances from Others and Deferred 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 normally liability balances or a portion thereof for which realized budgetary resources have already been used by the Department as of September 30 for the liability, which is typically carried out by recording a budgetary basis of accounting obligation incurred, as adjusted. For example, an Accounts Payable item will normally also have a corresponding budgetary basis of accounting obligation incurred (delivered) recorded. There is differing treatment in the case of the Advances from Others and Deferred Revenue liability—there are normally available budgetary resources as of September 30 that are considered to cover the liability balance or a portion thereof with budgetary resources.

Liabilities Not Requiring Budgetary Resources

These are the liabilities that are not expected to require the use of budgetary resources, which primarily includes the Department's *Liability for Non-fiduciary Deposit Funds, Undeposited Collections, and Clearing Accounts*.

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 Revenue 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 (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, 2020)

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%	17.3%	3.1%	15.5%	4.4%	15.5%

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, 2021, included 327 active duty officers, 401 non-disability retiree annuitants, 16 disability retiree annuitants, and 67 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 liability as of September 30, 2021 and 2020 is based on the number of participants as of June 30, 2021 and 2020, respectively.

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.

X Reclassification of FY 2020 Information

Certain reclassifications have been made to the FY 2020 financial statements and notes to better align with the Department's policies and procedures effective in FY 2021, in accordance with OMB Circular A-136 Revised. The lines of the *Consolidated Balance Sheets* have been revised to reflect more detail for certain previous line items, as required for all significant federal reporting entities by OMB Circular A-136 Revised. These revisions do not affect totals for assets, liabilities, or net position and are intended to allow readers of this report to see how the amounts shown are reflected on the Balance Sheets of the U.S. government, thereby supporting the preparation and audit of the annual *Financial Report of the U.S. Government*. The presentation of the *Consolidated Balance Sheet* as of September 30, 2020 was reclassified to be consistent with the presentation as of September 30, 2021.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury, by status, is as follows as of September 30, 2021 and 2020:

	FY 2021	FY 2020
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	21,414	21,989
Unobligated Balance		
Available	8,279,806	5,893,942
Unavailable	342,761	309,900
Obligated Balance Not Yet Disbursed		
Census Bureau Periodic Censuses and Programs Fund	629,436	1,616,307
EDA Economic Development Assistance Programs Fund	2,840,432	2,450,353
NOAA Operations, Research, and Facilities Fund	2,563,593	2,382,646
NOAA Procurement, Acquisition, and Construction Fund	2,538,827	2,509,826
NTIA Network Construction Fund	1,432,234	2,919,246
USPTO Salaries and Expenses Fund	802,481	667,844
Other	2,929,462	2,311,751
Non-budgetary		
USPTO Patent and Trademark Surcharge Fund	233,529	233,529
Deposit Funds, and General Fund Receipt Accounts	168,420	193,966
Total	$ 32,530,613	$ 31,259,517

See Note 19, *Combined Statements of Budgetary Resources*, for legal arrangements affecting the Department's use of Fund Balance with Treasury for FY 2021 and FY 2020.

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.

For FY 2021 budgetary financial information for the Census Bureau Periodic Censuses and Programs Fund; EDA Economic Development Assistance Programs Fund; NOAA Operations, Research, and Facilities Fund; and NOAA Procurement, Acquisition, and Construction Fund, see the *Combining Schedule of Budgetary Resources by Major Budget Account* (unaudited).

NOTE 3. INVESTMENTS, NET

FY 2021							
Investments in Federal Securities	Cost/ Acquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments, Net	Unrealized Gain/(Loss)	Market/Fair Value
Intragovernmental							
Non-marketable							
Market-based							
Notes	$ –	Interest Method	$ –	$ –	$ –	$ –	$ –
Bills	12,155,065	Interest Method	1,668	–	12,156,733	–	12,156,305
Total	$ 12,155,065		$ 1,668	$ –	$ 12,156,733	$ –	$ 12,156,305

FY 2020							
Investments in Federal Securities	Cost/ Acquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments, Net	Unrealized Gain/(Loss)	Market/Fair Value
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	$ 7,656,796		$ 5,356	$ 8,910	$ 7,671,062	$ –	$ 7,664,873

NOTE 4. ACCOUNTS RECEIVABLE, NET

FY 2021			
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	$ 97,425	$ –	$ 97,425
With the Public	$ 69,265	$ (46,524)	$ 22,741

FY 2020			
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	$ 98,980	$ –	$ 98,980
With the Public	$ 108,981	$ (14,012)	$ 94,969

NOTE 5. CASH AND OTHER MONETARY ASSETS

	FY 2021	FY 2020
Cash Not Yet Deposited with Treasury	$ 11,418	$ 32,369
Imprest Funds	436	434
Other Cash	191	50
Total	$ 12,045	$ 32,853

Cash Not Yet Deposited with Treasury primarily represents patent and trademark fees that were not processed as of September 30, 2021 and 2020, due to the lag time between receipt and initial review. Certain bureaus maintain imprest funds for operational necessity, such as law enforcement activities and for environments that do not permit the use of electronic payments.

NOTE 6. LOANS RECEIVABLE, NET

The Department operates the following direct loan and loan guarantee programs as of September 30, 2021:

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	Community Development Quota (CDQ) Loan Program[1]
NOAA	Crab Buyback Loans
NOAA	Federal Gulf of Mexico Reef Fish Buyback Loans
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
Loan Guarantee Program:	
NOAA	Fishing Vessel Obligation Guarantee Program

[1] *No loans have been issued under these programs as of September 30, 2021.*

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 2021	FY 2020
Direct Loans Obligated Prior to FY 1992, Allowance for Loss Method	$ 3,178	$ 3,306
Direct Loans Obligated After FY 1991	371,386	390,890
Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees, Allowance for Loss Method	4	4
Total	$ 374,568	$ 394,200

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

FY 2021				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Direct Loans, Net
CEIP	$ 16,444	$ 5,033	$ (18,299)	$ 3,178
Fisheries Loan Fund	68	15	(83)	–
Total	$ 16,512	$ 5,048	$ (18,382)	$ 3,178

FY 2020				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Direct Loans, Net
CEIP	$ 17,091	$ 4,886	$ (18,671)	$ 3,306
Fisheries Loan Fund	148	16	(164)	–
Total	$ 17,239	$ 4,902	$ (18,835)	$ 3,306

Direct Loans Obligated After FY 1991:

FY 2021				
Direct Loan Program	Loans Receivable, Gross	Interest and Fees Receivable	Allowance for Subsidy Cost (Present Value)	Direct Loans, Net
Alaska Purse Seine Fishery Buyback Loans	$ 18,096	$ 18	$ 2,138	$ 20,252
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	25,448	70	3,143	28,661
Crab Buyback Loans	55,979	538	8,972	65,489
Fisheries Finance IFQ Loans	13,797	107	807	14,711
Fisheries Finance Traditional Loans	213,469	800	14,993	229,262
Pacific Groundfish Buyback Loans	11,951	17	1,043	13,011
Total	$ 338,740	$ 1,550	$ 31,096	$ 371,386

FY 2020				
Direct Loan Program	Loans Receivable, Gross	Interest and Fees Receivable	Allowance for Subsidy Cost (Present Value)	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

Total Amount of Direct Loans Disbursed (Post-FY 1991):

Direct Loan Program	FY 2021	FY 2020
Fisheries Finance IFQ Loans	$ 3,171	$ 2,718
Fisheries Finance Traditional Loans	82,923	28,643
Total	$ 86,094	$ 31,361

Subsidy Expense for Direct Loan Programs by Component:

Subsidy Expense for New Direct Loans Disbursed:

FY 2021

Direct Loan Program	Interest Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	$ (732)	$ 19	$ (26)	$ 401	$ (338)
Fisheries Finance Traditional Loans	(12,806)	555	(472)	5,955	(6,768)
Total	$ (13,538)	$ 574	$ (498)	$ 6,356	$ (7,106)

FY 2020

Direct Loan Program	Interest 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	$ (4,982)	$ 224	$ (184)	$ 2,363	$ (2,579)

Reestimates:

	FY 2021	FY 2020
Direct Loan Program	Technical Reestimates	Technical Reestimates
Alaska Purse Seine Fishery Buyback Loans	$ 46	$ (175)
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	110	15
Bering Sea Pollock Fishery Buyback	–	77
Crab Buyback Loans	1,625	525
Fisheries Finance IFQ Loans	164	426
Fisheries Finance Traditional Loans	13,112	(3,477)
Pacific Groundfish Buyback Loans	(79)	164
Total	$ 14,978	$ (2,445)

Total Direct Loan Subsidy Expense:

Direct Loan Program	FY 2021	FY 2020
Alaska Purse Seine Fishery Buyback Loans	$ 46	$ (175)
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	110	15
Bering Sea Pollock Fishery Buyback	–	77
Crab Buyback Loans	1,625	525
Fisheries Finance IFQ Loans	(174)	152
Fisheries Finance Traditional Loans	6,344	(5,782)
Pacific Groundfish Buyback Loans	(79)	164
Total	$ 7,872	$ (5,024)

Subsidy Rates for Direct Loans by Program and Component:

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

FY 2021					
Direct Loan Program	Interest Differential	Defaults	Fees and Other Collections	Other	Total
Community Development Quota (CDQ) Loan Program	(21.28) %	0.67 %	(0.57) %	11.10 %	(10.08) %
Fisheries Finance IFQ Loans	(24.30) %	0.48 %	(0.82) %	11.47 %	(13.17) %
Fisheries Finance Traditional Loans	(16.27) %	0.64 %	(0.57) %	7.39 %	(8.81) %

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 Subsidy Cost Allowance Balances (Post-FY 1991 Direct Loans):

	FY 2021	FY 2020
Beginning Balance of the Subsidy Cost Allowance	$ 34,598	$ 35,868
Add Total Subsidy Expense for Direct Loans Disbursed During the Reporting Years	7,106	2,579
Adjustments:		
Loan Modifications	–	(7,048)
Fees Received	(317)	(154)
Loans Written Off	15,627	6,101
Subsidy Allowance Amortization	(10,940)	(5,194)
Other	–	1
Ending Balance of the Subsidy Cost Allowance before Reestimates	46,074	32,153
Add or Subtract Total Subsidy Reestimates	(14,978)	2,445
Ending Balance of the Subsidy Cost Allowance	$ 31,096	$ 34,598

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

FY 2021

Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest and Fees 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 2020

Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest and Fees 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 2021**	**FY 2020**
NOAA Direct Loan Programs	$ 3,723	$ 3,856

Loan Guarantee Program	**FY 2021**	**FY 2020**
Fishing Vessel Obligation Guarantee Program	$ 79	$ 78

Schedule for Reconciling Loans Receivable, Net:

FY 2021	
Beginning Balance of Loans Receivable, Net	$ 394,200
Add Direct Loans Disbursed Payments	86,094
Less Principal and Interest Payments Received	(87,116)
Less Fees Received	(317)
Less Loans Written Off	519
Add Subsidy Expense for New Direct Loans Disbursed	7,106
Add Upward Subsidy Reestimates	(14,978)
Less Subsidy Allowance Amortization	(10,940)
Ending Balance of Loans Receivable, Net	$ 374,568

NOTE 7. INVENTORY AND RELATED PROPERTY, NET

Category	Cost Flow Assumption	FY 2021	FY 2020
Inventory			
Items Held for Current Sale			
NIST Standard Reference Materials	Other[1]	$ 26,554	$ 27,471
Other	Historical	3	3
Total Inventory, Net		26,557	27,474
Materials and Supplies			
Items Held for Use			
NOAA's National Logistics Support Center	Weighted-average	46,492	45,247
Census Bureau (Note 18)	Other[1]	19,774	102,952
Other	Various	6,289	6,351
Items Held for Repair			
NOAA's National Reconditioning Center	Weighted-average	33,118	33,050
Allowance for Excess, Obsolete, and Unserviceable Items		(11,080)	(13,037)
Total Materials and Supplies, Net		94,593	174,563
Total		$ 121,150	$ 202,037

[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.

