FISCAL YEAR

2024 AGENCY FINANCIAL REPORT











U.S. DEPARTMENT OF COMMERCE

FISCAL YEAR
2024

AGENCY FINANCIAL REPORT

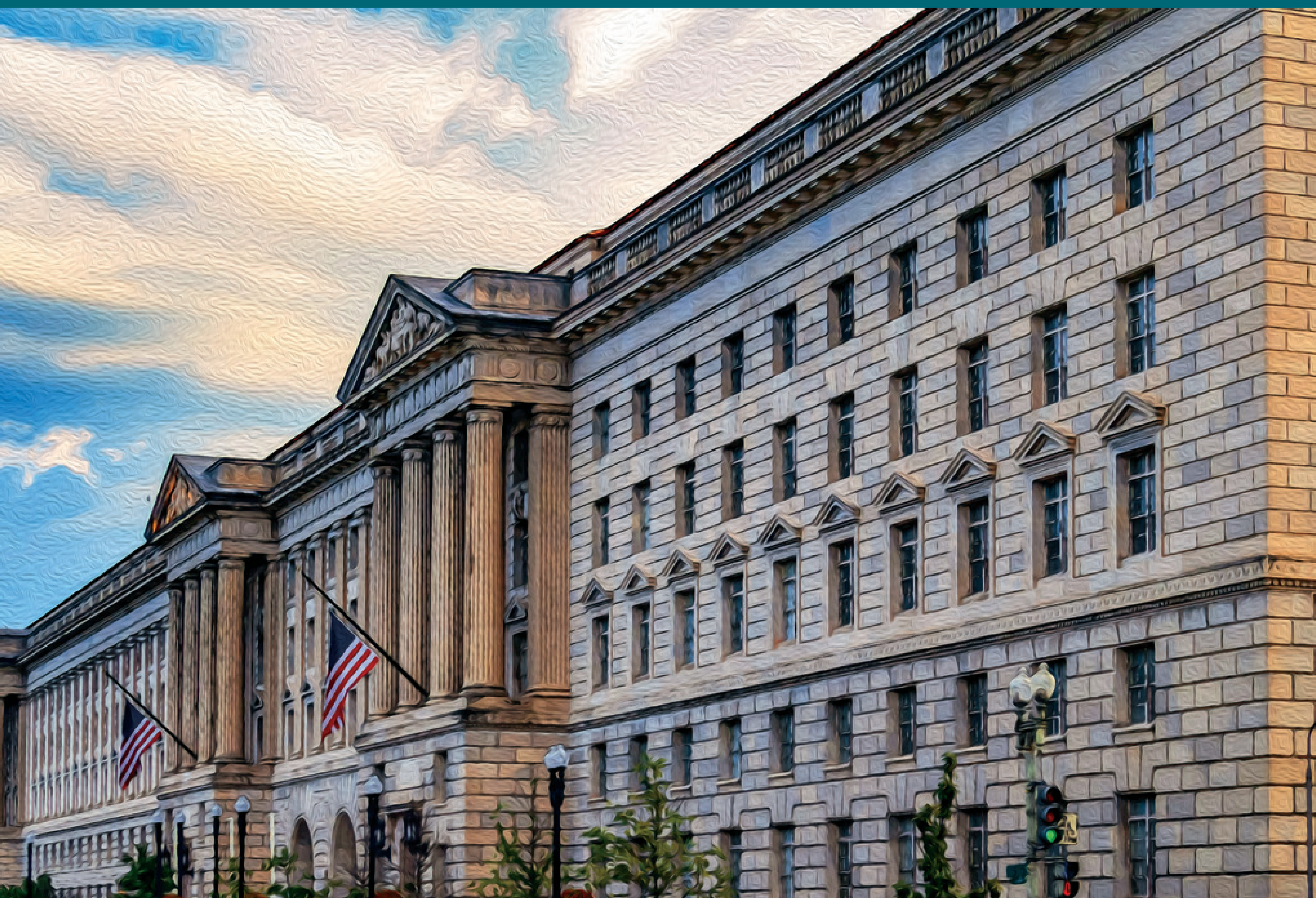


Table of Contents

Message From Secretary Raimondo

I am pleased to present the fiscal year (FY) 2024 *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 2024, 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 for all communities. The FY 2022 to 2026 strategic plan was launched in February 2022 and prioritizes investments in innovation, equity, and resilience that will position our workers and businesses for success in the 21st century. Universal affordable, high-speed internet will help workers and businesses develop cutting edge skills and technologies. Meaningful action to combat climate change will support new, high-quality jobs. Our supply chains will be stronger and more diverse. And all Americans, especially those that have been historically excluded, will share in our prosperity.

In FY 2024, the Department made notable strides in artificial intelligence (AI), semiconductor manufacturing, and digital infrastructure development. A cornerstone of these efforts was the creation of the U.S. AI Safety Institute Consortium, part of a larger strategy under President Biden's executive order on AI. The institute works closely with industry, academia, and global partners to establish safety standards, enhance AI security, and set benchmarks for responsible AI deployment. This initiative places the United States at the forefront of international AI governance, addressing ethical concerns and collaborating with national security agencies to ensure AI aligns with public and governmental interests.

Moreover, the Department advanced the objectives of the CHIPS and Science Act by encouraging investment in semiconductor production, which is essential for technology resilience and economic security. This included financial incentives to support new manufacturing facilities and cutting-edge research hubs to foster innovation. The Department's National Telecommunications and Information Administration (NTIA) also allocated over $1.3 billion to bridge the digital divide, bringing high-speed internet to underserved communities, including tribal and rural areas. Complementing these investments, the NTIA's National Spectrum Strategy identified over 2,700 MHz of airwaves for potential new uses, strengthening the wireless network ecosystem and driving connectivity. Additionally, the Economic Development Administration designated 31 Regional Technology and Innovation Hubs, aiming to cultivate local economies by turning regions into high-tech manufacturing and research centers. Collectively, these efforts are designed to bolster America's economic strength and global competitiveness by promoting technological leadership and preparing the workforce for an evolving digital economy

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 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-sixth year in a row, the independent auditors tasked with reviewing our financial statements have provided an unmodified opinion. However, two material weaknesses were identified by the financial statement auditors related to insufficient controls over financial reporting at the National Oceanic and Atmospheric Administration (NOAA) Service Center and insufficient controls over certain manual journal entries at the NOAA Service Center. We will take the appropriate corrective actions to strengthen controls in this area in FY 2025.

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 2024, the Department can provide reasonable assurance that its internal controls and financial management systems meet the objectives of the FMFIA, except for the one material weakness in financial reporting controls at NOAA related to the recording of journal entries and the Government-wide Treasury Account Symbol Adjusted Trial Balance System monthly submission process attributable to the new financial system implementation. Additional detailed performance information and results will be released in the Annual Performance Report in February 2025.

I am proud of the work achieved by the Department and look forward to the path set forward for future success. As we continue to pursue the strategic goals of the Department, we will remain committed to being good stewards of taxpayer dollars, bringing the highest possible return on America's investment in Commerce Department programs. These efforts have set America on the path to a more prosperous future—one where everyone, in every community, has the opportunity to succeed.

Gina M. Raimondo
Secretary of Commerce
December 10, 2024

How to Use This Report

This Agency Financial Report (AFR) for the fiscal year ended September 30 (FY) 2024 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 2026 Congressional Budget in conjunction with performance plan information as the "FY 2024 Annual Performance Report and FY 2026 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/agency-financial-reports.* The Department welcomes feedback on the form and content of this report, and contact information for providing feedback is located in the Connect with the Department of Commerce section 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 strategic planning process and performance information, financial performance information to include the analysis of the FY 2024 financial statements, as well as information on financial systems, controls, and legal compliance.

Financial Section

This section contains details of the Department's finances in FY 2024. A message from the Department's Chief Financial Officer (unaudited) is followed by the independent auditors' report, audited financial statements and notes, and 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, civil monetary penalties' information, a summary of oversight of expired grant and cooperative agreement awards, and a summary of climate-related financial risk.

Appendix (Unaudited)

This section provides a glossary of acronyms, ways to connect with the Department of Commerce, acknowledgements, and Certificate of Excellence in Accountability Reporting information.

Management's Discussion and Analysis (Unaudited)

DEPARTMENT OF COMMERCE

UNITED STATES OF AMERICA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mission and Organization

Mission and Organization

Mission

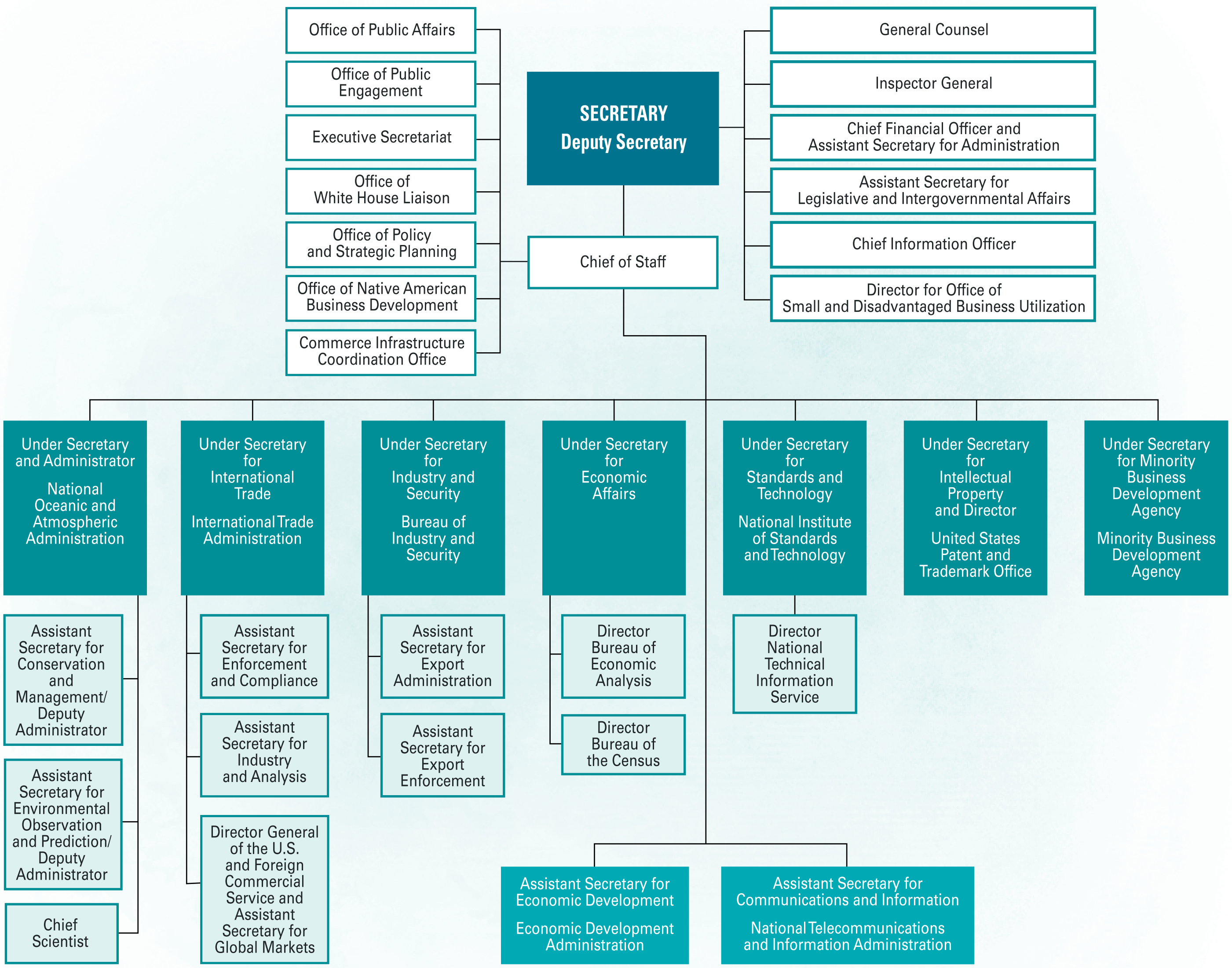
The Department of Commerce's mission is to create the conditions for economic growth and opportunity for all communities.