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

FY 2021

Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	$ 16,088	$ –	$ 16,088
Structures, Facilities, and Leasehold Improvements	2-30	2,966,151	(1,307,088)	1,659,063
Satellites/Weather Systems Personal Property	2-25	15,128,448	(8,735,830)	6,392,618
Internal Use Software	3-20	2,736,038	(1,922,595)	813,443
Other Personal Property	3-30	2,221,436	(1,605,133)	616,303
Construction-in-progress	N/A	6,309,486	–	6,309,486
Internal Use Software in Development	N/A	99,965	–	99,965
Total		$ 29,477,612	$ (13,570,646)	$ 15,906,966

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		$ 28,451,001	$ (12,158,533)	$ 16,292,468

Schedule for Reconciling General PP&E, Net

	FY 2021	FY 2020
Balance, Beginning of Year	$ 16,292,468	$ 16,481,013
Capitalized Acquisitions		
Intragovernmental	12,881	16,561
With the Public	1,183,916	1,407,050
Total Capitalized Acquisitions	1,196,797	1,423,611
Dispositions	(20,993)	(5,113)
Revaluations	15,688	(3,047)
Depreciation Expense	(1,577,084)	(1,603,996)
Other	90	–
Balance, End of Year	$ 15,906,966	$ 16,292,468

NOTE 9. OTHER ASSETS

	FY 2021	FY 2020
With the Public		
Bibliographic Database, Net	$ 567	$ 1,156
General PP&E Permanently Removed but Not Yet Disposed	1,968	1,827
Other	5,792	3,743
Total	$ 8,327	$ 6,726

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 $77.6 million and $77.1 million, as of September 30, 2021 and 2020, 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 2021	FY 2020
Intragovernmental		
Fund Balance with Treasury	$ 138,200	$ 165,153
Investments, Net	12,156,733	7,671,062
Total Intragovernmental	12,294,933	7,836,215
With the Public		
Cash	4,433	3,938
Accounts Receivable, Net	482	38,110
Other	4	4
Total Non-entity Assets	12,299,852	7,878,267
Total Entity Assets	54,478,323	53,113,225
Total Assets	$ 66,778,175	$ 60,991,492

NOTE 11. DEBT

FY 2021			
Loan Program	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
Direct Loan Program			
Fisheries Finance, Financing Account	$ 388,069	$ (981)	$ 387,088

Maturity dates range from September 2026 to September 2052, and interest rates range from 0.76 to 6.13 percent.

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

NOTE 12. OTHER LIABILITIES

FY 2021			
	Current Portion	Non-current Portion	Total
Intragovernmental			
Accrued FECA Liability	$ 26,909	$ 2,709	$ 29,618
Employer Contributions and Payroll Taxes Payable	91,588	–	91,588
Downward Subsidy Reestimates Payable to Treasury	2,015	–	2,015
Other	21,973	–	21,973
Total	$ 142,485	$ 2,709	$ 145,194
With the Public			
ITA Foreign Service Nationals' Voluntary Separation Pay Liability	$ 2,691	$ 9,128	$ 11,819
Contingent Liabilities (Note 17)	3,627	–	3,627
Employment-related	5,199	–	5,199
Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Service Contracts Liability	9,982	60,693	70,675
Other	60	–	60
Total	$ 21,559	$ 69,821	$ 91,380

FY 2020			
	Current Portion	Non-current Portion	Total
Intragovernmental			
Accrued FECA Liability	$ 21,330	$ 2,681	$ 24,011
Employer Contributions and Payroll Taxes Payable	82,821	–	82,821
Downward Subsidy Reestimates Payable to Treasury	6,232	–	6,232
Other	20,650	4	20,654
Total	$ 131,033	$ 2,685	$ 133,718
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

As of September 30, 2021 and 2020, the Current Portion represents liabilities expected to be paid by September 30, 2022 and 2021, respectively, while the Non-current Portion represents liabilities expected to be paid after September 30, 2022 and 2021, respectively.

NOTE 13. FEDERAL EMPLOYEE BENEFITS PAYABLE

	FY 2021	FY 2020
Actuarial FECA Liability	$ 173,792	$ 146,325
NOAA Corps Retirement System and NOAA Corps Blended Retirement System Liabilities	824,300	749,400
NOAA Corps Post-retirement Health Benefits Liability	51,100	47,900
Total	$ 1,049,192	$ 943,625

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, 2021 and 2020 actuarial calculations were as follows:

	FY 2021	FY 2020
For Wage Benefits: Year 1 and Thereafter	2.23%	2.41%
For Medical Benefits: Year 1 and Thereafter	2.06%	2.30%

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 2021		
Fiscal Year	Cost of Living Adjustment	Consumer Price Index – Medical
2022	2.11%	3.14%
2023	2.48%	3.55%
2024	2.55%	3.96%
2025	2.62%	3.89%
2026	2.68%	4.19%

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%

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, 2021 and 2020 actuarial calculations used the following economic assumptions:

	FY 2021	FY 2020
Discount Rate	2.87%	3.10%
Annual Basic Pay Scale Increases	1.98%	1.82%
Annual Inflation	1.82%	1.62%
Cost of Living Adjustment	1.82%	1.62%

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 Cost*, follows:

	FY 2021	FY 2020
Beginning Balance	$ 749,400	$ 719,900
Add Pension Costs:		
Normal Cost	16,000	14,800
Interest on the Unfunded Liability	22,800	23,500
Actuarial (Gains)/Losses, Net		
From Experience	8,200	500
From Discount Rate Assumption Change	31,300	27,100
From Long-term Assumption Changes		
Annual Inflation	24,300	(8,700)
Annual Basic Pay Scale Increases	600	(100)
Total Pension Costs	103,200	57,100
Subtract Benefit Payments	(28,300)	(27,600)
Ending Balance	$ 824,300	$ 749,400

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, 2021 and 2020 actuarial calculations used the following economic assumptions:

	FY 2021	FY 2020
Discount Rate	2.77%	3.02%
Ultimate Medical Trend Rate	3.60%	4.05%
Single Equivalent Medical Trend Rate	4.07%	4.00%

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 2021	FY 2020
Beginning Balance – NOAA Corps Post-retirement Health Benefits Liability	$ 47,900	$ 39,800
Add Health Benefits Costs:		
Normal Cost	1,300	1,300
Interest on the Unfunded Liability	1,500	1,300
Actuarial (Gains)/Losses, Net		
From Experience	2,200	200
From Discount Rate Assumption Change	1,500	1,300
From Long-term Assumption Changes		
Medical Claims and Trend Rate	(700)	(2,100)
Other	(400)	(400)
Changes in Methods	–	8,800
Total Health Benefits Costs	5,400	10,400
Subtract Benefit Payments	(2,200)	(2,300)
Ending Balance – NOAA Corps Post-retirement Health Benefits Liability	$ 51,100	$ 47,900

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 2021	FY 2020
Asbestos-related Cleanup Costs	$ 69,869	$ 70,939
Nuclear Reactor	68,541	67,294
Non-reactor Radiological Facilities	10,168	9,398
Pribilof Islands	824	825
Other	1,849	1,871
Total	$ 151,251	$ 150,327

NOTE 15. LEASES

Capital Leases:

The Department had no capital lease assets or liabilities as of September 30, 2021 and 2020.

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 2022 through FY 2026; and (2) future payments due under non-federal, noncancellable leases with terms longer than one year are as follows:

FY 2021			
	General PP&E Category		
Fiscal Year	Real Property Leases with GSA	Real Property Non-federal Leases	Personal Property Non-federal Leases
2022	$ 296,251	$ 13,272	$ 28,383
2023	294,236	13,162	17,129
2024	298,572	9,572	14,960
2025	302,871	9,055	1,903
2026	307,018	7,997	–
Thereafter	[1]	36,391	–
Total Future Operating Lease Payments		$ 89,449	$ 62,375

[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 2021
Intragovernmental	
Liability to General Fund of the U.S. Government for Deficit Reduction	$ 12,156,733
Accrued FECA Liability	27,037
Advances from Others and Deferred Revenue	63,082
Other	12,312
Total Intragovernmental	12,259,164
With the Public	
Accrued Payroll and Leave Liability	508,332
Federal Employee Benefits Payable	1,049,192
Environmental and Disposal Liabilities	151,251
Contingent Liabilities (Note 17)	3,627
Advances from Others and Deferred Revenue	647,364
ITA Foreign Service Nationals' Voluntary Separation Pay Liability	11,819
Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Service Contracts Liability	70,675
Other	641
Total With the Public	2,442,901
Total Liabilities Not Covered by Budgetary Resources	14,702,065
Total Liabilities Covered by Budgetary Resources	3,699,999
Total Liabilities Not Requiring Budgetary Resources	146,562
Total Liabilities	$ 18,548,626

FY 2020		
Intragovernmental		
Liability to General Fund of the U.S. Government for Deficit Reduction	$	7,671,062
Accrued FECA Liability		23,970
Unearned Revenue		87,571
Other		12,312
Total Intragovernmental		7,794,915
With the Public		
Accrued Payroll and Leave Liability		505,574
Federal Employee Benefits Liabilities		943,625
Environmental and Disposal Liabilities		150,327
Contingent Liabilities (Note 17)		300
Unearned Revenue		589,211
ITA Foreign Service Nationals' Voluntary Separation Pay Liability		11,421
Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Service Contracts Liability		74,448
Other		436
Total With the Public		2,275,342
Total Liabilities Not Covered by Budgetary Resources		10,070,257
Total Liabilities Covered by Budgetary Resources		4,937,834
Total Liabilities Not Requiring Budgetary Resources		213,997
Total Liabilities	$	15,222,088

NOTE 17. COMMITMENTS AND CONTINGENCIES

Commitments:

In addition to the future lease payments under non-cancellable leases with terms longer than one year disclosed in Note 15, *Leases*, the Department is committed under obligations for goods and services which have been ordered but not yet received at fiscal year end (see Note 19, *Combined Statements of Budgetary Resources*), as well as material Public Private-Partnerships (see Note 26, *Disclosure Public-Private Partnerships*).

***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 estimable totaling approximately $3.6 million as of September 30, 2021 and $300 thousand as of September 30, 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, 2021 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, 2021 of $19.5 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, 2021 and 2020.

FY 2021			
		Estimated Range of Loss	
	Accrued Liabilities	Lower End	Upper End
Legal Contingencies:			
Probable	$ 3,627	$ 3,627	$ 3,627
Reasonably Possible	N/A	19,505	19,505
Environmental Contingencies:			
Probable	–	–	–
Reasonably Possible	N/A	58,829	58,829
Total	**$ 3,627**	**$ 81,961**	**$ 81,961**

FY 2020			
		Estimated Range of Loss	
	Accrued Liabilities	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	**$ 300**	**$ 78,334**	**$ 89,052**

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

The Department's FY 2021 *Gross Costs* for the Under Secretary for Economic Affairs, as reported on the Department's FY 2021 *Consolidated Statement of Net Cost*, includes a Census Bureau total exchange loss of $118.2 million resulting from its FY 2021 write-down of the total cost of excessed Decennial Census materials and supplies to net realizable value of zero. The Census Bureau total exchange loss is included in the below FY 2021 table in *Gross Costs* reported for *Other Advancement of Commerce*. These excessed materials and supplies were fully disposed of during FY 2021, in large part by providing requested items at no cost to other federal entities.

United States Department of Commerce Consolidating Statement of Net Cost by Major Budgetary Function
For the Year Ended September 30, 2021

	Natural Resources and Environment/ Other Natural Resources	Other Advancement of Commerce	Area and Regional Development	Others	Combined Total	Intra-Departmental Eliminations	Consolidated Total
Total Program Costs							
Gross Costs	$ 6,347,943	$ 9,863,708	$ 801,013	$ 91,567	$ 17,104,231	$ (399,134)	$ 16,705,097
Less: Earned Revenue	(236,332)	(4,534,427)	(4,022)	–	(4,774,781)	399,134	(4,375,647)
NET COST OF OPERATIONS	**$ 6,111,611**	**$ 5,329,281**	**$ 796,991**	**$ 91,567**	**$ 12,329,450**	**$ –**	**$ 12,329,450**

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

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

NOTE 19. COMBINED STATEMENTS OF BUDGETARY RESOURCES

Unobligated Balance From Prior Year 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 year unpaid obligations, prior year appropriations that are temporarily precluded from obligation, downward adjustments of prior year paid obligations, transfers of prior year balances, and cancellations of annual or multi-year appropriations. The table below displays the FY 2021 and FY 2020 composition of this line.