Organization

The Department's headquarters offices and component bureaus, listed below, implement a wide variety of budgeted programs and activities:

- Office of the Secretary (OS)
- Office of Inspector General (OIG)
- Bureau of Economic Analysis (BEA)
- Bureau of Industry and Security (BIS)
- Census Bureau (Census)
- 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)
- National Technical Information Service (NTIS)
- National Telecommunications and Information Administration (NTIA)
- Office of the Undersecretary for Economic Affairs (OUSEA)
- U.S. Patent and Trademark Office (USPTO)

U.S. DEPARTMENT OF COMMERCE



Workforce

As of September 30, 2024, the Department had approximately 48,500 employees. The Department's workforce ranges from uniformed service officers in the NOAA Commissioned Officer Corps, diplomats who are Foreign Commercial Service Officers, badged law enforcement officers in BIS, patent examiners at USPTO, to a wide variety of other civil service employees who deliver critical services directly to U.S. businesses and the public.

History and Enabling Legislation

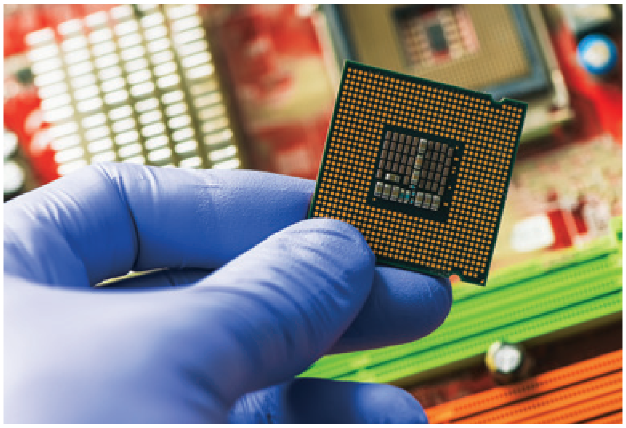
The Department was originally established by Congressional Act on February 14, 1903, as the Department of Commerce and Labor (32 Stat. 826; 5 U.S.C. 591). It was subsequently renamed the U.S. Department of Commerce by President William H. Taft on March 4, 1913 (15 U.S.C. 1512). The defined role of the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

Locations

The Department is headquartered in Washington, D.C., at the Herbert Clark Hoover Building, 1401 Constitution Ave NW. The Department has field offices in every state and territory. The largest is the multibureau campus and laboratories in Boulder, CO. The Department also maintains trade offices in more than 86 countries.

Impact on the American Public

The Department of Commerce's mission is to create the conditions for economic growth and opportunity for all communities. Through its 13 bureaus, the Department works to drive U.S. economic competitiveness, strengthen domestic industry, and spur the growth of quality jobs in all communities across the country. The Department serves as the voice of business in the federal government, and at the same time, the Department touches and serves every American every day. The Department fosters the innovation and invention that underpin the U.S. comparative advantage. Its scientists research emerging technologies such as quantum computing and artificial intelligence (AI). Companies use NIST and NTIA laboratories to conduct research and development (R&D). NOAA advances R&D of the commercial space industry and climate science. USPTO's intellectual property (IP) protections ensure American innovators profit from their work.



The Department helps lay the foundation for a strong manufacturing and industrial base comprised of world class businesses. NIST develops and disseminates standards that allow technology to work seamlessly and business to operate smoothly. NIST, MBDA, and ITA support firms as they grow—adopting new technologies or processes, entering new export markets for the first time, investing in the U.S. market for the first time, accessing capital, and training workers. EDA prepares regions and communities for greater economic development and resilience. NTIA is working to bring reliable high-speed internet to all homes and businesses.

The Department promotes trade and commercial agreements that bring new opportunity to U.S. businesses and maintain national security. The Department facilitates international collaboration to solve industrial challenges from supply chain resilience to decarbonization. ITA provides market research and networking opportunities that help American companies begin exporting their products and services. BIS enforces export controls that keep U.S. technology out of the wrong hands.

Recognizing the inextricable link between the economy and the environment, the Department will drive mitigation, adaptation, and resilience efforts that use bureau core competencies and support the President's whole-of-government approach to tackling the climate crisis. These efforts include acceleration of clean technology deployment, particularly through ITA's focus on clean technology exports; and providing actionable climate information and tools through NOAA's climate services.

The Department provides vast amounts of data to inform better decisions for business, government, and the public, making it "America's data agency." NOAA provides weather forecasts and climate models that help emergency managers keep Americans out of harm's way during extreme weather events. The Census Bureau delivers essential data on the U.S. population and economy, including the decennial census of people and households. BEA produces the national economic accounts, including gross domestic product (GDP). IP, trade, and scientific measurement data are among the other sets of information whose value the Department wants to maximize.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Strategic Planning and Performance

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 federal agencies to publish a new strategic plan by the first Monday in February following the year in which the term of the President begins. Additionally, the Foundations for Evidence-Based Policymaking Act of 2018 (Evidence Act) complements GPRAMA through evaluation and evidence-building activities that answer priority questions that are relevant to the programs, policies, and regulations of the agency. These questions are included in the Department's Learning Agenda and Annual Evaluation Plan.

In February 2022, the Secretary of Commerce launched the Department's 2022 – 2026 Strategic Plan and Learning Agenda in accordance with GPRAMA and the policies and timetable established by the Office of Management and Budget (OMB).

Development of the Strategic Plan and Learning Agenda included collaboration across all operating units and offices as well as key political and career leadership. The effort was led by the Office of the Secretary Performance Excellence Office and the Department Evaluation Office. The Strategic Plan includes new strategic goals and objectives, Agency Priority Goals (APGs), strategies, key performance indicators (KPIs), and learning priorities in line with guidance from the Secretary, the Office of Strategic Planning and Policy, and the White House. The Learning Agenda identifies short and long-term strategic questions (i.e., questions about how, how well, and how should programs, policies, and regulations function) and operational questions (i.e., questions that inform or assess operations such as human resources, grant-making, and internal processes).

In the spring of 2024, the Department conducted the OMB-required Annual Strategic Review (ASR) of progress implementing the 2022 – 2026 Strategic Plan. The ASR findings were delivered to OMB in August 2024. A summary of the ASR performance information, as of FY 2024, is included in this report.

During the summer of 2024, the Department prepared the initial draft Annual Performance Plan and Report (APPR). This draft was submitted to OMB, for review, in September 2024 along with the Department's FY 2026 Budget Justification. While this draft provided partial information on FY 2024 KPI results, it included details on strategic objective milestones achieved by the Department. It also established KPI targets for the next two fiscal years. The final APPR will be published in February 2025. It will include the Department's complete organizational performance information for the period ending September 30, 2024. It will be sent to Congress with the President's Budget.

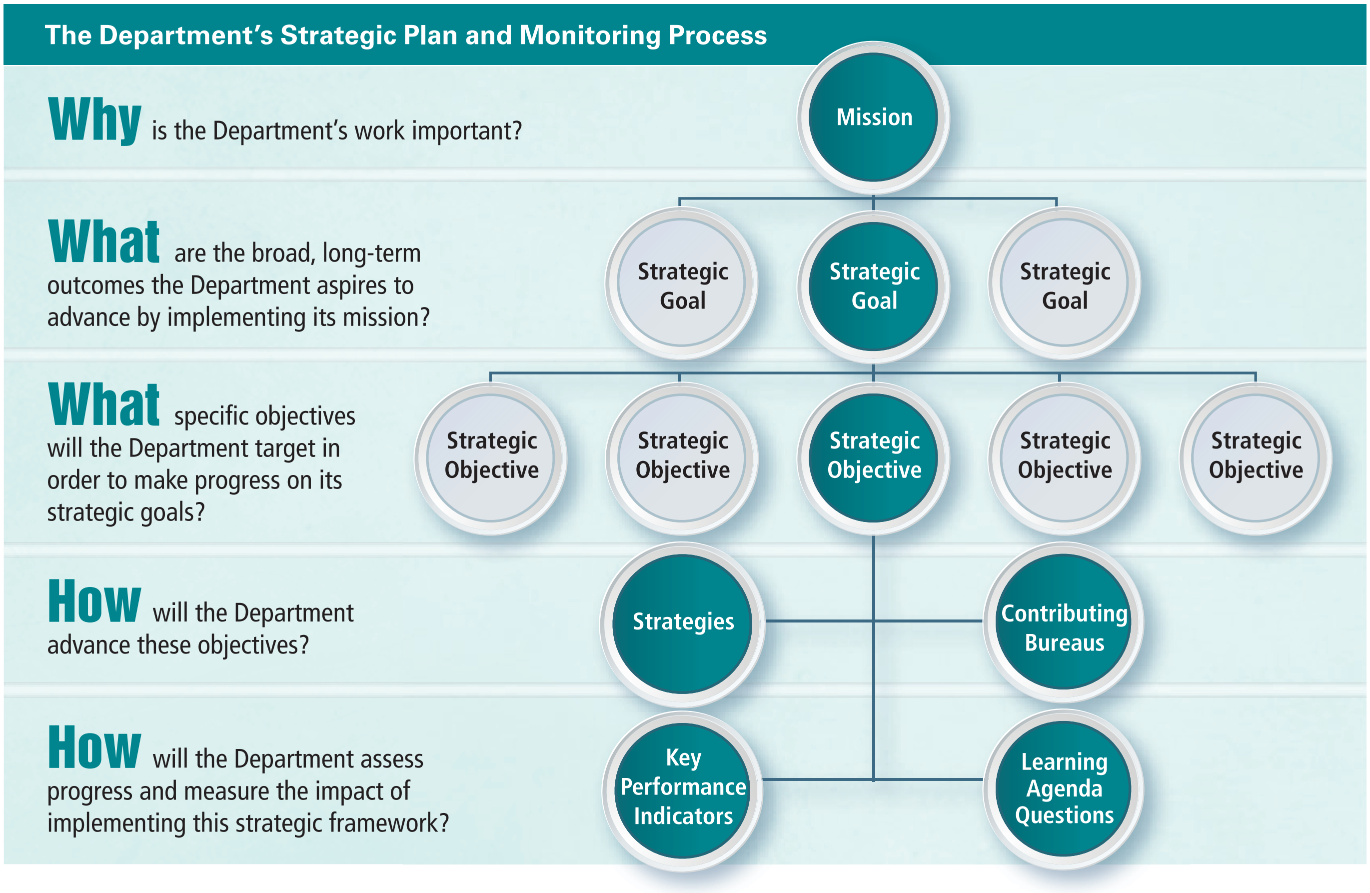
Commerce Strategic Plan Monitoring

Each spring, the Department's Deputy Secretary, in his role as Chief Operating Officer, conducts an internal ASR to assess progress on each of the Strategic Objectives listed in the Strategic Plan. The ASR process includes deliberations by operating unit Strategic Objective teams. These team meetings foster learning and inform revisions to strategies and KPIs. Upon completion of the internal ASR, the Deputy Secretary meets with OMB leadership to discuss Strategic Plan progress, major actions, risks, and opportunities based on data, KPIs, and milestones.

The Department maintains a robust systems-based framework and monitoring approach across all major operating units and is highly effective in monitoring and addressing organizational health and performance. While the Department uses a broad suite of indicators to measure organizational health, three KPIs were highlighted for this year. These KPIs included the Federal Employee Viewpoint Survey (FEVS) Employee Engagement Index (EEI), Attrition Rate (Non-seasonal full-time permanent employees only), and Hiring Timeline and Strategic Recruitment efforts to strengthen the Department's organizational health and performance. These are in alignment with the Office of Personnel Management's (OPM) guidance and widely used organizational health KPIs across other federal agencies. Based on these three KPIs, the Department's organizational health is better than many other comparable federal agencies. The Department also started the process to design and develop an organizational health indicator database and Microsoft Power BI dashboards that will show trends across all major operating units.

The Department uses a systems-based management framework that empowers every employee to participate in performance management. This framework aligns and integrates leadership, strategic planning, employee engagement, process management, business information, and customer input into feedback loops that produce continuous learning and improvement. The Department uses KPIs, Enterprise Risk Management, and program evaluation to increase evidence to support the Department's budget formulation and decision-making. This structure complies with guidance from OMB, the GPRAMA, and the Evidence Act.

The infographic below illustrates the structure of the Department's strategic plan and monitoring process.



The Evidence Act requires that the Learning Agenda is part of the Department's Strategic Plan, covers the same four-year period, and addresses priority questions across the entire Agency. The Learning Agenda and strategic planning processes leverage and inform each other. This linkage ensures that Learning Agenda questions are aligned with strategic goals and objectives, thereby making the resulting evidence and KPIs relevant for timely decision-making.

The Learning Agenda and Strategic Plan are reviewed annually to ensure updates properly answer the Department's priority questions, assess progress on strategic objectives, shift Department priorities or planned actions, change contexts or strategies within which the Department operates, include input from relevant stakeholders, and address emergent needs. Developing and regularly analyzing the documents together allows evidence to inform strategy from the outset. It allows the Department to properly assess progress and ensure the right set of KPIs are in place to measure program impacts. More detailed information on the linkage between the Learning Agenda and the Strategic Framework can be found in OMB Circular A-11, Sections 290.8 and 290.9.

Strategic Goals and Objectives

The Department of Commerce Strategic Plan is organized by Strategic Goals, Strategic Objectives, Strategies, and KPIs. This strategic planning structure follows the standardized OMB **Federal Performance Framework** and is used to organize content in all federal agencies' APPRs.

The Strategic Goal areas are major elements of the Department's mission and mission-support functions. Strategic Goals typically include three to seven Strategic Objectives that state specific important outcomes the Department aims to achieve (e.g., increase international cooperation and commerce). Strategies are the approaches that will be used to achieve a strategic objective (e.g., increase U.S. Exports by broadening access to the Department's network, programs, and services for the U.S. small and medium-sized businesses with a focus on the Nation's underserved communities). KPIs are measures of success (e.g., number of export clients assisted).

The chart on the following page summarizes the strategic goals and objectives established in the Department's 2022 – 2026 Strategic Plan. The full plan is online at *https://www.commerce.gov/about/strategic-plan* and at *https://www.performance.gov/agencies/doc/*.

Strategic Goals and Objectives of the 2022 – 2026 Strategic Plan	
Strategic Goals	**Strategic Objectives**
Goal 1 – Drive U.S. Innovation and Global Competitiveness	1.1 – Revitalize U.S. manufacturing and strengthen domestic supply chains
	1.2 – Accelerate the development, commercialization, and deployment of critical and emerging technologies
	1.3 – Increase international cooperation and commerce
	1.4 – Protect national security interests and enforce trade rules
	1.5 – Promote accessible, strong, and effective intellectual property rights to advance innovation, creativity, and entrepreneurship
	1.6 – Improve the Nation's cybersecurity and protect federal government networks
	1.7 – Advance U.S. leadership in the global commercial space industry
Goal 2 – Foster Inclusive Capitalism and Equitable Economic Growth	2.1 – Drive equitable, resilient, place-based economic development and job growth
	2.2 – Build sustainable, employer-driven career pathways to meet employers' need for talent and to connect Americans to quality jobs
	2.3 – Advance entrepreneurship and high-growth small and medium-sized enterprises
	2.4 – Expand affordable, high-quality broadband to every American
Goal 3 – Address the Climate Crisis Through Mitigation, Adaptation, and Resilience Efforts	3.1 – Increase the impact of climate data and services for decisionmakers through enhanced service delivery and improved weather, water, and climate forecasts
	3.2 – Strengthen coastal resilience and advance conservation and restoration of lands and waters for current and future generations
	3.3 – Accelerate development and deployment of clean technologies
	3.4 – Embed climate considerations across Department programs
Goal 4 – Expand Opportunity and Discovery Through Data	4.1 – Implement evidence-based decision-making within the Department of Commerce to increase program and policy impact
	4.2 – Modernize economic and demographic statistics to better meet business, policymaker, and community needs
	4.3 – Improve Commerce data usability and advance ethical, responsible, and equitable data practices
Goal 5 – Provide 21st Century Service with 21st Century Capabilities	5.1 – Effectively implement new Department of Commerce authorities and investments
	5.2 – Optimize workforce and diversity, equity, and inclusion practices
	5.3 – Equitably deliver exceptional customer experience
	5.4 – Make Department facilities and operations more sustainable and efficient
	5.5 – Modernize mission support processes and infrastructure

Organizational Performance Overview

Fueling Leading-Edge Performance Management

The Department of Commerce made marked improvements during 2024 to enhance the integration of Customer Experience (CX) components into its systems-based performance management approach. The Department incorporated progress oversight of its third OMB-designated High Impact Service Provider (HISP) into its performance monitoring and reporting processes. Oversight of the International Trade Administration (ITA), the U.S. Patent and Trademark Office (USPTO), and Census Bureau HISP activities enable the Department to share CX lessons learned and best practices across the Department's performance community of practice. HISP progress tracking is fully integrated into the Department's APPR. Additionally, the Department is maturing this CX integration by establishing a CX Steering Committee. With representation from across the Agency, this committee will further strengthen CX governance and operations and support the Department's emerging CX community of practice.

Another area of focus for the Department is artificial intelligence (AI). In FY 2024, the Department made significant progress to enhance coordination, guidance, and compliance with relevant executive orders, OMB Memoranda, and mandated technical frameworks for all AI use across the Department. To support these efforts, the Department launched Department-wide working groups with representatives from all relevant operating units.

The AI and Open Government Data Assets Working Group, launched in October 2023, is tasked with developing guidelines for publishing Commerce data that can be utilized by emerging AI technologies such as generative AI (GenAI). The working group is exploring how GenAI can further the Department of Commerce's strategic goal to "expand opportunity and discovery through data." Innovations such as Google's Data Commons and OpenAI's ChatGPT demonstrate that GenAI can enable users to discover and quickly derive insights from public data without specialized expertise or knowledge.

The Department-wide Commerce AI Governance Board, chaired by the Deputy Secretary and the Chief AI Officer, with representatives from across the Department was established to provide policies and guidance on AI use. The Board will establish working groups to research and develop those policies and guidance.

The Department-wide AI Pilot Review Group was established to evaluate specific GenAI use cases to support the Department's mission. In addition, the National Oceanic and Atmospheric Administration (NOAA) launched a Generative AI Pilot Program and Working Group to develop an enterprise-wide approach to implement GenAI within the NOAA community. This initiative resulted in 72 projects that promote modernization and innovation in a safe, ethical, and secure manner.

As a premier federal statistical agency, the Department strives to lead the way to improve how data are made more easily accessible and useful for the American public. Consistent with the Evidence Act imperatives for data accessibility, the Department maintains Commerce Performance Data Pro (*https://performance.commerce.gov/*), a website that provides the American public an interactive online tool for learning more about the Department of Commerce, its strategic objectives, and the progress the Department is making. This website is an excellent example of how the federal government is making performance data more easily accessible and useful for the public. By using Commerce Performance Data Pro, the American public can easily understand the progress the Department of Commerce is making. 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 performance data, monitor the Department's efforts to strengthen the U.S. economy, and learn more about efforts to improve many critical services.

The Commerce Performance Data Pro website provides members of the public, who are interested in the Department and want information on its progress, with the following tools and 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 major operating unit's performance
- Access to over 200 ***KPI Insights*** tiles that measure program results
- Ability to connect directly to datasets using an Application Programming Interface

As of September 2024, the Commerce Performance Data Pro website received more than 14,800 unique visitors since October 1, 2023. To improve data tracking capabilities, the Department deployed the updated Google Analytics token and will analyze data on a regular cadence to understand the impact of the platform. More comprehensive data analytics will be provided in future reports.

The Department's APPR and the Annual Budget Submission to Congress that report detailed organizational performance information will be posted for the public in February 2025 on *www.performance.gov* and *www.commerce.gov/about/budget-and-performance*.

FY 2024 Performance Summary

The Department's Strategic Objectives are the primary unit for strategic analysis and decision-making. The Department's Office of Performance Excellence 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 2024. All assessments of **Noteworthy Progress**, **On Track**, or **Focus Area** for Improvement are supported by KPIs and/or milestones and integrate Enterprise Risk Management information to identify vulnerabilities and risks, mitigating actions, issues, and evidence related to the Strategic Objective.

Mission-focused Strategic Objective Leaders (i.e., Strategic Goals 1 – 4) convened their contributing operating unit 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 (PMA) actions and were assisted by meetings with the Department's Office of Performance Excellence. The Department's Office of Performance Excellence analyzed all information submitted by the Strategic Objective Leader, ensured the most recently available data was included, conducted follow up meetings as needed, and presented the progress assessment for the Chief Financial Officer/Assistant Secretary for Administration (CFO/ASA), Performance Improvement Officer, Chief Data Officer, Evaluation Officer, and Deputy Secretary's consideration.

The FY 2024 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. For the latest and most detailed performance data by Strategic Objective, please visit the Commerce Performance Data Pro website at *https://performance.commerce.gov/*.

The tables on the following pages show the Department's FY 2024, FY 2023, and FY 2022 progress, rating each Strategic Objective status as either: Area Demonstrating Noteworthy Progress (Noteworthy Progress); On Track; Focus Area for Improvement. The rating of each Strategic Objective status conforms with OMB's definition stated in OMB Circular A-11, Section 260.18.

Focus Areas for Improvement are defined in OMB Circular A-11 as a specific aspect within a program or strategic objective that requires attention due to issues such as inadequate impact on program outcomes, inability to adequately address problems, unintended outcomes, cost-effectiveness concerns, or the existence of significant risks which may impact program delivery or outcomes. In FY 2024, Strategic Objectives 1.4 and 5.5 were identified as Focus Areas for Improvement. Progress summaries for the identified objectives can be found in the FY 2024 Focus Areas for Improvement section.

Areas Demonstrating Noteworthy Progress are defined in OMB Circular A-11 as significant advancements in a program or strategic objective, characterized by the realization of intended results or improvements in outcomes, innovative strategies leading to enhanced outcomes, risk, or cost reduction, and promising greater future impact, as well as strategies being more effective than intended, or decreased in a problem's magnitude and a corresponding improvement in national welfare. In FY 2024, Strategic Objectives 1.1, 2.1, 4.2, and 5.1 were identified as areas demonstrating Noteworthy Progress. Progress summaries for the identified objectives can be found in the FY 2024 Areas Demonstrating Noteworthy Progress section.

Strategic Goal 1 – Drive U.S. Innovation and Global Competitiveness

The Department of Commerce has long focused on advancing U.S. innovation and competitiveness. To maintain its global technological leadership, the United States must innovate more and innovate faster than the rest of the world. When U.S. businesses innovate, they drive economic growth, create jobs, and help Americans lead better lives. It is increasingly clear that innovation, economic security, and national security are deeply connected, and all rely on a resilient domestic industrial base, an effective innovation ecosystem, and strategic global engagement. This means the United States must prioritize investments in its people, infrastructure, technology, and supply chains.

To advance innovation and competitiveness, the Department is strengthening production, supply chain resilience, and innovation at home; facilitating trade and collaboration abroad; defending U.S. businesses and communities against unfair trade practices; and engaging allies and partners to promote innovation, sustainability, and global security.

The following table shows the Strategic Objective performance assessments for Strategic Goal 1.