	FY 2021	FY 2020
Unobligated Balance, Brought Forward, October 1	$ 6,203,795	$ 5,469,237
Actual Recoveries of Prior Year Unpaid Obligations	589,913	319,745
Canceled Authority	(56,531)	(245,287)
Actual Nonexpenditure Transfers of Prior Year Unobligated Balances	189,555	46,210
Other Changes in Unobligated Balance, Net	27,868	19,571
Unobligated Balance From Prior Year Budget Authority, Net	**$ 6,954,600**	**$ 5,609,476**

Appropriations:

There are reconciling items from the amounts of the *Budgetary Resources, Appropriations* on the *SBR* to the amounts of the *Appropriations Received* on the *Consolidated Statements of Changes in Net Position (SCNP)*. For FY 2021 and FY 2020, 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 $269.5 million and $190.2 million, respectively.

Borrowing Authority: Total borrowing authority available for NOAA's loan programs amounted to $123.6 million and $124.4 million as of September 30, 2021 and 2020, 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, *Liabilities*, for debt repayment requirements, financing sources for repayments, and other terms of borrowing authority used.

Permanent, Indefinite Appropriations: The Department has 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 116-260 amounted to $16.1 million for FY 2021, while permanent reductions to the Department's budgetary resources under Public Law 116-93 amounted to $18.2 million for FY 2020. 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 2021 and FY 2020 include the following:

- The Department's *Unobligated Balance, End of Year, Unapportioned, Unexpired Accounts* shown on the FY 2021 and FY 2020 *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 2021 and FY 2020, of $122.9 million and $104.7 million, respectively.

- The Department's *Unobligated Balance, End of Year, Apportioned, Unexpired Accounts*, Budgetary column shown on the FY 2021 and FY 2020 *SBR* includes amounts apportioned by OMB for subsequent fiscal years totaling $382.2 million and $521.9 million, respectively.
- The Department's Fund Balance with Treasury asset includes for NTIA's Digital Television Transition and Public Safety Fund, as of September 30, 2021 and 2020, $8.81 billion of funds that are not available (reduction of budgetary resources).
- The Department's Investments, Net asset as of September 30, 2021 and 2020 of $12.16 billion and $7.67 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 $12.16 billion and $7.67 billion as of September 30, 2021 and 2020, 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, 2021 and 2020 includes $790.1 million of USPTO offsetting collections exceeding the current and prior fiscal year 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, 2021 and 2020, $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 $168.4 million and $194.0 million as of September 30, 2021 and 2020, respectively, are not available to finance operating activities.
- The Department's Fund Balance with Treasury as of September 30, 2021 and 2020 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 2020 *SBR* and the actual FY 2020 amounts reported in the FY 2022 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*. There was an explained material difference of $219 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 2022 Budget of the U.S. government. The President's Budget that will report actual amounts for FY 2021 has not yet been published, and will be made available on OMB's President's Budget web page.

Summary of FY 2020 Reconciling Items:

(In Millions)

	Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Outlays/ Disbursements, Net
Combined Statement of Budgetary Resources	$ 28,927	$ 22,723	$ (6)	$ 15,916
Included in FY 2021 Budget of the U.S. Government	28,708	22,723	(5)	15,915
Difference	$ 219	$ –	$ (1)	$ 1
Explanation	Expired budgetary resources included in *SBR*, are not included in the Budget of the U.S. government		Certain receipt accounts included in *SBR*, are not included in the Budget of the U.S. government	Rounding

Undelivered Orders:

The following table summarizes Undelivered Orders as of September 30, 2021 and 2020:

Undelivered Orders	FY 2021	FY 2020
Undelivered Orders, Federal Paid	$ 302,868	$ 271,688
Undelivered Orders, Federal Unpaid	2,154,832	2,118,952
Undelivered Orders, Non-federal Paid	176,221	130,686
Undelivered Orders, Non-federal Unpaid	10,239,752	9,961,644
Total	$ 12,873,673	$ 12,482,970

NOTE 20. CUSTODIAL NON-EXCHANGE ACTIVITY

	FY 2021	FY 2020
Custodial Non-exchange Revenue		
Fines and Penalties	$ (25,057)	$ 31,308
Other	3,125	9,573
Subtotal	(21,932)	40,881
Less: Amounts for Non-federal Entities Total	(3)	(26)
Total Custodial Revenue for Federal Entities	$ (21,935)	$ 40,855

Custodial non-exchange activity normally includes revenue that was or will be collected, and may also include reductions of revenue when applicable, on behalf of the General Fund of the U.S. government, a trust fund, or other federal or non-federal recipient entities. The Department's custodial non-exchange activity is not included in the Department's financial statements. The above table summarizes the custodial non-exchange revenue that was collected on behalf of other federal entities.

Custodial non-exchange revenue is 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 custodial non-exchange revenue in FY 2021 for other federal entities totaled to negative revenue of $21.9 million, while the Department's custodial non-exchange revenue in FY 2020 for other federal entities totaled to positive (normal) revenue of $40.9 million. The large decrease in custodial non-exchange Fines and Penalties revenue from FY 2020 to FY 2021 was caused by the following:

- In FY 2020, BIS's custodial non-exchange Fines and Penalties revenue included $31.4 million for a civil monetary penalty (established as an Accounts Receivable) from a non-federal entity due to a violation of export administration regulations.
- In FY 2021, BIS's custodial non-exchange Fines and Penalties revenue included a reduction of revenue of $31.4 million because realization of the collection of the above discussed civil monetary penalty of $31.4 million is not expected.

The Department's payable to the General Fund of the U.S. government for custodial non-exchange revenue was $503 thousand and $38.1 million as of September 30, 2021 and 2020, 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, 2021:

	FY 2021		
	Patent Cooperation Treaty	Madrid Protocol	Total
Fiduciary Net Assets, Beginning Balance	$ 14,236	$ 3,070	$ 17,306
Contributions	164,613	42,131	206,744
Disbursements to and on Behalf of Beneficiaries	(162,290)	(44,237)	(206,527)
Increase/(Decrease) in Fiduciary Net Assets	2,323	(2,106)	217
Fiduciary Net Assets, Ending Balance	$ 16,559	$ 964	$ 17,523

Fiduciary Net Assets as of September 30, 2021:

	FY 2021		
	Patent Cooperation Treaty	Madrid Protocol	Total
Fund Balance with Treasury	$ 16,559	$ 964	$ 17,523

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

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 2021 and FY 2020 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

United States Department of Commerce Combining Balance Sheet – Funds from Dedicated Collections
As of September 30, 2021

	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	$ 90,436	$ 383,780	$ 8,812,883	$ 434,353	$ 1,433,387	$ 12,759	$ 2,657,475	$ 91,370	$ 13,916,443
Investments, Net	–	–	–	–	–	12,156,733	–	–	12,156,733
Accounts Receivable	–	–	–	(1)	23	–	–	–	22
Advances and Prepayments	–	–	187	–	188	–	3,162	–	3,537
Total Intragovernmental	**90,436**	**383,780**	**8,813,070**	**434,352**	**1,433,598**	**12,169,492**	**2,660,637**	**91,370**	**26,076,735**
With the Public:									
Cash and Other Monetary Assets	–	–	–	–	–	–	6,985	–	6,985
Accounts Receivable, Net	–	–	–	9	16	–	514	7	546
General Property, Plant, and Equipment, Net	–	–	–	1,848	2,238	48	355,843	–	359,977
Advances and Prepayments	56	35	–	–	–	–	29,030	36	29,157
Other Assets									
Cost Contribution to Buildout/ Continuing Enhancement of Nationwide Publc Safety Broadband Network, Net	–	–	–	168,816	5,174,830	–	–	–	5,343,646
Other	–	–	–	–	527	–	–	–	527
Total with the Public	**56**	**35**	**–**	**170,673**	**5,177,611**	**48**	**392,372**	**43**	**5,740,838**
TOTAL ASSETS	**$ 90,492**	**$ 383,815**	**$ 8,813,070**	**$ 605,025**	**$ 6,611,209**	**$ 12,169,540**	**$ 3,053,009**	**$ 91,413**	**$ 31,817,573**
LIABILITIES									
Intragovernmental:									
Accounts Payable	$ –	$ 3	$ –	$ 415	$ 17	$ 31	$ 12,797	$ 1	$ 13,264
Other Liabilities									
Liability to General Fund of the U.S. Government for Deficit Reduction	–	–	–	–	–	12,156,733	–	–	12,156,733
Other	–	98	–	819	–	–	30,162	56	31,135
Total Intragovernmental	**–**	**101**	**–**	**1,234**	**17**	**12,156,764**	**42,959**	**57**	**12,201,132**
With the Public:									
Accounts Payable	1,504	301	–	117,508	593,286	64	128,670	103	841,436
Federal Employee Benefits Payable	–	–	–	–	–	–	9,666	–	9,666
Advances from Others and Deferred Revenue	–	–	–	120,000	–	–	1,250,318	–	1,370,318
Other Liabilities									–
Accrued Payroll and Leave Liability	324	306	–	4,915	14	34	329,675	171	335,439
Accrued Grant Liabilities	5,957	792	–	–	–	–	–	792	7,541
Other	–	14	–	–	–	–	415	8	437
Total with the Public	**7,785**	**1,413**	**–**	**242,423**	**593,300**	**98**	**1,718,744**	**1,074**	**2,564,837**
TOTAL LIABILITIES	**$ 7,785**	**$ 1,514**	**$ –**	**$ 243,657**	**$ 593,317**	**$ 12,156,862**	**$ 1,761,703**	**$ 1,131**	**$ 14,765,969**
NET POSITION									
Unexpended Appropriations	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Cumulative Results of Operations	82,707	382,301	8,813,070	361,368	6,017,892	12,678	1,291,306	90,282	17,051,604
TOTAL NET POSITION	**$ 82,707**	**$ 382,301**	**$ 8,813,070**	**$ 361,368**	**$ 6,017,892**	**$ 12,678**	**$ 1,291,306**	**$ 90,282**	**$ 17,051,604**
TOTAL LIABILITIES AND NET POSITION	**$ 90,492**	**$ 383,815**	**$ 8,813,070**	**$ 605,025**	**$ 6,611,209**	**$ 12,169,540**	**$ 3,053,009**	**$ 91,413**	**$ 31,817,573**

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 and Other Monetary Assets	–	–	–	–	–	–	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
Other Assets									
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Publc 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 Liabilities									
Liability to General Fund of the U.S. Government for Deficit Reduction	–	–	–	–	–	7,671,062	–	–	7,671,062
Other	–	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 Payable	–	–	–	–	–	–	10,343	–	10,343
Advances from Others and Deferred Revenue	–	–	–	120,000	–	–	1,033,073	–	1,153,073
Other Liabilities									
Accrued Payroll and Leave Liability	258	220	–	4,023	824	31	315,460	177	320,993
Accrued Grant Liability	1,916	709	728	–	–	–	–	1,913	5,266
Other	–	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 Statement of Net Cost – Funds from Dedicated Collections
For the Year Ended September 30, 2021

	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
Gross Costs	$ 54,619	$ 33,823	$ 2,289	$ 63,310	$ 223,268	$ 3,151	$ 3,627,438	$ 27,250	$ 4,035,148
Less: Earned Revenue	–	–	–	(120,230)	(98)	5	(3,384,464)	–	(3,504,787)
NET COST OF OPERATIONS	**$ 54,619**	**$ 33,823**	**$ 2,289**	**$ (56,920)**	**$ 223,170**	**$ 3,156**	**$ 242,974**	**$ 27,250**	**$ 530,361**

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
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 Changes in Net Position – Funds from Dedicated Collections
For the Year Ended September 30, 2021