Strategic Goal 1 Strategic Objective Performance Assessments

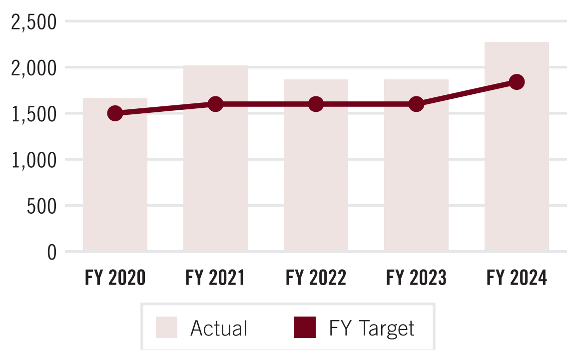
Strategic Objectives	FY 2022 Status	FY 2023 Status	FY 2024 Status
1.1 – Revitalize U.S. manufacturing and strengthen domestic supply chains	On Track	On Track	Noteworthy Progress
1.2 – Accelerate the development, commercialization, and deployment of critical and emerging technologies	On Track	On Track	On Track
1.3 – Increase international cooperation and commerce	Noteworthy Progress	On Track	On Track
1.4 – Protect national security interests and enforce trade rules	On Track	Noteworthy Progress	Focus Area for Improvement
1.5 – Promote accessible, strong, and effective intellectual property rights to advance innovation, creativity, and entrepreneurship	On Track	On Track	On Track
1.6 – Improve the Nation's cybersecurity and protect federal government networks	On Track	On Track	On Track
1.7 – Advance U.S. leadership in the global commercial space industry	On Track	Focus Area for Improvement	On Track

Major Accomplishments

- The Administration announced non-binding preliminary memorandum of terms (PMT) with 15+ different companies. More information on the proposed funding sites and award amounts can be found at *https://www.nist.gov/chips/funding-updates*.
- CHIPS (Creating Helpful Incentives to Produce Semiconductors) for America released three Notice of Funding Opportunities (NOFO) for CHIPS Research and Development (R&D) Programs: CHIPS Manufacturing USA Institute, CHIPS Metrology Small Business Innovation Research (SBIR), and CHIPS National Advanced Packaging Manufacturing Program (NAPMP) Materials and Substrates R&D.
- In January 2024, ITA's SelectUSA reached a new milestone of facilitating over $200 billion in client-verified foreign direct investment, supporting more than 200,000 jobs throughout the United States and its territories since the SelectUSA program was established in 2011.
- The Supply Chain Center led the development of the U.S. list of critical sectors and key goods that was shared with Indo-Pacific Economic Framework for Prosperity partner countries this fall in determining priorities for collective action.
- Bureau of Industry and Security (BIS) investigations resulted in 61 criminal convictions. BIS also worked with the Department's Office of Chief Counsel for Industry and Security to issue orders in six administrative enforcement cases and resolved five administrative antiboycott compliance cases. These enforcement actions collectively resulted in the imposition of $5,018,800 in criminal fines, $2,948,031 in forfeitures, 2,348 months of federal imprisonment, and $6,524,300 in administrative export control and antiboycott penalties, demonstrating the significant legal consequences for non-compliance.

Key Performance Indicators

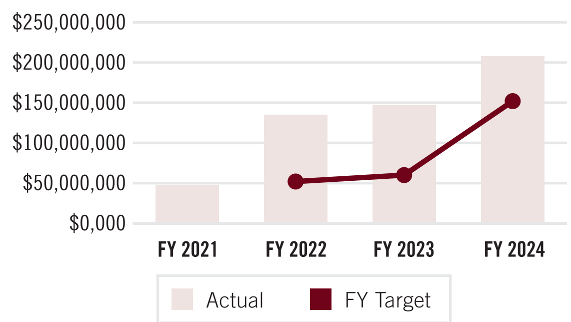
PERFORMANCE INDICATOR: Number of actions or cases resulting in deterrence or legal charges



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Value of advanced manufacturing technology portfolio within Commerce-sponsored Manufacturing USA Institutes

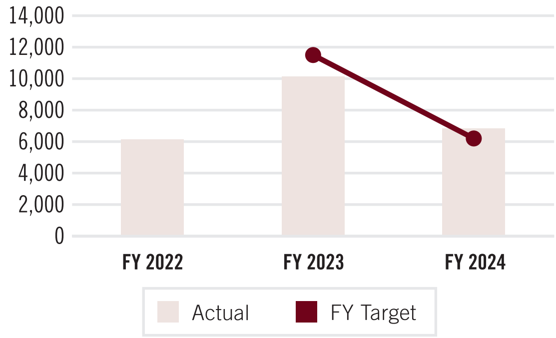


ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

Key Performance Indicators Fostering Equity

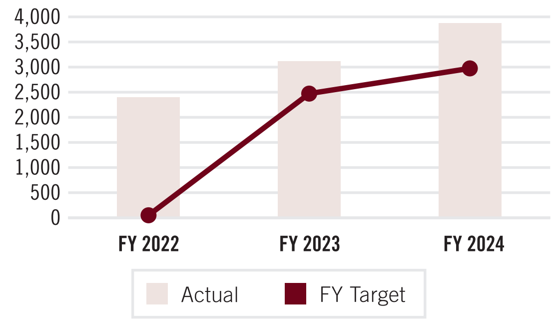
PERFORMANCE INDICATOR: Number of underserved community clients assisted



ABOVE TARGET = FAVORABLE

Did Not Meet FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Growth in workforce services provided to small to midsized U.S. manufacturers



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

Strategic Goal 2 – Foster Inclusive Capitalism and Equitable Economic Growth

Global competitiveness and a healthy democracy require that all Americans have an opportunity to participate in the 21st century economy. The talents and strengths of the entire country must be harnessed, including women, people of color, and others who are too often left behind. Inclusive growth is good economics. The Nation will fail to meet its full potential if it does not invest in all communities, workers, inventors, and entrepreneurs.

Expanding opportunity for more Americans is central to the Department of Commerce's mission, and as the Nation continues to build back better, this mission is more critical than ever. The Department is promoting place-based growth, ensuring innovation in AI, robotics, quantum computing, and biotechnology, creating pathways to quality jobs, ensuring access to affordable, high-speed broadband internet and supporting American small and medium-sized businesses, women and minority-owned businesses, and entrepreneurs.

The following table shows the Strategic Objective performance assessments for Strategic Goal 2.

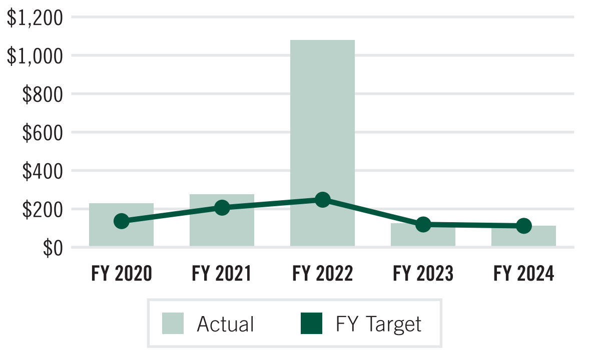
Strategic Goal 2 Strategic Objective Performance Assessments			
Strategic Objectives	**FY 2022 Status**	**FY 2023 Status**	**FY 2024 Status**
2.1 – Drive equitable, resilient, place-based economic development and job growth	On Track	On Track	Noteworthy Progress
2.2 – Build sustainable, employer-driven career pathways to meet employers' need for talent and to connect Americans to quality jobs	On Track	On Track	On Track
2.3 – Advance entrepreneurship and high-growth small and medium-sized enterprises	On Track	On Track	On Track
2.4 – Expand affordable, high-quality broadband to every American	On Track	On Track	On Track

Major Accomplishments

- The Economic Development Administration (EDA) invested over $150 million across all programming in infrastructure projects that support underserved communities, enhancing access to essential services and job opportunities. These investments reflect EDA's commitment to creating a more inclusive and equitable economic landscape across the United States.
- As of FY 2024, the Good Jobs Challenge Program enrolled over 20,000 participants for collaborative training. Over 50 percent of these participants successfully completed their training. Furthermore, 5,317 participants who completed their training were successfully placed in good jobs, defined as a job that exceeds the local prevailing wage for an industry in the region, includes basic benefits, and helps the employee develop the skills necessary for career advancement.
- EDA lunched a new phase of the Good Jobs Challenge which seeks to fund sectoral partnerships to train and place workers into good jobs in key technology industries, enhancing U.S. economic and national security. EDA will allocate around $25 million to five to eight organizations for training programs, with individual grants ranging from $1 million to $8 million.
- After designating 31 technology hubs (Tech Hubs) in Phase 1 of the program, EDA allocated $504 million in Phase 2 implementation awards to 12 designated Tech Hubs. Additionally, 19 designated Tech Hubs will each receive a $500,000 Consortium Accelerator Award to further implement their strategies and pursue additional capital.
- Broadband Equity, Access, and Deployment (BEAD) Program: All states and territories submitted their Initial Proposals detailing their infrastructure deployment plans. The Assistant Secretary approved 56 Initial Proposals totaling $37,198,919,000 in funds to be given to the states and territories, of which the grants office has obligated $16,496,007,271.
- Tribal Broadband Connectivity Program (TBCP): In FY 2024, the National Telecommunications and Information Administration (NTIA) received applications for the second round of TBCP, which made available up to $980,000,000 to expand access to and adoption of broadband service to tribal land or programs that promote the use of remote learning, telework, or telehealth resources.

Key Performance Indicators

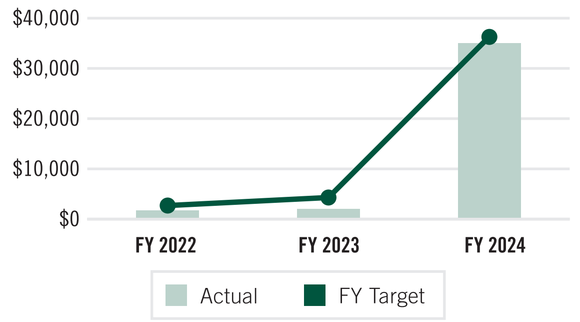
PERFORMANCE INDICATOR: Amount of grants to support manufacturing activities and needs (in millions)



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Total amount of NTIA grant funds committed for broadband-related programs (in millions)



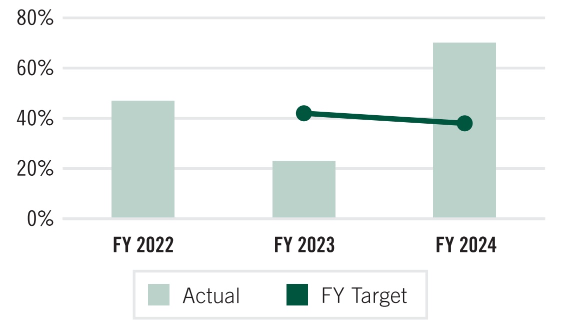
ABOVE TARGET = FAVORABLE

Did Not Meet FY 2023 Target
Met FY 2024 Target

Target is considered met when the actual is 90-100% of the target.

Key Performance Indicators Fostering Equity

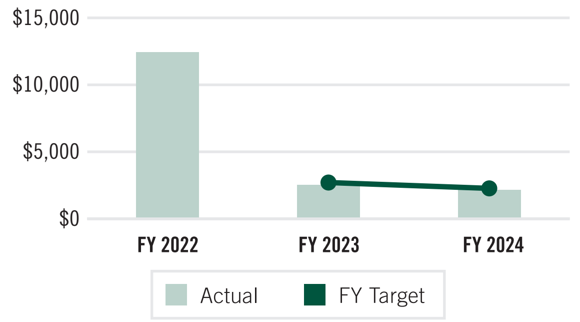
PERFORMANCE INDICATOR: Percentage of EDA awards that support entrepreneurship in underserved communities and regions



ABOVE TARGET = FAVORABLE

Did Not Meet FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Dollar amount of private investment leveraged from grants made in underserved populations and geographies (in millions)



ABOVE TARGET = FAVORABLE

Met FY 2023 Target
Met FY 2024 Target

Target is considered met when the actual is 90-100% of the target.

Strategic Goal 3 – Address the Climate Crisis Through Mitigation, Adaptation, and Resilience Efforts

Every American family and community, as well as the entire U.S. economy, are susceptible to the effects of climate change. A narrow window of opportunity remains to create science-based and equitable solutions to avoid the most catastrophic impacts of climate change, while helping to create a clean energy economy. In 2021, a total of 20 weather and climate disasters cost the Nation a combined $145 billion in damages.

Addressing the climate crisis is an essential and existential component of the Department's mission to create the conditions for economic growth and opportunity. In support of the government-wide approach to tackle the climate crisis, the Department is accelerating clean technology development and deployment, providing actionable climate information and tools to decisionmakers, and providing support for vulnerable communities. These tools address climate-related risks in every sector of the economy, especially in the most vulnerable communities and populations.

The following table shows the Strategic Objective performance assessments for Strategic Goal 3.

Strategic Goal 3 Strategic Objective Performance Assessments			
Strategic Objectives	**FY 2022 Status**	**FY 2023 Status**	**FY 2024 Status**
3.1 – Increase the impact of climate data and services for decisionmakers through enhanced service delivery and improved weather, water, and climate forecasts	Noteworthy Progress	On Track	On Track
3.2 – Strengthen coastal resilience and advance conservation and restoration of lands and waters for current and future generations	On Track	On Track	On Track
3.3 – Accelerate development and deployment of clean technologies	On Track	On Track	On Track
3.4 – Embed climate considerations across Department programs	On Track	On Track	On Track

Major Accomplishments

- First Tribal Climate Initiatives Gathering in Anchorage, Alaska: NOAA's Alaska Regional Collaboration Team coordinated efforts across NOAA and other federal agencies to support the Alaska Native Tribal Health Consortium's first Tribal Climate Initiatives Gathering in Anchorage, Alaska on May 21–23, 2024.

- Building on the success of Extreme Heat Projects: In June 2024, NOAA released A Maturity Model for Heat Governance and the Introduction to Heat Tabletop Planning and Coordination documents on *heat.gov*, which provide a guide for decisionmakers to manage heat risk and plan their own tabletop exercises focused on heat.

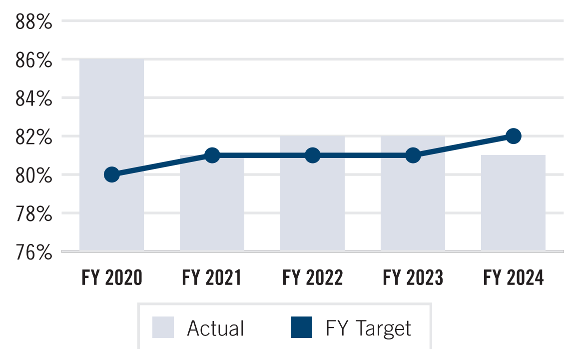
- NOAA *launched the GOES-U satellite*, the fourth and final satellite in the Geostationary Operational Environmental Satellites (GOES)-R Series. GOES-U, now on station and renamed GOES-19, features NOAA's first-ever solar coronagraph, an instrument that will provide coronal mass ejections imagery to monitor the outer layer of the sun and help detect large solar eruptions.

- Climate-Ready Coasts: To date, the National Ocean Service announced nearly $238 million in funding toward 91 competitive projects in 35 states and territories, for locally driven, community-based marine debris removal and interception projects, and advancing coastal habitat restoration and acquisition projects.

- Mapping products support for offshore wind energy: In partnership with the Bureau of Ocean Energy Management (BOEM), NOAA developed a *spatial suitability model* that informed BOEM's designation of four wind energy areas in the Gulf of Mexico. The areas have the potential to produce enough renewable energy to power more than three million homes.
- Accelerate development and deployment of clean technologies: ITA facilitated over $17 billion this fiscal year in climate and clean tech exports through export promotion and commercial diplomacy for U.S. companies.

Key Performance Indicators

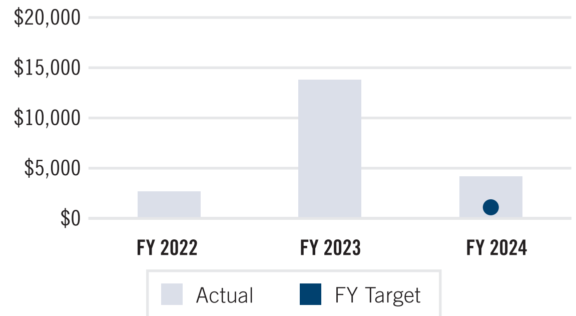
PERFORMANCE INDICATOR: National Weather Service Customer Satisfaction Index



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Met FY 2024 Target

PERFORMANCE INDICATOR: Value of clean tech Written Impact Narrative Statements (in millions)



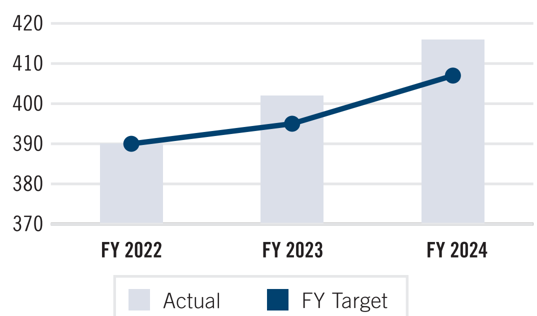
ABOVE TARGET = FAVORABLE

Exceeded FY 2024 Target

Target is considered met when the actual is 90-100% of the target.

Key Performance Indicators Fostering Equity

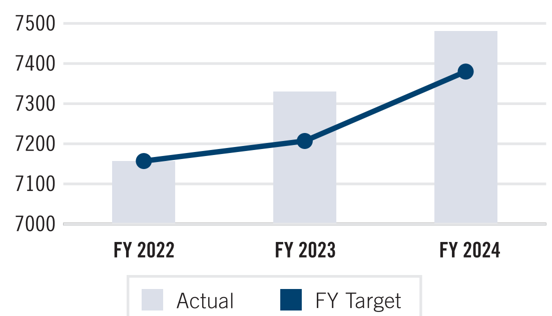
PERFORMANCE INDICATOR: Number of StormReady communities serving socially vulnerable populations and U.S. businesses



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Number of Weather-Ready Nation Ambassadors serving socially vulnerable populations and U.S. businesses



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

Strategic Goal 4 – Expand Opportunity and Discovery Through Data

Accurate, timely, and usable data are critical to the Department's mission to create the conditions for economic growth and opportunity for all communities. More than 30 million U.S. businesses and 325 million Americans rely on the Department's data products, which shape fiscal policy that affects economic growth. Each year, the federal government uses Department of Commerce data to inform how it distributes more than $1 trillion to states and municipalities. American communities, policymakers, and businesses need detailed, timely, and user-friendly data and statistics to navigate a changing economy. As America's top producer of public data, the Department of Commerce develops new economic indicators to track growth in emerging sectors.

To fulfill its mission, the Department is deploying data and evaluation to design and evaluate its own programs and policies; improving usability, accessibility, timeliness, and granularity of data disseminated to the public; ensuring ethical data practices; modernizing the Department's data ecosystems; and improving confidentiality and privacy.

The following table shows the Strategic Objective performance assessments for Strategic Goal 4.

Strategic Goal 4 Strategic Objective Performance Assessments

Strategic Objectives	FY 2022 Status	FY 2023 Status	FY 2024 Status
4.1 – Implement evidence-based decision-making within the Department of Commerce to increase program and policy impact	Focus Area for Improvement	On Track	On Track
4.2 – Modernize economic and demographic statistics to better meet business, policymaker, and community needs	Noteworthy Progress	Noteworthy Progress	Noteworthy Progress
4.3 – Improve Commerce data usability and advance ethical, responsible, and equitable data practices	On Track	On Track	On Track

Major Accomplishments

- On July 22, 2024, a *press release* announced the six sites for the *2026 Census Test*, the first of two major on-the-ground tests planned in preparation for the 2030 Census.
- The Census Bureau released the following data:
  - 2022 Economic Census: Provides a macro view of the U.S. economy.
  - 2022 Census of Government: Finance data include revenue, expenditures, debt, and assets for state and local governments as well as pensions data.
  - Near real-time data informing on the impacts the pandemic and other social and economic issues had on American households through the Household Pulse Survey.
  - The Business Trends and Outlook Survey continues to make biweekly data releases to measure the U.S. business climate and captures key measures of the economy.
  - The Census Bureau is working with the Federal Emergency Management Agency (FEMA) and NOAA to create new data products related to natural disasters and climate changes.
  - On October 26, 2023, the 2022 Annual Business Survey released new estimates on the characteristics of employer businesses.

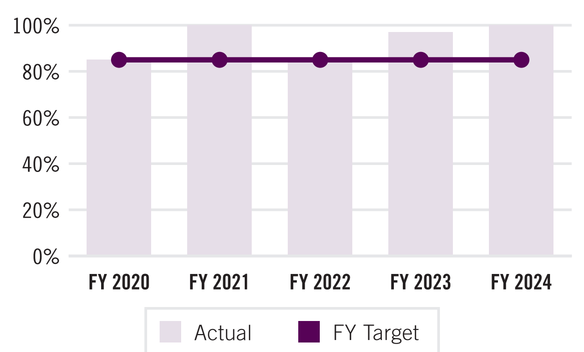
- The Commercial Data Working Group drafted an outline for a recommendations report to detail potential challenges and solutions for the enterprise-wide acquisition.
- The Department launched the AI and Open Government Data Assets Working Group in October 2023. The working group is tasked with developing guidelines for publishing Commerce data that can be utilized by emerging AI technologies such as GenAI.

Accomplishments Fostering Equity

- Office of the Under Secretary for Economic Affair's Chief Data Officer staff published the "U.S. Department of Commerce Equitable Data Playbook: Real-World Approaches to Improving Federal Program Design and Delivery" in collaboration with the Equitable Measures Sub-Group of the Department of Commerce Equity Action Council and the Commerce Data Governance Board.
- In August, the Census Bureau released 2020 Census counts of households, along with information on household type and tenure (whether the home is owned or rented) for 300 detailed race and ethnicity groups and 1,187 American Indian and Alaska Native tribes and villages. The *2020 Census Detailed Demographic and Housing Characteristics File B* provides household information based on the race or ethnicity of the householder.
- The Census Bureau is developing an historically undercounted populations (HUPs) data equity and inclusion research program to improve overall HUPs data quality in Census surveys, censuses, and programs.

Key Performance Indicators

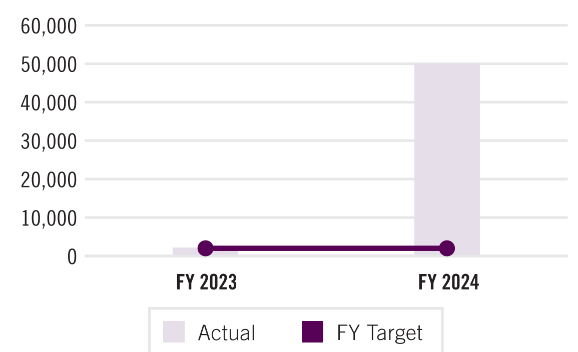
PERFORMANCE INDICATOR: Percentage of key data products released on time



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Number of datasets published on Commerce data inventory



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

Strategic Goal 5 – Provide 21st Century Service with 21st Century Capabilities

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 diverse, highly skilled, and passionate about delivering value to the American public. The PMA directs federal agencies to optimize internal operations, infrastructure, workforce quality and equity, sustainability, and overall customer experience. These transformations depend on a strong organizational culture that is inclusive, learning, and customer focused.

The Department is ensuring exceptional stewardship of taxpayer dollars, promoting data driven decision-making, reimagining the future of work, improving hiring timeliness and candidate quality, ensuring employees are trained and highly skilled, delivering exceptional customer experience, and implementing sustainable and efficient infrastructure and operations.

The following table shows the Strategic Objective performance assessments for Strategic Goal 5.