	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	$ 137,569	$ 202,825	$ 8,815,360	$ 303,069	$ 6,239,927	$ 18,972	$ 1,484,521	$ 93,188	$ 17,295,431
Non-exchange Revenue									
Intragovernmental	–	–	–	–	–	9,578	–	1	9,579
With the Public:									
Miscellaneous Taxes and Receipts	–	(638)	–	–	–	–	–	11,959	11,321
Transfer In of Auction Proceeds from Federal Communications Commission	–	–	–	–	–	4,476,093	–	–	4,476,093
Transfers In/Out Without Reimbursement	(243)	197,701	–	–	1,138	(3,138)	1,119	12,383	208,960
Donations and Forfeitures of Property	–	–	–	–	–	–	–	–	–
Imputed Financing	–	–	–	1,380	–	–	48,640	–	50,020
Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction	–	–	–	–	–	(4,485,671)	–	–	(4,485,671)
Other	–	16,236	(1)	(1)	(3)	–	–	1	16,232
Net Cost of Operations	(54,619)	(33,823)	(2,289)	56,920	(223,170)	(3,156)	(242,974)	(27,250)	(530,361)
Net Change in Cumulative Results of Operations	54,862	179,476	(2,289)	58,300	(222,036)	(6,294)	(193,215)	(2,907)	(243,827)
Cumulative Results of Operations: Ending	**82,707**	**382,301**	**8,813,070**	**361,368**	**6,017,892**	**12,678**	**1,291,306**	**90,282**	**17,051,604**
NET POSITION	**$ 82,707**	**$ 382,301**	**$ 8,813,070**	**$ 361,368**	**$ 6,017,892**	**$ 12,678**	**$ 1,291,306**	**$ 90,282**	**$ 17,051,604**

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**

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 $8.813 billion as of September 30, 2021, of which $8.810 billion is unavailable for obligation. The law establishing programs under this fund can be found in the Deficit Reduction Act of 2005, Sections 3001-3014. For FY 2021 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/continuing enhancement 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 $5.34 billion and $4.77 billion as of September 30, 2021 and 2020, respectively, which is net of accumulated amortization of $454.4 million and $239.4 million, respectively. The Department's cost contribution to buildout and continuing enhancement of the NPSBN is captured in both the Network Construction Fund (cost contribution to buildout) and in the First Responder Network Authority Fund (cost contribution to continuing enhancement) 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 certain of these cost contributions began in FY 2021.

Network Construction Fund

The Network Construction Fund in FY 2021 and FY 2020 received transfers in from NTIA's Public Safety Trust Fund totaling $1.1 million and $46.0 million, respectively, and also through FY 2019 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 2021 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 deferred revenue and earned revenue for proprietary basis of accounting) 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. A transfer in of auction proceeds from FCC of $4.48 billion was received in FY 2021, which is 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 2021 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 $35.34 billion through FY 2019 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 2021 and FY 2020, the Public Safety Trust Fund transferred out to NTIA's Network Construction Fund a total of $1.1 million and $46.0 million, 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 2019 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 $12.16 billion and $7.67 billion as of September 30, 2021 and 2020, respectively. The corresponding FY 2021 and FY 2020 financing sources used to increase the liability for additional remaining amounts in the fund of $4.49 billion and $101.7 million, respectively, are reported in the FY 2021 and FY 2020 *SCNP* reported in this Note, *Cumulative Results of Operations* subsection.

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, net of amortized discount/(premium), in non-marketable, market-based Treasury securities totaling $12.16 billion and $7.67 billion as of September 30, 2021 and 2020, 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 2021 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, 2021 and 2020 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 2021 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 fund only as authorized by Congress and made available by the issuance of a Treasury warrant. As of September 30, 2021 and 2020, $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. In FY 2021, these monies were transferred from this fund back to 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 Funds from Other than Dedicated Collections: The tables below summarize intra-Departmental eliminations between Funds from Dedicated Collections and Funds from Other than Dedicated Collections as of September 30, 2021 and 2020, or for the years ended September 30, 2021 and 2020:

FY 2021			
	Intra-Departmental Eliminations – Funds from Dedicated Collections	**Intra-Departmental Eliminations – Funds from Other than Dedicated Collections**	**Total Intra-Departmental Eliminations**
Balance Sheet:			
As of September 30, 2021			
ASSETS			
Intragovernmental:			
Accounts Receivable	$ (22)	$ (2,274)	$ (2,296)
Advances and Prepayments	(884)	–	(884)
Total Intragovernmental Assets	**$ (906)**	**$ (2,274)**	**$ (3,180)**
LIABILITIES			
Intragovernmental:			
Accounts Payable	$ (2,154)	$ (22)	$ (2,176)
Advances from Others and Deferred Revenue	–	(884)	(884)
Other Liabilities	(120)	–	(120)
Total Intragovernmental Liabilities	**$ (2,274)**	**$ (906)**	**$ (3,180)**
Statement of Net Cost:			
For the Year Ended September 30, 2021			
Gross Costs	$ (53,190)	$ 18,967	$ (34,223)
Less: Earned Revenue	814	33,409	34,223
NET COST OF OPERATIONS	**$ (52,376)**	**$ 52,376**	**$ –**
Statement of Changes in Net Position:			
For the Year Ended September 30, 2021			
Cumulative Results of Operations:			
Transfers In/Out Without Reimbursement	**$ 4,808**	**$ (4,808)**	**$ –**

FY 2020	Intra-Departmental Eliminations – Funds from Dedicated Collections	Intra-Departmental Eliminations – All Other Funds	Total Intra-Departmental Eliminations
Balance Sheet:			
As of September 30, 2020			
ASSETS			
Intragovernmental:			
Accounts Receivable	$ (14)	$ (3,346)	$ (3,360)
Advances and Prepayments	(653)	–	(653)
Total Intragovernmental Assets	**$ (667)**	**$ (3,346)**	**$ (4,013)**
LIABILITIES			
Intragovernmental:			
Accounts Payable	$ (3,137)	$ (14)	$ (3,151)
Unearned Revenue	–	(653)	(653)
Other Liabilities	(209)	–	(209)
Total Intragovernmental Liabilities	**$ (3,346)**	**$ (667)**	**$ (4,013)**
Statement of Net Cost:			
For the Year Ended September 30, 2020			
Gross Costs	$ (48,568)	$ 15,434	$ (33,134)
Less: Earned Revenue	582	32,552	33,134
NET COST OF OPERATIONS	**$ (47,986)**	**$ 47,986**	**$ –**
Statement of Changes in Net Position:			
For the Year Ended September 30, 2020			
Cumulative Results of Operations:			
Budgetary Financing Sources:			
Intragovernmental:			
Transfers In/(Out) Without Reimbursement, Net	$ 4,000	$ (4,000)	$ –
Other Financing Sources (Non-exchange):			
Intragovernmental:			
Transfers In/(Out) Without Reimbursement, Net	25	(25)	–
Total Intragovernmental Financing Sources	**$ 4,025**	**$ (4,025)**	**$ –**

NOTE 23. RECONCILIATION OF NET COST OF OPERATIONS TO AGENCY OUTLAYS, NET (FY 2021) OR TO OUTLAYS, NET (FY 2020)

The *Reconciliation of Net Cost of Operations to Agency Outlays, Net* for FY 2021 reconciles proprietary basis of accounting *Net Cost of Operations* (as reported in the *Consolidated Statement of Net Cost*) to budgetary basis of accounting *Agency Outlays, Net* (as reported in the *Combined Statement of Budgetary Resources*). *Agency Outlays, Net* is comprised of *Outlays, Net* (Outlays, Gross less Actual Offsetting Collections) less *Distributed Offsetting Receipts*. The second section reverses out items included in *Net Cost of Operations* that are not included in *Agency Outlays, Net*. The third section adds items included in *Agency Outlays, Net* that are not included in *Net Cost of Operations*.

The *Reconciliation of Net Cost of Operations to Agency Outlays, Net* for FY 2021 is shown below:

	FY 2021		
	Intra-governmental	With the Public	Total
Net Cost of Operations			**$ 12,329,450**
Components of Net Cost of Operations that are Not Part of Agency Outlays, Net			
Depreciation Expense of General Property, Plant, and Equipment	$ –	$ (1,577,084)	$ (1,577,084)
Cost of Goods Sold	–	(7,941)	(7,941)
Amortization Expense of Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network	–	(215,062)	(215,062)
Amortization Expense – Other	–	(1,480)	(1,480)
Imputed Costs from Cost Absorbed by Others	(315,440)	–	(315,440)
Other Expenses	1,614	(59,177)	(57,563)
Loss on Excessed Decennial Census Materials and Supplies	–	(118,187)	(118,187)
Other Gains/(Losses), Net	–	(8,470)	(8,470)
Net Cost of Operations for Non-budgetary Credit Reform Financing Accounts	(10,947)	18,044	7,097
Receivables, Net – Increases	2,682	1,345	4,027
Advances and Prepayments – Decreases	(5,475)	–	(5,475)
Undeposited Collections - Increases	–	(495)	(495)
Federal Employee Benefits Payable – Increases	–	(105,567)	(105,567)
Environmental and Disposal Liabilities – Increases	–	(926)	(926)
Various Other Liabilities – Increases	(18,861)	(37,555)	(56,416)
Total Components of Net Cost of Operations that are Not Part of Agency Outlays, Net			**(2,458,982)**
Components of Agency Outlays, Net that are Not Part of Net Cost of Operations			
Receivables, Net – Decreases	–	(36,654)	(36,654)
Adjustment for Pre-credit Reform Direct Loans:			
Pre-credit Reform Loans and Interest Receivables, Gross – Increase/(Decrease)	–	(581)	(581)
Advances and Prepayments – Increases	–	45,535	45,535
Undeposited Collections – Decreases	–	(20,951)	(20,951)
Accounts Payable – Decreases	7,714	1,061,253	1,068,967
Advances from Others and Deferred Revenue – Increases	(45,233)	(238,205)	(283,438)
Accrued Funded Payroll and Leave	–	424,338	424,338
Various Other Liabilities – Decreases	–	38,894	38,894
Acquisitions of Property, Plant, and Equipment	12,881	1,183,916	1,196,797
Acquisitions of Inventory and Related Property	–	93,023	93,023
Acquisitions of Other Assets	–	2,936	2,936
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network, Gross – Increase	–	783,929	783,929
Other Outlays, Gross Not Part of Net Cost of Operations	–	3,644	3,644
Other Actual Offsetting Collections Not Part of Net Cost of Operations	(28,520)	(4,449)	(32,969)
Distributed Offsetting Receipts			(23,140)
Other	3,151	–	3,151
Total Components of Agency Outlays, Net that are Not Part of Net Cost of Operations			**3,263,481**
Agency Outlays, Net			**$ 13,133,949**

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

	FY 2020
Net Cost of Operations	**$ 15,930,906**
Components of Net Cost of Operations that are Not Part of Outlays, Net	
Depreciation and Amortization	(1,747,138)
Gains/(Losses) on Disposition of Other Assets, Net	1,234
Other Gains/(Losses), Net	(7,409)
Imputed Costs from Cost Absorbed by Others	(286,717)
Other Expenses	(37,447)
Receivables, Net – Increases	15,128
Advances and Prepayments – Decreases	–
Undeposited Collections – Increases	20,963
Payables – Increases	(216,980)
Federal Employee Benefits Liabilities – Increases	(37,600)
Environmental and Disposal Liabilities – Increases	(4,070)
Accrued Payroll and Annual Leave – Increases	(566,600)
Various Other Liabilities – Increases	(176,760)
Net Cost of Operations for Non-budgetary Credit Reform Financing Accounts	2,553
Total Components of Net Cost of Operations that are Not Part of Outlays, Net	**(3,040,843)**
Components of Outlays, Net that are Not Part of Net Cost of Operations	
Receivables, Net – Decreases	(84)
Advances and Prepayments – Increases	59,265
Payables – Decreases	39,078
Unearned Revenue – Decreases	(121,617)
Various Other Liabilities – Decreases	9,812
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network, Gross – Increase	1,508,150
Acquisitions of Property, Plant, and Equipment	1,421,373
Acquisitions of Inventory, Materials, and Supplies	110,517
Acquisitions of Other Assets	3,172
Federal Employee Benefits Liabilities – Decreases	21,869
Other Actual Offsetting Collections Not Part of Net Cost of Operations	(18,093)
Adjustment for Pre-credit Reform Direct Loans:	
Pre-credit Reform Direct Loans and Loan Guarantees, Gross – Increase/(Decrease)	(287)
Other	1,114
Total Components of Outlays, Net that are Not Part of Net Cost of Operations	**3,034,089**
Outlays, Net	**$ 15,924,152**

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 report stewardship PP&E.

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

NOAA:

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 2021.

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, 2021, 15 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
- Wisconsin Shipwreck Coast National Marine Sanctuary[1]

[1] *The final rule to designate this sanctuary became effective August 16, 2021.*

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.

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.

Non-collection-type Heritage Assets:

NOAA:

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

- NMFS Galveston Laboratory Buildings (5) in Galveston, TX[1]
- NMFS St. George Cottage (building) in St. George, AK[1]
- NMFS St. George Seal Skin Processing Plant (building) in St. George, AK[1]
- National Environmental Satellite, Data, and Information Service Buildings (8) in Gilmore Creek, Fairbanks, AK[1]
- 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, MI[1]
- Western Regional Center Hangars (2) at the Water Resource Center in Seattle, WA (buildings)[1]

[1] *Multi-use heritage asset(s).*

For FY 2021, there were no withdrawals of NOAA's non-collection-type heritage assets. Typically, the methods of withdrawal may include demolition, disposal, transfer, sale, and reassessment of heritage assets criteria due to a review(s) of additional or new information or documentation.

NOAA's real property community is responsible for reporting non-collection type heritage assets (including multi-use heritage assets) and stewardship land. NOAA's Real Property Management Division (RPMD) reports Stewardship PP&E if the property contains a real property interest. The following highlights the specific roles and responsibilities of RPMD:

- Maintain a list of NOAA non-collection type heritage assets and stewardship land;
- Ensure that all non-collection type heritage assets and stewardship land are listed as such in the real property inventory system;
- Include a requirement for confirmation of non-collection type heritage asset or stewardship land status and whether any Line/Staff Offices (L/SO) believe a real property should be a heritage asset or stewardship land in its annual real property inventory testing;
- Consult with the NOAA Federal Preservation Officer and the relevant L/SO on any additions to the real property inventory to ensure their heritage or non-heritage asset or stewardship land status is correctly identified including if a National Historic Preservation Act compliant evaluation is required.

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

NIST:

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

- Boulder Laboratories Building 1 in Boulder, CO[1]
- Gaithersburg Campus in Gaithersburg, MD[1]
- Fort Collins Campus in Fort Collins, CO[1]
- Kehaka, Kauai Campus in Kehaka, HI[1]

[1] *Multi-use heritage asset(s).*

The Department has identified during FY 2021 that each of the above items should be added as a non-collection type multi-use heritage asset, effective with FY 2021 financial reporting.

The Boulder Laboratories Building 1 has been determined eligible for listing in the National Register of Historic Places (NRHP) due to its historic and architectural importance. Within Building 1 laboratories, ground breaking research has led to major scientific developments such as the atomic clock.

The Gaithersburg NIST campus has been determined eligible for listing in the NRHP due to its association with both significant advances in the history of science and technology as well as for its acclaimed mid-century modern architectural design and the embodiment of post World War II suburban campus planning principles.

The Fort Collins NIST campus and the Kehaka NIST campus have been determined eligible for listing in the NRHP due to their exceptional national significance in the historic themes of science and engineering. These radio transmitter facilities are integral to receiving and transmitting the national standard for time calibrated through the atomic clock located at Building 1 at the NIST Boulder Laboratories as well as maintaining the integrity of the Nation's radio airwaves.

NIST has established policies for maintaining and preserving its campuses and facilities. All proposed changes to the buildings, grounds, structures, and/or resources must comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties and are subject to advance review and consultation with the applicable state historic preservation office.

Collection-type Heritage Assets:

NOAA:

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.

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 2021, there were no withdrawals of NOAA's collection-type heritage assets. Typically, the methods of withdrawal may include assets being 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.

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 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.

Archive material is not loaned. 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. The policies and procedures cover such topics as submitting reference inquiries, regulations for use of the archives collection, scope of archives collection, criteria for accepting archival material, providing physical and bibliographic access, preservation, and reviewing the collection.

Assets may be withdrawn by the NIST museum staff, who will provide a rationale for the deaccession. 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. Potential justifications for deaccessioning an item from the Museum Collections may include, but are not limited to, the following:

- Not or no longer historically relevant to NIST History;
- Not useful for research, exhibition, or educational purposes;
- Duplicate or better representative items in collection or about to be acquired;
- Return of items on long-term loan;
- Lack of information available on artifact;
- Safety concerns;
- The Museum is unable to properly care for, conserve, or store the object; and
- Fits better with 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, 2020	FY 2021 Additions	FY 2021 Withdrawals	Quantity of Items Held September 30, 2021
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, 2020	FY 2021 Additions	FY 2021 Withdrawals	Quantity of Items Held September 30, 2021
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	28	–	–	28
NOAA Florida Keys National Marine Sanctuary Collection	Artifacts	253	–	–	253
NOAA – Other	Artifacts, artwork, books, films, instruments, maps, and records	3,164	–	–	3,164
NIST Artifacts and Scientific Measures	National Bureau of Standards[1]/NIST scientific instruments, equipment, and objects	1,410	–	–	1,410
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		111,301	–	–	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 are summary tables and detailed information for each of the P3s.

FY 2021

Contracts/Cooperative Agreement Awards	Actual Amount Received in FY 2021	Actual Amount Paid in FY 2021	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	$ 1,528,495	$ 18,000,000	Cannot be Estimated
NOAA Cooperative Agreement Awards with 11 Regional Associations	–	40,685[1]	–	$ 166,720
NIST Energy Savings Performance Contract with Johnson Controls Government Systems LLC	–	3,399	3,791	$ 104,435
Total	$ 120,000	$ 1,572,579	$ 18,003,791	

[1] *Amount represents FY 2021 expenses.*

FY 2020

Contracts/Cooperative Agreement Awards	Actual Amount Received in FY 2020	Actual Amount Paid in FY 2020	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[1]	–	$ 166,720
NIST Energy Savings Performance Contract with Johnson Controls Government Systems LLC	546	7,011	3,791	$ 104,435
Total	$ 120,546	$ 1,498,968	$ 18,003,791	

[1] *Amount represents FY 2020 expenses.*

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 provides to AT&T, under the terms of the contract, 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. Task orders issued to AT&T thus far include (a) task orders providing 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; and (b) task orders for FFP deliverables for the continuing enhancement of the NPSBN. 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. Further task orders have been issued to AT&T thus far for continuing enhancements to the NPSBN.

Payments made in FY 2021 and FY 2020 by FirstNet to AT&T for success-based payment milestones under the FFP buildout and continuing enhancement Task Orders total $1.53 billion and $1.46 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 2021 and FY 2020 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. AT&T routinely performs required milestones on time or ahead of schedule to include demonstrations of increased user adoption by public safety per the terms and conditions of the NPSBN contract. 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. FirstNet continues to monitor risk over the entire contract with AT&T and all awarded task orders.

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), as amended by the Coordinated Ocean Observations Act of 2020, which authorized the establishment of a National Integrated Ocean Observing System (System) and codified a governance structure within which the System will operate. The ICOOS 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 (PacIOOS)
- 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, 2021, separate cooperative agreements for each of the 11 RAs, totaling $166.7 million. Nine of the agreements have performance periods of June 1, 2016 through May 31, 2022, and two of the agreements have performance periods of June 1, 2016 through May 31, 2023. 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 2021 and FY 2020 is $40.7 million and $30.3 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 (normally 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:

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 to the financier totaled $3.4 million in FY 2021, and totaled $7.0 million for FY 2020, which included a $3.5 million payment to buydown the principal balance. 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 Amounts[1], 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 Amounts[2] ranging from $52.0 million prior to the first post-acceptance period monthly payment to $95 thousand for the second to last monthly payment.

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

[2] Maximum termination liability.

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.

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 bureaus, 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. In FY 2021, the Department received additional funding related to COVID-19 for several bureaus under both Public Law 116-260 (Division M, *Coronavirus Response and Relief Supplemental Appropriations Act, 2021*; and Division N, *Additional Coronavirus Response and Relief*) and Public Law 117-2, the *American Rescue Plan* (ARP) *Act of 2021*. Similar to the funding provided under the CARES Act, the funds received by the Department under these public laws 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. Additionally, funds received will be used to establish the Office of Minority Broadband Initiatives and help to expand broadband internet access in anchor communities for minorities and to implement the Tribal Broadband Connectivity program, which shall be used to make grants to assist in expanding access to broadband service on Tribal land.

As a result of the additional funding received in FY 2021 and FY 2020, related to the CARES Act, CRRSA Act, and ARP 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.

FY 2021							
Bureau	Source	Amount of Funds Appropriated	Transfers In/(Out)	Unobligated Balance Carried Over from FY 2020	New Obligations and Upward Adjustments	Unobligated Balance as of September 30, 2021	Funds Available for Obligation Until
EDA	PL 116-136	N/A	$ –	$ 682,451	$ 587,037	$ 95,414	September 30, 2022
NOAA	PL 116-136	N/A	–	11,408	11,312	96	September 30, 2021
NIST	PL 116-136	N/A	–	1,568	1,523	45	September 30, 2021
MBDA	PL 116-136	N/A	–	–	–	–	September 30, 2021
OIG	PL 116-136	N/A	–	2,871	1,524	1,347	September 30, 2022
MBDA	PL 116-260	$ 25,000	–	–	17,948	7,052	Until Expended
NOAA	PL 116-260	300,000	–	–	299,992	8	September 30, 2021
NTIA	PL 116-260	1,585,000	–	–	17,170	1,567,830	Until Expended
EDA	PL 117-2	3,000,000	–	–	9,244	2,990,756	September 30, 2022[1]
NIST	PL 117-2	150,000	–	–	90,039	59,961	September 30, 2022
OIG	PL 117-2	3,000	–	–	130	2,870	September 30, 2022
Total		$ 5,063,000	$ –	$ 698,298	$ 1,035,919	$ 4,725,379	

[1] *Up to two percent of the funds received by EDA under Public Law (PL) 117-2 are to be used for administrative costs associated with administering the relief funds and are available for obligation until September 30, 2027.*

FY 2020						
Bureau	Source	Amount of Funds Appropriated	Transfers In/(Out)	New Obligations and Upward Adjustments	Unobligated Balance as of September 30, 2020	Funds Available for Obligation Until
EDA	PL 116-136	$ 1,500,000	$ (3,000)	$ 814,549	$ 682,451	September 30, 2022
NOAA	PL 116-136	320,000	–	308,592	11,408	September 30, 2021
NIST	PL 116-136	66,000	–	64,432	1,568	September 30, 2021
MBDA	PL 116-136	10,000	–	10,000	–	September 30, 2021
OIG	PL 116-136	–	3,000	129	2,871	September 30, 2022
Total		$ 1,896,000	$ –	$ 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 2021 consolidated financial statements and the Department's FY 2021 reclassified financial statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the FY 2020 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 2021 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, 2021