Strategic Goal 5 Strategic Objective Performance Assessments			
Strategic Objectives	**FY 2022 Status**	**FY 2023 Status**	**FY 2024 Status**
5.1 – Effectively implement new Department of Commerce authorities and investments	On Track	On Track	Noteworthy Progress
5.2 – Optimize workforce and diversity, equity, and inclusion practices	Focus Area for Improvement	Noteworthy Progress	On Track
5.3 – Equitably deliver exceptional customer experience	On Track	On Track	On Track
5.4 – Make Department facilities and operations more sustainable and efficient	On Track	On Track	On Track
5.5 – Modernize mission support processes and infrastructure	On Track	Noteworthy Progress	Focus Area for Improvement

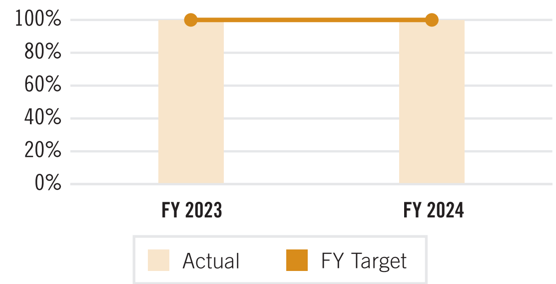
Major Accomplishments

- The Office of Human Resources Management launched the Department's first-ever Talent Strategy Plan. This plan outlines objectives to enhance operational efficiency, strengthen cross-Department collaboration, build a diverse pipeline, innovate hiring processes, and help employees build a career at the Department.
- The Office of Learning and Development launched the inaugural cohort of the Department's Secretary's Leadership Seminar Program in September 2024. This 9-month engagement, offered through a partnership with the Harvard Business School, will allow 50 participants out of 387 applicants to participate and grow as enterprise-wide emerging leaders.
- The Office of Civil Rights launched the Safe and Inclusive Workplace Campaign in partnership with the directorates within the Office of Chief Information Officer (OCIO) and CFO/ASA, with a robust schedule of hosting lunch/learns on psychological and physical safety with almost 1,500 participants for the first six events.
- Over 600 recruitments were supported which led to hiring over 350 employees from January 1, 2024, through August 1, 2024.
- Enterprise Services improved it's time-to-hire by 36 days in FY 2024, from an average 134 days in the second quarter to 98 days in the third quarter for the offices they serve. This brought their hiring services closer to meeting OPM's 80-day hiring time target.

- In compliance with OMB Memorandum M-24-10, *Advancing Governance, Innovation, and Risk Management for Agency Use of Artificial intelligence*, the OCIO established and convened the Commerce AI Governance Board to coordinate and govern issues tied to the use of AI at the Department.

Key Performance Indicators

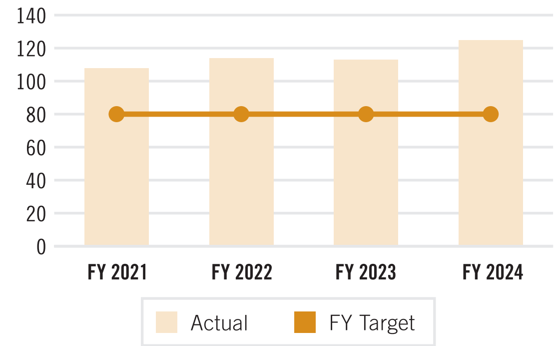
PERFORMANCE INDICATOR: Percentage on-time, on-budget deployment of Business Application Solution (BAS), Grants Enterprise Management Solution (GEMS)



ABOVE TARGET = FAVORABLE

Met FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Hiring timeline (average number of calendar days to complete hiring actions)



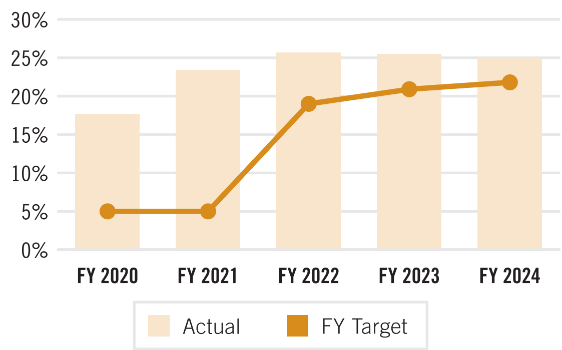
BELOW TARGET = FAVORABLE

Did Not Meet FY 2023 Target
Not Expected to Meet FY 2024 Target

Please note that the FY 2024 actual is a year-to-date value and does not represent the finalized FY 2024 actual.

Key Performance Indicators Fostering Equity

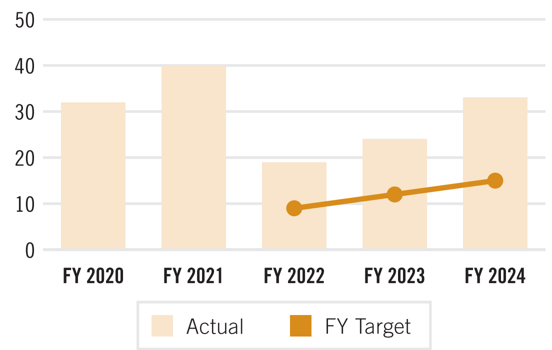
PERFORMANCE INDICATOR: Percentage of obligations to small, disadvantaged businesses



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Number of Inclusion, Special Observances, and Special Emphasis Programs



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

FY 2024 Focus Areas for Improvement

Focus Areas for Improvement are defined in OMB Circular A-11 as a specific aspect within a program or strategic objective that requires attention due to issues such as inadequate impact on program outcomes, inability to adequately address problems, unintended outcomes, cost-effectiveness concerns, or the existence of significant risks which may impact program delivery or outcomes. In FY 2024, Strategic Objectives 1.4 and 5.5 were identified as Focus Areas for Improvement.

Strategic Objective 1.4 – Protect national security and enforce trade rules

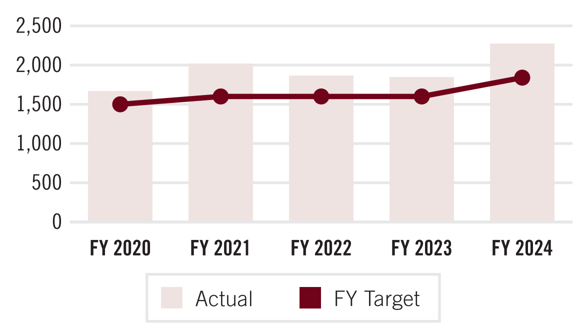
In FY 2024, Strategic Objective 1.4 was identified as a focus area for improvement due to BIS's vision project which details the additional support and resources required to implement BIS's mission. Strategic competition with China and other foreign adversaries and changes in technology have complicated BIS's existing work and expanded the scope of its mission. BIS's vision project focuses on securing additional funding to enhance enforcement capabilities, technical expertise, data and analytical capabilities, policy coordination and international engagement, and modernize IT systems to meet the challenges of today and the future. As part of its mission, BIS advances national security through technology leadership and vigilant export controls. The strategic focus includes administering and enforcing export controls and other authorities to protect against inappropriate use of U.S. technologies, protecting the supply chain of information and communications technology and services against foreign adversaries, and identifying and protecting emerging technologies essential to national security. Without additional resources, it will be difficult to maintain mission requirements, let alone address current and future challenges.

To accelerate progress toward Strategic Objective 1.4, the Department will:

- Work to secure additional funding to enhance BIS's technical expertise, personnel, data and analytical capabilities, and enforcement capacity to meet the challenges of today and the future.
- Codify Information and Communications Technology and Services authorities into law to strengthen legal footing, enhance Congressional buy-in, and protect against future reversals of authorities.
- Obtain a new hiring authority for BIS to bring on new technical expertise rapidly to adjust to new threats.

Key Performance Indicators

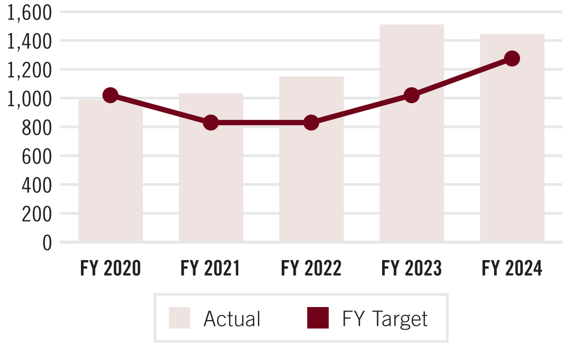
PERFORMANCE INDICATOR: Number of actions resulting in a deterrence or prevention of a violation, and cases resulting in a criminal or administrative charge



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Number of end-use checks completed



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

Strategic Objective 5.5 – Modernize mission support processes and infrastructure

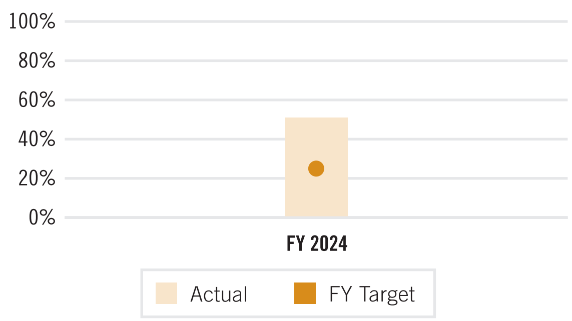
Infrastructure Modernization is a focus area due to issues with aligning current data and system security capabilities with modern IT architectures within the originally planned timeframe. Additionally, transitioning legacy systems to more modern applications is at risk of not being completed on time.

To accelerate progress toward Strategic Objective 5.5, the Department's OCIO will:

- Integrate Federal Information Technology Acquisition Reform Act (FITARA) compliance in all new IT projects and activities by updating and streamlining IT governance processes and practices.
- Establish Departmental policy, guidance, and templates for all AI initiatives across all operating units to ensure strategic and architectural alignment.
- Support the planned recompete for the Department-wide Optimization of Government Equipment contract for networking infrastructure equipment and related software.
- Facilitate deployment of IT Cost Data Modeling and Cloud FinOps tools across the Department to consolidate IT spending and utilizations data into a single dataset, giving each operating unit more insight and control over their spending and cloud deployments.
- Begin a modernization refresh of HCHBNet. This will include implementation of wireless as the primary mode of connectivity for all headquarters users and a transition from traditional desk phones to a cloud-based Private Branch Exchange and calling platform.

Key Performance Indicators

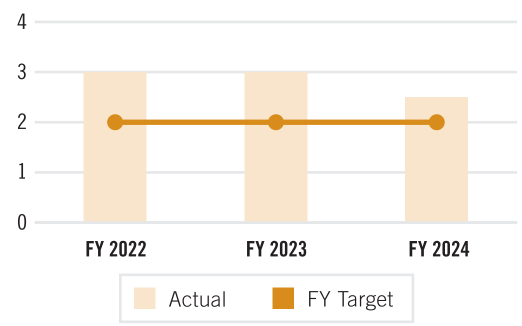
PERFORMANCE INDICATOR: Percentage of end of life/end of service networking devices on the HCHBNet network



BELOW TARGET = FAVORABLE

Did Not Meet FY 2024 Target

PERFORMANCE INDICATOR: Improve the Department's Federal Information Technology Acquisition Reform Act (FITARA) score



ABOVE TARGET = FAVORABLE

Met FY 2023 Target
Exceeded FY 2024 Target

FY 2024 Areas Demonstrating Noteworthy Progress

Areas Demonstrating Noteworthy Progress are defined in OMB Circular A-11 as significant advancements in a program or strategic objective, characterized by the realization of intended results or improvements in outcomes, innovative strategies leading to enhanced outcomes, risk reductions, or cost reductions, and promising greater future impact, as well as strategies being more effective than intended, or decreased in a problem's magnitude and a corresponding improvement in national welfare. In FY 2024, Strategic Objectives 1.1, 2.1, 4.2 and 5.1 were identified as Areas Demonstrating Noteworthy Progress.

Strategic Objective 1.1 – Revitalize U.S. manufacturing and strengthen domestic supply chains

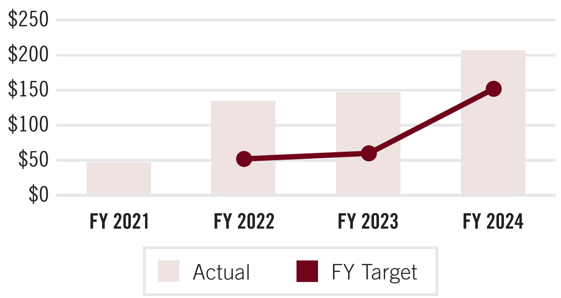
In FY 2024, the Department of Commerce made noteworthy progress to revitalize U.S. manufacturing and strengthen domestic supply chains. The National Institute of Science and Technology made significant progress in implementing the CHIPS and Science Act, highlighted below.

Accomplishments:

- The Administration announced non-binding PMT with 15+ different companies. More information on the proposed funding sites and award amounts can be found at *https://www.nist.gov/chips/funding-updates*.
- CHIPS for America released three NOFOs for CHIPS R&D Programs:
  - CHIPS Manufacturing USA Institute: The Department issued a NOFO to seek proposals from eligible applicants for activities to establish and operate a CHIPS Manufacturing USA institute focused on digital twins for the semiconductor industry. The CHIPS for America Program anticipates up to $285 million for a first-of-its kind institute focused on the development, validation, and use of digital twins for semiconductor manufacturing, advanced packaging, assembly, and test processes.
  - CHIPS Metrology SBIR: The Department issued a NOFO to seek application eligible small businesses to explore the technical merit or feasibility of an innovative idea or technology for developing a viable product or service for introduction in the commercial microelectronics marketplace. The CHIPS for America program anticipates up to $54 million in funding across multiple topics on research projects for critically needed measurement services, tools, and instrumentation; innovative manufacturing metrologies; novel assurance and provenance technologies; and advanced metrology R&D testbeds to help secure U.S. leadership in the global semiconductor industry.
  - CHIPS NAPMP Materials and Substrates R&D: The Department issued a NOFO to seek applications for R&D activities that will establish and accelerate domestic capacity for advanced packaging substrates and substrate materials, a key technology for manufacturing semiconductors. The CHIPS for America program anticipates awarding approximately $300 million in amounts up to $100 million over up to five years per award. Program awards may be leveraged by voluntary co-investment.
- The Department issued a Notice of Intent (NOI) to open a competition for new R&D activities that will establish and accelerate domestic capacity for semiconductor advanced packaging. The CHIPS for America program anticipates up to $1.6 billion in funding innovation across five R&D areas, as outlined in the vision for the NAPMP.

Key Performance Indicators

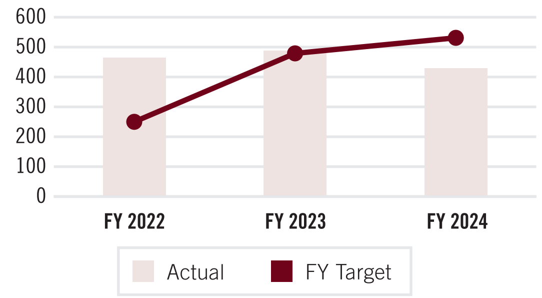
PERFORMANCE INDICATOR: Value of advanced manufacturing technology portfolio within Commerce-sponsored Manufacturing USA Institutes (in millions)



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Number of small and medium manufacturers who receive technical assistance to increase contributions of additional key products and critical technologies in the domestic supply base



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Not Expected to Meet FY 2024 Target

Please note that the FY 2024 actual is a year-to-date value and does not represent the finalized FY 2024 actual.

Strategic Objective 2.1 – Drive equitable, resilient, place-based economic development and job growth

In FY 2024, the Department of Commerce made noteworthy progress to drive equitable, resilient, place-based economic development and job growth. EDA strategically drove improvement across the economy, from the local to national level. Their initiatives in FY 2024 reflect its commitment to sustainable and resilient growth.

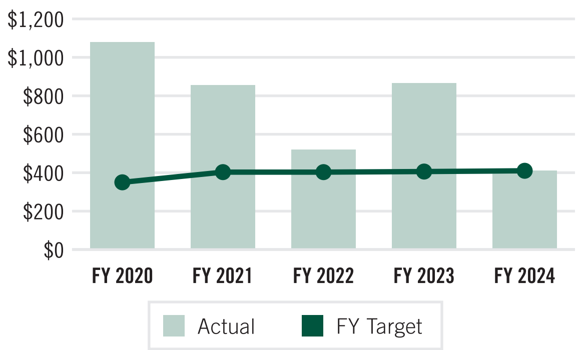
Accomplishments:

- EDA's partnership with Argonne National Labs produced several economic development tools such as the National Economic Resilience Data Explorer and the Economic Capacity Development Index. Both tools helped economic development practitioners conduct in-depth, data-driven analysis of economic development capacity within their county to help with their work, such as their Comprehensive Economic Development Strategies.
- EDA's Distressed Area Recompete Pilot Program (Recompete) focuses on regions where prime-age (25–54 years) employment lags significantly behind the national average, aiming to bridge this gap with substantial, flexible investments. In FY 2024, EDA announced $184 million in implementation grants for six Recompete finalists. Among these, the City of Birmingham, Alabama, will receive $20 million to support the persistently distressed neighborhoods of North Birmingham, Northside, Pratt, and Smithfield. This funding will be used for workforce training, entrepreneurial support, and essential services such as transportation and childcare, addressing systemic barriers to access for workers. As a result of this project, Birmingham-area employers committed to creating over 5,000 job opportunities. The full list of Recompete awardees can be accessed at *https://www.eda.gov/funding/programs/recompete-pilot-program/2023*.

- EDA invested over $150 million across all programming in infrastructure projects that support underserved communities, enhancing access to essential services and job opportunities. These investments reflect EDA's commitment to creating a more inclusive and equitable economic landscape across the United States.
- ITA opened six additional Rural Export Centers (RECs) located in West Virginia, Iowa, Nevada, Idaho, Kentucky, and Mississippi to empower rural U.S. companies to thrive in international markets through actionable market intelligence and global connections. This completed the implementation of eight regional RECs (along with previously established centers in Texas and North Dakota).
- The Bureau of Economic Analysis (BEA) distributed the first-ever joint personal income, personal consumption, and personal savings, in collaboration with the Bureau of Labor Statistics, a major advance in the measurement of well being across households.

Key Performance Indicators

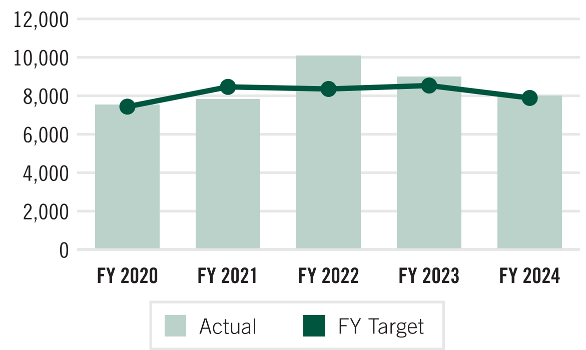
PERFORMANCE INDICATOR: Private investment leveraged – 3 year totals (in millions)



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

PERFORMANCE INDICATOR: Jobs created/retained – 3 year totals



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

Strategic Objective 4.2 – Modernize economic and demographic statistics to better meet business, policymaker, and community needs

In FY 2024, the Department of Commerce made noteworthy progress on modernizing economic and demographic statistics to better meet business, policymaker, and community needs. The Census Bureau took major steps in releasing new metrics, updating statistics, and raising Department standards.

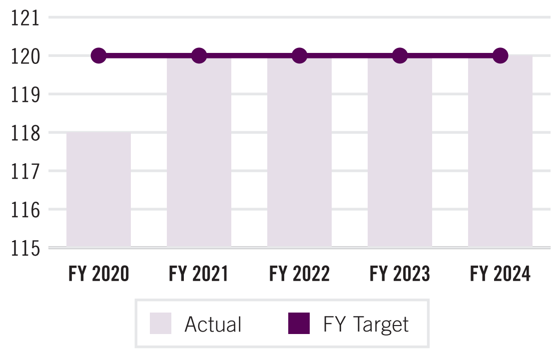
Accomplishments:

- The Census Bureau 2020 Census program provided data to the National Archives and Records Administration, finalizing the 2020 Census program activities.

- The key 2030 Census activities in FY 2024 included deploying 2030 Census program architecture documentation and conducting detailed program design, research, and planning for:
  - Enhancing geospatial and demographic frame implementation;
  - Enhancing data processing and quality measurement; and
  - Focusing resources on enhancing methods for enumerating the Nation, including HUPs and those living in specialized housing situations.
- BEA updated Health Care Satellite Account statistics through 2023, with the addition of historical data to 1959 and the production of data using the National Health Expenditure Accounts (NHEA) framework five months ahead of scheduled NHEA estimates.

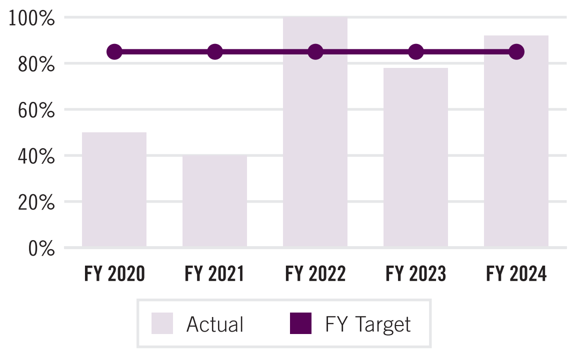
Key Performance Indicators

PERFORMANCE INDICATOR: Number of principal economic indicators released on time



ABOVE TARGET = FAVORABLE
Met FY 2023 Target
Met FY 2024 Target

PERFORMANCE INDICATOR: Percent of 2020/2030 Census efficiencies and milestones met



ABOVE TARGET = FAVORABLE
Met FY 2023 Target
Exceeded FY 2024 Target

Target is considered met when the actual is 90-100% of the target.

Strategic Objective 5.1 – Effectively implement Department of Commerce authorities and investments

In FY 2024, the Department of Commerce made noteworthy progress on effectively implementing the Department's authorities and investments.

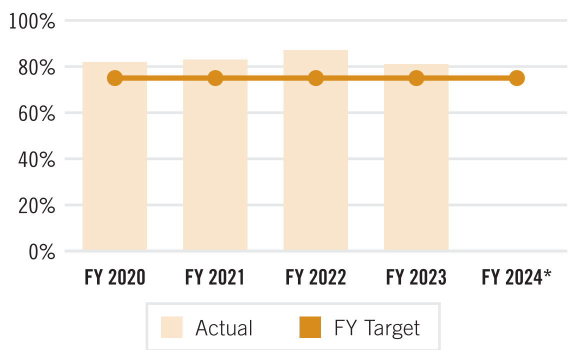
Accomplishments:

- Through its Lean Agile Management Program, ITA enhanced accountability, collaboration, predictability, and transparency for mission product delivery. Through this program, ITA delivered five product launches and 10 Minimum Viable Products during the first three quarters of FY 2024 and prepared 15 additional products for the remainder of FY 2024.

- ITA launched product enhancements in the Steel Import Monitoring and Analysis (SIMA) system, Textiles and Apparel Made in USA program, Earned Import Allowance Program, and commercial availability. These enhancements automated email messages in SIMA, resulting in a savings of 2,000 working hours of staff time per year.
- The Office of Acquisition Management (OAM) exceeded its goal for training in innovative acquisition techniques by 164 percent (739 actual vs. 450 target). OAM also tracked the training events, continuous learning points, and more for each available course. Seven hundred thirty nine members were trained which equates to 3,617 hours across 13 courses.
- OAM conducted an Acquisition and Financial Assistance Conference. Over 1,000 people from across the Department attended. The conference highlighted the critical role that procurement, financial assistance, risk, and program management play in executing the Department's mission. It also included professional development sessions focused on Above Base Initiatives, PMA Priority Area 3 Initiatives and Successes, IT Modernization, and other training topics related to the day-to-day work of the acquisition workforce.
- The Office of Financial Management implemented a Governance, Regulatory, and Compliance cloud-based platform to facilitate the annual OMB Circular A-123 assessment. The platform consolidated the assessment results submitted by operating units and allows users to focus on performing the analysis of the results rather than on consolidating the data and double-checking the accuracy. The platform allows users to storyboard and create visualizations and dashboards.