Department of Commerce Consolidated Balance Sheet		Difference	Line Items Used to Prepare Government-wide Balance Sheet					
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
ASSETS								**ASSETS**
Intragovernmental:								**Intragovernmental:**
Fund Balance with Treasury	$ 32,530,613		$ 13,916,445	$ –	$ 18,614,168	$ –	$ 32,530,613	Fund Balance with Treasury
Investments, Net	12,156,733		12,156,733	–	–	–	12,156,733	Investments, Net
Accounts Receivable	97,425		22	–	99,660	(2,257)	97,425	Accounts Receivable, Net
Advances and Prepayments	27,740		3,540	–	26,455	(2,255)	27,740	Advances and Prepayments
Total Intragovernmental	**44,812,511**	**$ –**	**26,076,740**	**–**	**18,740,283**	**(4,512)**	**44,812,511**	**Total Intragovernmental**
With the Public:								**With the Public:**
Cash and Other Monetary Assets	12,045		6,985	–	5,060	–	12,045	Cash and Other Monetary Assets
Accounts Receivable, Net	22,741		546	–	22,195	–	22,741	Accounts Receivable, Net
Loans Receivable, Net	374,568		–	–	374,568	–	374,568	Loans Receivables, Net
Inventory and Related Property, Net	121,150		–	–	121,150	–	121,150	Inventory and Related Property, Net
General Property, Plant, and Equipment, Net	15,906,966		359,977	–	15,546,989	–	15,906,966	General Property, Plant, and Equipment, Net
Advances and Prepayments	176,221		29,151	–	147,070	–	176,221	Advances and Prepayments
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network, Net	5,343,646							
Other	8,327		5,344,173	–	7,800	–	5,351,973	Other Assets
Total Other Assets	5,351,973		5,344,173	–	7,800	–	5,351,973	*Total Reclassified Other Assets*
Total with the Public	**21,965,664**	**–**	**5,740,832**	**–**	**16,224,832**	**–**	**21,965,664**	**Total with the Public**
TOTAL ASSETS	**$ 66,778,175**	**$ –**	**$ 31,817,572**	**$ –**	**$ 34,965,115**	**$ (4,512)**	**$ 66,778,175**	**TOTAL ASSETS**
LIABILITIES								**LIABILITIES**
Intragovernmental:								**Intragovernmental:**
Accounts Payable	$ 94,568		$ –	$ –	$ 4	$ –	$ 4	Accounts Payable, Capital Transfers
			24,164	–	75,902	(120)	99,946	Benefit Program Contributions Payable
			13,263	–	95,874	(2,177)	106,960	Accounts Payable
Total Accounts Payable	94,568		37,427	–	171,780	(2,297)	206,910	*Total Reclassified Accounts Payable*
Debt	387,088		–	–	387,088	–	387,088	Loans Payable
Advances from Others and Deferred Revenue	443,723		–	–	444,607	(884)	443,723	Advances from Others and Deferred Revenue
Liability to General Fund of the U.S. Government for Deficit Reduction	12,156,733		12,156,733	–	–	–	12,156,733	Other Liabilities
Custodial Payable to Treasury	503		6,972	–	23,866	–	30,838	Other Liabilities (without Reciprocals)
Other	145,194		–	–	2,517	–	2,517	Liability to the General Fund of the U.S. Government for Custodial and Other Non-entity Assets
Total Other Liabilities	12,302,430		12,163,705	–	26,383	–	12,190,088	*Total Reclassified Other Liabilities*
Total Intragovernmental	**13,227,809**	**$ –**	**12,201,132**	**–**	**1,029,858**	**(3,181)**	**13,227,809**	**Total Intragovernmental**

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Department of Commerce Consolidated Balance Sheet		Difference	Line Items Used to Prepare Government-wide Balance Sheet					
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
With the Public:								**With the Public:**
Accounts Payable	$ 1,335,503		$ 841,436	$ –	$ 494,067	$ –	$ 1,335,503	Accounts Payable
Federal Employee Benefits Payable	1,049,192		245,020	–	1,329,522	–	1,574,542	Federal Employee Benefits Payable
Environmental and Disposal Liabilities	151,251		–	–	151,251	–	151,251	Environmental and Disposal Liabilities
Advances from Others and Deferred Revenue	1,491,567		1,370,318	–	121,249	–	1,491,567	Advances from Others and Deferred Revenue
Accrued Payroll and Leave Liability	830,330							
Accrued Grant Liabilities	237,343							
Liability for Non-fiduciary Deposit Funds, Undeposited Collections, and Clearing Accounts	134,251							
Other	91,380		108,062	–	659,892	–	767,954	Other Liabilities
Total Other Liabilities	1,293,304		108,062	–	659,892	–	767,954	*Total Reclassified Other Liabilities*
Total with the Public	**5,320,817**	**$ –**	**2,564,836**	**–**	**2,755,981**	**–**	**5,320,817**	**Total with the Public**
TOTAL LIABILITIES	**$ 18,548,626**	**$ –**	**$ 14,765,968**	**$ –**	**$ 3,785,839**	**$ (3,181)**	**$ 18,548,626**	**TOTAL LIABILITIES**
NET POSITION								**NET POSITION**
Unexpended Appropriations – Funds from Dedicated Collections	$ –		$ –	$ –	$ –	$ –	$ –	Unexpended Appropriations – Funds from Dedicated Collections
Unexpended Appropriations - Funds from Other than Dedicated Collections	16,315,922		–	–	16,315,922	–	16,315,922	Unexpended Appropriations - Funds from Other than Dedicated Collections
Total Unexpended Appropriations	**16,315,922**		**–**	**–**	**16,315,922**	–	**16,315,922**	**Total Unexpended Appropriations**
Cumulative Results of Operations – Funds from Dedicated Collections	17,051,604		17,051,604	–	–	57,184	17,108,788	Cumulative Results of Operations – Funds from Dedicated Collections
Cumulative Results of Operations – Funds from Other than Dedicated Collections	14,862,023		–	–	14,861,719	(56,885)	14,804,834	Cumulative Results of Operations – Funds from Other than Dedicated Collections
Total Cumulative Results of Operations	**31,913,627**		**17,051,604**	**–**	**14,861,719**	**299**	**31,913,622**	**Total Cumulative Results of Operations**
TOTAL NET POSITION	**$ 48,229,549**	**$ 5[1]**	**$ 17,051,604**	**$ –**	**$ 31,177,641**	**$ 299**	**$ 48,229,544**	**TOTAL NET POSITION**
TOTAL LIABILITIES AND NET POSITION	**$ 66,778,175**	**$ 5[1]**	**$ 31,817,572**	**$ –**	**$ 34,963,480**	**$ (2,882)**	**$ 66,778,170**	**TOTAL LIABILITIES AND NET POSITION**

[1] *The difference is caused by differences in the presentation of the Department's Consolidated Balance Sheet versus the Reclassified Balance Sheet.*

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, 2021

Department of Commerce Consolidated Statement of Net Cost		Difference	Line Items Used to Prepare Government-wide Statement of Net Cost					
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**
								Non-federal Costs
			$ 3,181,954	$ –	$ 9,977,467	$ –	$ 13,159,421	Non-federal Gross Cost
			–	–	56,600	–	56,600	Gains/Losses from Changes in Actuarial Assumptions
			3,181,954	–	**10,034,067**	–	**13,216,021**	***Total Non-federal Costs***
								Intragovernmental Costs
			512,690	–	772,910	(620)	1,284,980	Benefit Program Costs
			50,020	–	265,420		315,440	Imputed Costs
			164,477	–	1,392,630	(33,416)	1,523,691	Buy/Sell Cost
			–	–	12,803		12,803	Borrowing and Other Interest Expense
			126,007	–	226,155	–	352,162	Other Expenses (without Reciprocals)
			853,194	**–**	**2,669,918**	**(34,036)**	**3,489,076**	***Total Intragovernmental Costs***
Total Gross Departmental Costs	**16,705,097**	**–**	**4,035,148**	**–**	**12,703,985**	**(34,036)**	**16,705,097**	***Total Reclassified Gross Costs***
			(3,494,827)	–	(95,561)	–	(3,590,388)	Non-federal Earned Revenue
								Intragovernmental Revenue
			–	–	(655)	655	–	Benefit Program Revenue (Exchange)
			(9,960)	–	(806,525)	33,082	(783,403)	Buy/Sell Revenue (Exchange)
			–	–	(1,856)	–	(1,856)	Borrowing and Other Interest Revenue (Exchange)
			(9,960)	**–**	**(809,036)**	**33,737**	**(785,259)**	***Total Intragovernmental Earned Revenue***
Total Earned Revenue	**(4,375,647)**	**–**	**(3,504,787)**	**–**	**(904,597)**	**33,737**	**(4,375,647)**	***Total Reclassified Earned Revenue***
NET COST OF OPERATIONS	**$ 12,329,450**	**$ –**					**$ 12,329,450**	**NET COST OF OPERATIONS**

Reclassification of Consolidated Statement of Changes in Net Position to Line Items Used for the Government-wide Statement of Operations and Changes in Net Position
For the Year Ending September 30, 2021

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**	**Reclassified Financial Statement Line**
Unexpended Appropriations: Beginning Balance	$ 13,040,173							
Cumulative Results of Operations: Beginning Balance	32,729,231							
Total Net Position: Beginning Balances	**45,769,404**	**$ –**	**$ 17,295,431**	**$ –**	**$ 28,473,973**	**$ –**	**$ 45,769,404**	**Net Position, Beginning of Period**
Unexpended Appropriations:								
Appropriations Received	14,042,906		–	–	13,975,240	–	13,975,240	Appropriations Received as Adjusted (Rescissions and Other Adjustments)
Other Adjustments	(67,666)							
Appropriations Transferred In/Out	(897)		(234,571)	231,883	(3,897)	2,000	(4,585)	Non-expenditure Transfers Out of Unexpended Appropriations and Financing Sources
Appropriations Used	(10,698,594)		–	–	(10,698,594)	–	(10,698,594)	Appropriations Used
Net Change in Unexpended Appropriations	**3,275,749**							
Unexpended Appropriations: Ending	**16,315,922**							
Cumulative Results of Operations:								
Appropriations Used	10,698,594		–	–	10,698,594	–	10,698,594	Appropriations Expended
Non-exchange Revenue	28,130		11,318	–	(16,452)	–	(5,134)	Other Taxes and Receipts
Donations and Forfeitures of Cash and Cash Equivalents	41							
			11,318	**–**	**(16,452)**	**–**	**(5,134)**	**Total Non-federal Non-exchange Revenue**
			9,579	–	–	–	9,579	Federal Securities Interest Revenue Including Associated Gains and Losses
			–	–	(2,506)	–	(2,506)	Collections Transferred to a Treasury Account Symbol Other Than the General Fund of the U.S. Government – Custodial
			–	–	2,015	–	2,015	Borrowings and Other Interest Revenue
Transfer In of Auction Proceeds from Federal Communications Commission	4,476,093		4,492,329	–	–	–	4,492,329	Collections Transferred to a Treasury Account Symbol other than the General Fund of the U.S. Government – Non-custodial
			4,501,908	**–**	**(491)**	**–**	**4,501,417**	**Total Intragovernmental Non-exchange Revenue**

(continued on next page)

(continued from previous page)

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**	**Reclassified Financial Statement Line**
Transfers In/Out Without Reimbursement	$ 479,047		$ 437,193	$ (231,883)	$ 267,275	$ (2,000)	$ 470,585	Non-expenditure Transfers In of Unexpended Appropriations and Financing Sources
			10,284	(1,138)	2,008	(2,000)	9,154	Expenditure Transfers In of Financing Sources
			(3,138)	1,138	–	2,000	–	Expenditure Transfers Out of Financing Sources
			–	–	3,908	(808)	3,100	Transfers In Without Reimbursement
			(808)	–	(104)	808	(104)	Transfers Out Without Reimbursement
Donations and Forfeitures of Property	30		–	–	709	–	709	Other Non-budgetary Financing Sources
Other Adjustments	(5,000)		–	–	(5,000)	–	(5,000)	Collections for Others Transferred to the General Fund of the U.S. Government
Imputed Financing	315,440		50,020	–	265,420	–	315,440	Imputed Financing Sources
Financing Sources Used for Recognizing Liability to General Fund of the U.S. Government for Deficit Reduction	(4,485,671)		(4,485,671)	–	(7,106)	–	(4,492,777)	Other Non-budgetary Financing Sources for Debt Accruals/Amortization
Other	7,142		–	–	(13,222)	–	(13,222)	Non-entity Collections Transferred to the General Fund of the U.S. Government
			–	–	34,767	–	34,767	Accrual for Non-entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
			$ (4,226,691)	**$ –**	**$ 14,519,998**	**$ –**	**$ 10,293,307**	**Total Financing Sources (excludes non-exchange revenue lines)**
Net Cost of Operations	**(12,329,450)**	**$ –**					**(12,329,450)**	**Net Cost of Operations**
Net Change in Cumulative Results of Operations	**(815,604)**							
Cumulative Results of Operations: Ending	**31,913,627**							
NET POSITION	**$ 48,229,549**	**$ 5[1]**					**$ 48,229,544**	**Net Position, End of Period**

[1] *The difference is caused by differences in the presentation of the Department's Consolidated Statement of Changes in Net Position versus the reclassified Statement of Operations and Changes in Net Position.*

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, 2021, 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). NOAA had planned to complete assessments of the applicable inventory by the end of FY 2021 but FCA work has been delayed by the COVID-19 pandemic. 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 DM&R.

NOAA prioritizes maintenance and repair projects to sustain its inventory in acceptable operating condition, including maintaining warranties. As work becomes deferred, NOAA will prioritize those projects that will remedy health and 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 2021 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 2021. In FY 2020, NOAA implemented a new FCA reporting methodology using the BUILDER system from the U.S. Army Corps of Engineers (USACE). BUILDER uses a visual direct rating methodology whereby the assessor provides a rating level of the condition of each system/component and BUILDER compares that condition index against a NOAA-set condition index threshold, which automatically generates a repair action when its condition drops below a minimum performance limit. Based on the type, material, and condition of the component, BUILDER generates an estimated cost for corrective action (repair or replace). 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 (IFIP) in FY 2011 was utilized and escalated. IFIP estimates were used for only 20 properties representing approximately $5.4 million in DM&R. BUILDER cost database is updated annually with new replacement cost data by the USACE. Furthermore, NOAA decided in FY 2021 to apply a factor of 100 percent additional to BUILDER estimates to represent a better estimated cost of DM&R.

There was an increase in DM&R for Buildings of $78.5 million from September 30, 2020 to September 30, 2021. The increase is primarily related to (a) the changes in BUILDER estimates and NOAA's decision to apply a factor of 100 percent additional to BUILDER estimate to represent a more accurate estimated cost of DM&R; and (b) the result of properties not previously assessed being added to the DM&R estimate.

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, 2021 and 2020:

(In Thousands)

Asset Category	Deferred Maintenance and Repairs as of September 30, 2021	Deferred Maintenance and Repairs as of September 30, 2020
Buildings	$ 193,394	$ 114,903
Multi-use Heritage Assets	11,667	20,643
Ships	6,402	10,690
Other Personal Property	–	26
Total	**$ 211,463**	**$ 146,262**

NIST:

NIST measures DM&R (related to real property general PP&E) 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, 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).

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). 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, 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. These deficiencies that were entered into the BUILDER software program in third quarter of FY 2021 are reflected in this report.

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

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.

The decrease in DM&R of $35.1 million is primarily due to an increase in facility deficiencies of $96.4 million offset by deficiency corrections of $131.5 million during FY 2021.

The following table shows NIST's DM&R as of September 30, 2021 and 2020:

(In Thousands)

Assets Category	Deferred Maintenance and Repairs as of September 30, 2021	Deferred Maintenance and Repairs as of September 30, 2020
Buildings	$ 542,386	$ 627,627
Site Utilities and Infrastructure	257,033	206,867
Total	**$ 799,419**	**$ 834,494**

B Combining Schedule of Budgetary Resources by Major Budget Account

The table on the following page illustrates the Department's FY 2021 budgetary resources by major budget account. 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*.

United States Department of Commerce Combining Schedule of Budgetary Resources by Major Budget Account
For the Year Ended September 30, 2021 *(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 Broadband Connectivity Fund	NTIA Public Safety Trust Fund	USPTO Salaries and Expenses Fund	Other Budget Accounts
BUDGETARY RESOURCES:											
Unobligated Balance From Prior Year Budget Authority, Net	$ 6,954,600	$ 2,209,195	$ 1,081,324	$ 522,915	$ 309,519	$ 102	$ 6,625	$ –	$ 18,486	$ 778,670	$ 2,027,764
Appropriations	14,321,262	605,935	3,293,896	4,090,167	1,560,497	–	–	1,300,000	–	–	3,470,767
Borrowing Authority	95,757	–	–	–	–	–	–	–	–	–	95,757
Spending Authority From Offsetting Collections	5,774,824	–	2,000	226,301	–	–	1,117	–	(21)	3,627,426	1,918,001
TOTAL BUDGETARY RESOURCES	**$ 27,146,443**	**$ 2,815,130**	**$ 4,377,220**	**$ 4,839,383**	**$ 1,870,016**	**$ 102**	**$ 7,742**	**$ 1,300,000**	**$ 18,465**	**$ 4,406,096**	**$ 7,512,289**
STATUS OF BUDGETARY RESOURCES:											
New Obligations and Upward Adjustments	$ 18,523,440	$ 2,085,405	$ 1,186,668	$ 4,492,189	$ 1,525,213	$ –	$ 6,589	$ 11,300	$ 6,486	$ 3,722,450	$ 5,487,140
Unobligated Balance, End of Year											
Apportioned, Unexpired Accounts	8,282,332	673,328	3,190,336	245,255	327,970	–	113	1,288,700	11,873	683,646	1,861,111
Exempt From Apportionment, Unexpired Accounts	691	–	–	–	–	–	–	–	–	–	691
Unapportioned, Unexpired Accounts	122,924	25,415	216	–	70	102	1,040	–	106	–	95,975
Unobligated Balance, End of Year, Unexpired Accounts	8,405,947	698,743	3,190,552	245,255	328,040	102	1,153	1,288,700	11,979	683,646	1,957,777
Unobligated Balance, End of Year, Expired Accounts	217,056	30,982	–	101,939	16,763	–	–	–	–	–	67,372
Total Unobligated Balance, End of Year	**8,623,003**	**729,725**	**3,190,552**	**347,194**	**344,803**	**102**	**1,153**	**1,288,700**	**11,979**	**683,646**	**2,025,149**
TOTAL STATUS OF BUDGETARY RESOURCES	**$ 27,146,443**	**$ 2,815,130**	**$ 4,377,220**	**$ 4,839,383**	**$ 1,870,016**	**$ 102**	**$ 7,742**	**$ 1,300,000**	**$ 18,465**	**$ 4,406,096**	**$ 7,512,289**
OUTLAYS, NET, AND DISBURSEMENTS, NET:											
Outlays, Net	$ 13,157,089	$ 2,793,432	$ 721,511	$ 3,980,633	$ 1,472,253	$ 3,017	$ 1,491,276	$ 4,309	$ 6,167	$ (75,641)	$ 2,760,132
Distributed Offsetting Receipts	(23,140)	–	–	–	–	–	–	–	–	–	(23,140)
AGENCY OUTLAYS, NET	**$ 13,133,949**	**$ 2,793,432**	**$ 721,511**	**$ 3,980,633**	**$ 1,472,253**	**$ 3,017**	**$ 1,491,276**	**$ 4,309**	**$ 6,167**	**$ (75,641)**	**$ 2,736,992**
DISBURSEMENTS, NET[1]	**$ (1,828)**										**$ (1,828)**

[1] *Includes only Non-budgetary Credit Reform Financing Accounts*

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

INFORMATION MEMORANDUM FOR SECRETARY RAIMONDO

FROM: Peggy E. Gustafson, Inspector General, (202) 482-4661

Peggy E Gustafson

DATE: October 14, 2021

CC: Don Graves, Deputy Secretary of Commerce
Zachary Schwartz, Chief of Staff
André Mendes, Chief Information Officer
Wynn Coggins, Acting Chief Financial Officer and Assistant Secretary for Administration
Operating Unit Heads
Operating Unit Audit Liaisons

RE: ***Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2022***
Final Report No. OIG-22-001

The Office of Inspector General (OIG) is required by statute[1] 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 2022.

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

Challenge 1: Improving the Department's Cybersecurity Resiliency

- Improving the Department's capability to respond to emerging cyber threats
- Maturing the information technology (IT) security program
- Fulfilling the President's executive order on improving the nation's cybersecurity

Challenge 2: Maintaining Continuity, Managing Risks, and Leveraging Investments to Improve Satellite Data, Products, and Services

- Managing technical challenges with polar and geostationary satellites
- Planning and implementing next-generation satellite systems to continue observations and meet future needs

[1] 31 U.S.C. § 3516(d).

- Addressing risks to observations, operations, and communications from frequency interference
- Initiating a space traffic management pilot program
- Leveraging investments for cost-effective weather data, products, and services to protect communities and increase resilience to climate change

Challenge 3: Addressing Departmental Management Matters Involving Acquisitions and Grants

- Ensuring prudent financial management and oversight of pandemic and disaster relief funding
- Improving management and oversight of high dollar/high risk contract portfolios, contract execution, and performance
- Improving the management of IT acquisitions and operations
- Ensuring proper contract and grant file maintenance in virtual and other flexible work environments
- Developing and retaining a competent acquisition workforce to support the Department's mission

Challenge 4: Enhancing Capacity to Enforce Fair and Secure Trade

- Combating unfair trade practices by effectively resolving trade barriers and enforcing U.S. trade agreements
- Protecting national security through effective enforcement of export controls

Challenge 5: Establishing a Strong Framework for Designing the 2030 Census and Improving Operations over Surveys and Employee Background Investigations

- Ensuring data collection is high quality
- Ensuring advertising efforts increase response rates
- Ensuring only candidates suitable for federal government employment are hired

Challenge 6: Meeting Intellectual Property Stakeholder Needs in the Midst of Economic, Technological, and Legal Changes

- Improving efficiency, quality, and timeliness of patent decisions
- Ensuring proper use of the trademark system
- Managing performance of mission-critical services

Challenge 7: Deploying a Nationwide Public Safety Broadband Network

- Ensuring a sound reinvestment process
- Ensuring the successful performance of the contract

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.[2]

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.

[2] *Ibid*.

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-2022.aspx*

UNITED STATES DEPARTMENT OF COMMERCE
Office of the Acting Chief Financial Officer and
Assistant Secretary for Administration
Washington, D.C. 20230

MEMORANDUM FOR: Peg Gustafson
Inspector General

FROM: Wynn W. Coggins WYNN COGGINS Digitally signed by WYNN COGGINS Date: 2021.11.03 10:07:42 -04'00'
Acting Chief Financial Officer and
Assistant Secretary for Administration

SUBJECT: OIG Report on Top Management and Performance Challenges Facing the Department in FY 2022

On behalf of the Department, thank you for the Office of Inspector General's work in assessing the top management and performance challenges facing the Department this fiscal year.

Your insights on changing conditions and emerging risks are very valuable. We have already undertaken and planned extensive actions to address the challenges identified in the report and are committed to making further progress.

I look forward to continued positive interactions between the Department and the OIG. We appreciate your office's recommendation in support of the agency's mission.

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Presented below is a summary of financial statement audit and management assurances for FY 2021. Table 1 relates to the Department's FY 2021 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

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 the Office of Management and Budget, 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 2021 and overpayments verified as recaptured in FY 2021, through all sources. The website also contains information about the results of improper payment statistical sampling and estimation performed in FY 2021, 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 required to be included in this fiscal year's AFR payment integrity reporting for the Department.

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 2021 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 11, 2021 (Vol. 86, No. 6, *Rules and Regulations*, pages 1764-1766). These adjustments for inflation to CMPs, which became effective on January 15, 2021, 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, 2021.

(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 $11,803
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 $11,803
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 $11,803 Maximum $23,607
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 $4,876 Maximum $48,762

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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 $48,762
Prohibited acts relating to inspections.	22 U.S.C. 6761(a)(1)(A), Chemical Weapons Convention Implementation Act	Violation	1998	1998	Maximum $39,693
Recordkeeping violations.	22 U.S.C. 6761(a)(1)(B), Chemical Weapons Convention Implementation Act	Violation	1998	1998	Maximum $7,939
Unlawful act described in section 1705(a).	50 U.S.C. 1705(b), International Emergency Economic Powers Act	Violation	1977	2007	Maximum $311,562
Violation of section 22 U.S.C. 8124 or 22 U.S.C. 8141.	22 U.S.C. 8142(a), U.S. Additional Protocol Implementation Act	Violation	2006	2006	Maximum $32,258
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 $308,901
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; total of not to exceed maximum per violation $1,436 Maximum per violation: $14,362
Unlawful export information activities.	13 U.S.C. 305(b), Collection of Foreign Trade Statistics	Violation	1962	2002	Maximum $14,362
International Trade Administration					
Violation of chapter or any regulation under chapter.	19 U.S.C. 81s, Foreign Trade Zone	Violation	1934	1934	Maximum $3,011
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 $216,628

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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 $11,905
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 $11,905
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 $249,251
Violation of provisions of chapter.	16 U.S.C. 783, Sponge Act	Violation	1914	1914	Maximum $1,780
Fishing violation of section 957(a).	16 U.S.C. 957(d), Tuna Conventions Act of 1950	Violation	1962	1962	Maximum $88,952
Subsequent fishing violation of section 957(a).	16 U.S.C. 957(d), Tuna Conventions Act of 1950	Subsequent Violation	1962	1962	Maximum $191,590
Violation of section 957(b).	16 U.S.C. 957(e), Tuna Conventions Act of 1950	Violation	1962	1962	Maximum $3,011
Subsequent violation of section 957(b).	16 U.S.C. 957(e), Tuna Conventions Act of 1950	Subsequent Violation	1962	1962	Maximum $17,791
Import violation of section 957(c).	16 U.S.C. 957(f), Tuna Conventions Act of 1950	Violation	1962	1962	Maximum $383,182
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 $195,047[1]
For chapter enforcement, see 16 U.S.C. 1826g.	16 U.S.C. 959, Tuna Conventions Act of 1950	Violation	2015	[1]	Maximum $195,047[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 $195,047[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 $541,570
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 $25,780
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 $30,107
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 $195,047[1]

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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 $183,629
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 $54,157
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 $25,995
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 $1,780
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 $195,047[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 $195,047[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 $195,047[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 $27,879
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 $697
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 $195,047[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 $195,047[1]

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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 $1,180 Maximum $11,803
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 $195,047[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, *Prohibited acts* (16 U.S.C. 1857) of MSFCMA.	16 U.S.C. 5103(b)(2), Atlantic Coastal Fisheries Cooperative Management Act	Violation	1993	[1]	Maximum $195,047[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 $195,047[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 $169,412
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 $195,047[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 $195,047[1]
Violation of provision of chapter or of any regulation promulgated under chapter, enforced as if violation of section 307 (*Prohibited acts*; 16 U.S.C. 1857) of MSFCMA.	16 U.S.C. 7009(c) and (d), Pacific Whiting Act of 2006	Violation	2007	[1]	Maximum $195,047[1]
Violation of provision of section 1978.	22 U.S.C. 1978(e), Fishermen's Protective Act of 1967	Violation	1971	1971	Maximum $30,107
Subsequent violation of provision of section 1978.	22 U.S.C. 1978(e), Fishermen's Protective Act of 1967	Subsequent Violation	1971	1971	Maximum $88,952
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 $76,764

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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 $76,764
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 $195,047[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 $195,047[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 $195,047[1]
Violation of chapter, enforced as a violation of section 308 (*Civil penalties and permit sanctions*; 16 U.S.C. 1858) of MSFCMA.	16 U.S.C. 7705, Ensuring Access to Pacific Fisheries Act	Violation	2016	[1]	Maximum $195,047[1]
Violation of chapter, enforced as a violation of section 308 (*Civil penalties and permit sanctions*; 16 U.S.C. 1858) of MSFCMA.	16 U.S.C. 7805, Ensuring Access to Pacific Fisheries Act	Violation	2016	[1]	Maximum $195,047[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	Minimum $1,012 Maximum total penalty on any person for any calendar year, excluding willful or intentional violations $252,955

[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 10, 2021, *Financial Reporting Requirements*, Section II.4.9., *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 2021:

All reporting entities with federal grants programs must submit a brief high-level summary of expired, but not closed, federal grants 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, 2021.

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 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, 2021, 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, 2021		
	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	10	6	3
Number of Grants/Cooperative Agreements with Undisbursed Balances	3	14	2
Total Dollar Amount of Undisbursed Balances	$ 2,526	$ 2,660	$ 30

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 August 6, 2021, *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, 2021, 2020, and 2019, 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, 2021			As of September 30, 2020			As of September 30, 2019		
Bureau	Number	Title	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
ITA	1250	Operations and Administration, ITA, Commerce	–	$ –	$ 57,169	–	$ –	$ 49,687	5	$ 196	$ 53,098
MBDA	0201	Minority Business Development, MBDA	22	3,819	12,179	1	4	4,182	26	1,884	4,609
NIST	0500	Scientific and Technical Research and Services, NIST		2,288	26,367		2,415	34,149		1,082	17,104
	0513	Wireless Innovation Fund, NIST		65	46,815		140	108,667		73	158,502
	0515	Construction of Research Facilities, NIST		–	64,422		–	230,633		–	254,757
	0525	Industrial Technology Services, NIST		11,885	65,457		2,853	8,526		2,642	5,362
	0549	Scientific and Technical Research and Services, Recovery Act, NIST, Commerce		–	113		–	113		–	113
	4650	Working Capital Fund, NIST		373	188,983		346	150,386		2,853	154,951
	Subtotal		184	14,611	392,157	157	5,754	532,474	209	6,650	590,789
NOAA	1450	Operations, Research, and Facilities, NOAA		18,697	347,194		12,051	446,602		12,535	551,283
	1451	Expenses, Pacific Coastal Salmon Recovery, NOAA		389	112		66	157		356	112
	1455	Gulf Coast Ecosystem Restoration Science, Observation, Monitoring and Technology, NOAA, Commerce		29	1,040		–	–		–	–
	1460	Procurement, Acquisition, and Construction, NOAA, Commerce		508	344,804		177	289,930		45	361,500
	2055	Fisheries Disaster Assistance, NOAA, Commerce		22	115,128		651	168,697		430	–

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(Numbers in Actual Amounts; Dollars in Thousands)

	Budget Account		As of September 30, 2021			As of September 30, 2020			As of September 30, 2019		
Bureau	Number	Title	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 *(continued)*	4316	Damage Assessment and Restoration Revolving Fund, NOAA		$ 769	$ 239,460		$ –	$ 165,155		$ 109	$ 136,988
	5139	Promote and Develop Fishery Products and Research Pertaining to American Fisheries, NOAA		762	1,346		248	684		673	750
	5284	Limited Access System Administration Fund, NOAA		124	20,539		79	19,809		4	19,643
	5362	Environmental Improvement and Restoration Fund, NOAA		101	–		–	1		–	–
	5439	Western Pacific Sustainable Fisheries Fund, NOAA		–	134		–	–		–	125
	Subtotal		435	21,401	1,069,757	324	13,272	1,091,035	758	14,152	1,070,401
NTIA	0516	State and Local Implementation Fund		–	13,248		1,276	8,015		–	–
	0550	Salaries and Expenses, NTIA, Commerce		–	64,883		–	35,623		–	30,897
	0551	Public Telecommunication Facilities, Planning and Construction, NTIA, Commerce		5,873	1,203		–	1,215		–	1,109
	0554	Broadband Technology Opportunities Program, Recovery Act, NTIA, Commerce		–	–		–	–		–	174,717
	4358	Network Construction Fund, NTIA, Commerce		–	1,153		–	5,417		–	8,387
	5396	Digital Television Transition and Public Safety Fund, NTIA, Commerce		2,381	102		–	–		–	–
	Subtotal		17	8,254	80,589	4	1,276	50,270	1	–	215,110
Total			**658**	**$ 48,085**	**$ 1,611,851**	**486**	**$ 20,306**	**$ 1,727,648**	**999**	**$ 22,882**	**$ 1,934,007**

GLOSSARY OF ACRONYMS

Abbreviation	Title
A	
AFR	Agency Financial Report
AGA	Association of Government Accountants
APG	Agency Priority Goal
APPR	Annual Performance Plan and Report
ARP Act	American Rescue Plan Act (March 11, 2021)
ASA	Assistant Secretary for Administration
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)
CBS	Commerce Business Systems
CCR	Central Contractor Registration
CDQ	Community Development Quota (loan program; a NOAA direct loan program)
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
COTS	Commercial off-the-shelf (software)
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CSRS	Civil Service Retirement System (OPM)
CRRSA Act	Coronavirus Response and Relief Supplemental Appropriations Act (December 27, 2020)
CTP	Corporation for Travel Promotion (Disclosure Entity)
D	
DATA Act	Digital Accountability and Transparency Act of 2014
DEFC	Disaster Emergency Fund Code
DEIA	Diversity, Equity, Inclusion, and Accessibility
DM	Departmental Management
DM&R	Deferred Maintenance and Repairs
DOL	U.S. Department of Labor
DUNS	Data Universal Numbering System

Abbreviation	Title
E	
E2	Electronic Travel System, version 2 (travel management system)
EBS	Enterprise Business Suite
ECM	Energy Conservation Measure (ESPCs)
EDA	Economic Development Administration
EDW	Enterprise Data Warehouse
EEI	Employee Engagement Index (FEVS)
EPA	U.S. Environmental Protection Agency
ERM	Enterprise Risk Management
ES	Enterprise Services (DM)
ESPC	Energy Savings Performance Contract
Evidence Act	Foundations for Evidence-Based Policymaking Act of 2018
F	
FACE	Financial Assistance Committee for E-Government
FAPOD	Financial Assistance Policy and Oversight Division (OAM)
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
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)
GPFFR	General Purpose Federal Financial Report

	Abbreviation	Title
	GPRA	Government Performance and Results Act of 1993
	GPRAMA	Government Performance and Results Modernization Act of 2010
	Grants Manual	Grants and Cooperative Agreements Manual
	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
	IFIP	Integrated Facilities Inspection Program
	IFQ	Individual Fishing Quota (Fisheries Finance IFQ loans, a NOAA direct loan program)
	IOOS	U.S. Integrated Ocean Observing System
	IP	Intellectual Property
	IT	Information Technology
	ITA	International Trade Administration
K	**KPI**	Key Performance Indicator
L	**L/SO**	Line/Staff Office
M	**M&V**	Measurement and Verification (NIST ESPC)
	MBDA	Minority Business Development Agency
	MD&A	Management's Discussion and Analysis
	MEP	Manufacturing Extension Partnership
	MSFCMA	Magnuson-Stevens Fishery Conservation and Management Act (NOAA Civil Monetary Penalties)
N	**N/A**	Not Applicable
	NHTSA	National Highway Traffic Safety Administration (U.S. Department of Transportation)
	NERR	National Estuarine Research Reserves
	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
	NRHP	National Register of Historic Places
	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
	OS	Office of the Secretary

Abbreviation	Title
P3	Public–Private Partnership
PIO	Performance Improvement Officer (DM)
PL	Public Law
PP&E	Property, Plant, and Equipment
R&D	Research and Development
RA	Regional Association (Disclosure P3s – NOAA)
RICE	Regional Information Coordination Entity (Disclosure P3s – NOAA)
RPMD	Real Property Management Division (NOAA)
S&E	Salaries and Expenses (DM)
SaaS	Software-as-a-Service
SAM	System for Award Management (GSA)
SBR	Combined Statement of Budgetary Resources
SCNP	Consolidated Statement of Changes in Net Position
SES	Senior Executive Service
SF 132	Standard Form 132, *Apportionment and Reapportionment Schedule*
SF 133	Standard Form 133, *Report on Budget Execution and Budgetary Resources*
SF 425	Standard Form 425, *Federal Financial Report*
SFFAS	Statement of Federal Financial Accounting Standards (FASAB)
SMS	Sustainment Management System (USACE: NIST DM&R)
SP3	SmartPay3
ST&C	Standard Terms and Conditions
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.S.C.	United States Code
UEI	Unique Entity Id
UESC	Utility Energy Service Contract
USACE	U.S. Army Corps of Engineers
USFWS	U.S. Fish and Wildlife Service (U.S. Department of the Interior)
USPTO	U.S. Patent and Trademark Office
WCF	Working Capital Fund (DM)
WIPO	World Intellectual Property Organization

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CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING

In May 2021, 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 2020 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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