Key Performance Indicators

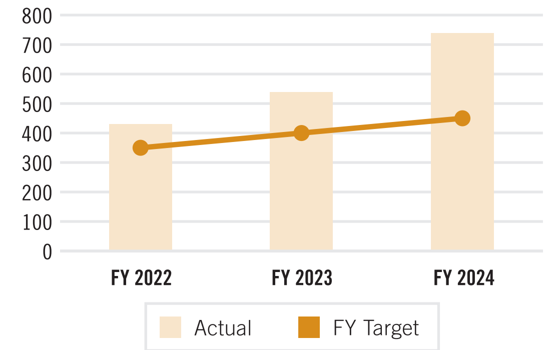
PERFORMANCE INDICATOR: Percentage of Commerce indicator targets met or exceeded



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Expected to Meet FY 2024 Target

PERFORMANCE INDICATOR: Number of workforce trained in innovative acquisition techniques



ABOVE TARGET = FAVORABLE

Exceeded FY 2023 Target
Exceeded FY 2024 Target

** Please note that FY 2024 actual will be available in January 2025.*

Agency Priority Goals

The GPRAMA requires agencies to establish Agency Priority Goals (APGs). An APG is a near-term result or achievement that the Department wants to accomplish within approximately 24 months. APGs are limited in number and align to the Department's top near-term performance improvement priorities. The Department established the following priority goals for FY 2024 to FY 2025.

Quarterly progress updates for all APGs can be found on *performance.gov*.

APG 1: Ensure all Americans have access to high-speed, affordable, and reliable broadband

Operating Unit: National Telecommunications and Information Administration (NTIA) (Jointly implemented with the U.S. Department of Agriculture [USDA])

By September 30, 2025, the Department of Commerce and USDA will expand affordable and reliable access to broadband service by funding projects, which when completed, will provide at least 6,250,000 households and other locations with reliable and affordable access to high-quality internet service. This will be achieved through investment in broadband infrastructure and related activities, accompanied by outreach and technical assistance, and in coordination with applicable federal agencies, to promote American household accessibility to affordable, reliable, high-speed internet service.

APG Status: On Track (The Department expects to reach its APG targets by September 2025)

Accomplishments:

- As of the end of third quarter FY 2024, the Department and USDA funded projects that, when implemented, will provide broadband to 11,739 households and locations.
- NTIA hosted one in-person local coordination event in the U.S. Virgin Islands on November 9, 2023. The Governor of the U.S. Virgin Islands headlined the event, where 106 attendees learned more about telehealth, broadband workforce needs, digital security, and more.
- NTIA hosted the State Broadband Leaders Network Summit in Philadelphia on February 14, 2024. One hundred sixty attendees (in-person and hybrid) learned about permitting, grants monitoring, the BEAD challenge process, and more.
- In April, NTIA released the Office of Internet Connectivity and Growth's (OICG) 2023 Annual Report. This report includes a description of OICG activities and NTIA's high-speed internet infrastructure investments across each state, territory, and tribal region.
- NTIA's TBCP team reviewed 164 applications during the second round of funding. These awards will be used for broadband deployment on tribal lands, as well as for telehealth, distance learning, broadband affordability, and digital inclusion. NTIA expects to announce the first awards for the TBCP round two funding opportunity in early FY 2025.

APG 2: Advance toward Climate-Ready Coasts

Operating Unit: National Oceanic and Atmospheric Administration (NOAA)

By September 30, 2025, NOAA will improve climate resilience in coastal communities by completing 100 percent of programmatic milestones: to improve fish passage for threatened and endangered species; support coastal habitat restoration priorities of tribes and underserved communities, remove marine debris; and protect and conserve coastal and Great Lakes habitats.

APG Status: On Track (NOAA expects to reach its APG targets by September 2025)

Accomplishments:

- During October and November 2023, NOAA received letters of intent (LOIs) for FY 2024 competitions for marine debris removal and interception. NOAA reviewed those LOIs and invited selected applicants to submit full proposals.
- During second quarter FY 2024, NOAA hosted two webinars for LOI applicants who were invited to submit a full proposal. Demand for funding was high. One hundred twenty LOI applicants requested over $213 million in funding. Available funding across two competitions is $28 million. NOAA received 29 full proposals for the FY 2024 NOAA Marine Debris Removal under the Bipartisan Infrastructure Law competition and 12 full proposals for the FY 2024 NOAA Marine Debris Interception Technologies under the Bipartisan Infrastructure Law competition. NOAA is working to review these proposals.
- During third quarter FY 2024, NOAA completed proposal reviews and made award recommendations to the grant offices for the FY 2024 NOAA Marine Debris Removal under the Bipartisan Infrastructure Law competition and FY 2024 NOAA Marine Debris Interception Technologies under the Bipartisan Infrastructure Law competition. NOAA expects to award over $23 million in funding for transformational projects across 13 states and territories and the District of Columbia.
- During third quarter FY 2024, NOAA in partnership with the White House and state and local partners in Maine *publicly announced the recommendations for the selected projects*. These included 20 Coastal Zone Management projects funded at $59.8 million and eight Reserve projects funded at $15 million.
- During fourth quarter FY 2024, NOAA announced the 13 projects recommended for its FY 2024 large marine debris removal and interception technology grants and opened two new funding opportunities for Marine Debris Removal and Interception Technologies. In addition, the National Fish and Wildlife Foundation, under a non-competitive grant, will remove marine debris from the Papahānaumokuākea Marine National Monument.

APG 3: Protect U.S. critical and emerging technology

Operating Unit: Bureau of Industry & Security (BIS)

By September 30, 2025, BIS will enhance its efforts to protect U.S. critical and emerging technologies by: (1) conducting outreach to a minimum of 2,500 domestic and foreign companies, foreign governments, and other parties to increase awareness of and thus compliance with export controls; and (2) enhancing the effectiveness of the Department's controls by increasing the number of enforcement outcomes by 15 percent and increasing the number of end-use checks, which are a critical tool to prevent the transshipment and diversion of U.S. items, by 25 percent.

APG Status: On Track (BIS expects to reach its APG targets by September 2025)

Accomplishments:

- BIS initiated beta testing of its new website, first internally and then with external customers.
- BIS Export Enforcement issued a memorandum to further enhance the Voluntary Self-Disclosure (VSD) process, which among other things allows for abbreviated VSD submissions for minor or technical infractions. The abbreviated VSD submission will allow minor infractions to be addressed quickly and free BIS resources for more serious violations.
- BIS Export Enforcement, with the Department of Justice, hosted the first annual Disruptive Technology Strike Force anniversary event. This event brought together experts and stakeholders across agencies to share best practices, discuss strategies to manage and harness the potential of disruptive technologies, and provide updates on enforcement actions across the country. It aimed to address challenges, share insights, and develop coordinated approaches to prevent sensitive technologies from being illicitly acquired by Nation-state adversaries.
- BIS Export Enforcement provided feedback on the new MITRE analytical database to the contractor. BIS continues to work with the contractor to improve the database.
    - The MITRE analytical database project brings different unclassified data sources together to allow for more efficient searching and analysis to support lead generation and investigative work. BIS is working with MITRE to fine-tune the search function and anticipate it will go live for the start of FY 2025.

APG 4: Advance U.S. semiconductor manufacturing

Operating Unit: National Institute of Standards and Technology (NIST)

By September 30, 2025, the Department of Commerce will advance U.S. national security and economic competitiveness by building domestic semiconductor manufacturing capacity through investing in the development of a range of semiconductor facilities and upstream suppliers, including at least two clusters dedicated to the fabrication of leading-edge logic chips; and by investing in R&D programs focused on supporting research in semiconductor technology, metrology, advanced packaging, and manufacturing.

APG Status: On Track (NIST expects to reach its APG targets by September 2025)

Accomplishments:

- The Department of Commerce convened an independent selection committee to assemble the Board of Trustees for the expected operator of the CHIPS for America National Semiconductor Technology Center. The selection committee announced the initial board members on October 11, 2023. The board incorporated as a non-profit, now known as Natcast. The Department announced it had reached an initial agreement with Natcast on November 9, 2023, and awarded funds.
- In second quarter FY 2024, CHIPS for America signed three non-binding PMTs to provide up to $10.172 billion in federal incentives under the CHIPS and Science Act bringing the total funds committed in PMTs up to $10.207 billion.

- The CHIPS Manufacturing USA Institute issued a NOFO to seek proposals from eligible applicants to establish and operate a CHIPS Manufacturing USA institute focused on digital twins for the semiconductor industry. The CHIPS for America Program anticipates up to approximately $285 million for a first-of-its kind institute focused on the development, validation, and use of digital twins for semiconductor manufacturing, advanced packaging, assembly, and test processes. Concept papers were due June 20, 2024. The CHIPS R&D Manufacturing USA Institute received 11 concept papers.
- The NAPMP released a NOI for a second NOFO for funding up to $1.6 billion to support five areas of advanced packaging research: Equipment, tools, processes, and process integration; Power delivery and thermal management; Connector technology, including photonics and radio frequency; Chiplets ecosystem; and co-design/electronic design automation (EDA). Additionally, the down-select on the first NOFO was completed, and the CHIPS team is performing site visits in advance of the final award in the fall.
- The CHIPS R&D Metrology program issued a NOFO to seek applications from eligible small businesses to explore the technical merit or feasibility of an innovative idea or technology for developing a viable product or service for introduction in the commercial microelectronics marketplace. The CHIPS for America program anticipates up to approximately $54 million in funding across multiple topics on research projects for critically needed measurement services, tools, and instrumentation; innovative manufacturing metrologies; novel assurance and provenance technologies and advanced metrology R&D testbeds to help secure U.S. leadership in the global semiconductor industry. Full applications were due June 14, 2024. The CHIPS R&D Metrology program received 172 applications.

APG 5: Accelerate place-based and innovation-driven economic development

Operating Unit: Economic Development Administration (EDA)

By September 30, 2025, EDA will equitably and inclusively accelerate high-growth industry clusters that are critical for U.S. global competitiveness. This will be achieved by supporting economic transformation of 21 U.S. regions awarded through the Build Back Better Regional Challenge (BBBRC) and by designating at least 20 regional Tech Hubs.

APG Status: On Track (EDA expects to reach its APG targets by September 2025)

Accomplishments:

- During third quarter FY 2024, EDA conducted rigorous review and due diligence of the 31 Tech Hub applications received in February. On July 2, 2024, EDA announced that it would award 12 designated Tech Hubs a total of $504 million in implementation funding. EDA reviewed applications across seven criteria defined in the Phase 2 NOFO including:
  - Project quality, ability to execute, and private sector integration;
  - Impact on economic and national security;
  - Investment and policy commitments;
  - Developing, recruiting, and retaining talent and workforce;
  - Capital formation deployment, and access;
  - Equity and diversity; and
  - Governance, leadership, and evaluation.

- Collectively, Tech Hubs submitted well over a thousand commitments within their applications, attracting more than $4 billion in contingent investment commitments across private, public, and philanthropic institutions and catalyzing meaningful public and institutional policy changes that support their strategies.
  - Since designation, in October 2023, consortia membership grew from 949 to 1,404 members, an increase of almost 50 percent. Over a third of consortia members are industry partners, demonstrating strong community support. EDA anticipates continued and increased private sector interest in investing in Tech Hubs and their surrounding regions and economies.
- Since the announcement of the BBBRC awards in September 2022, EDA tracks additional public investments in the regional clusters as a key early indicator of success. As of third quarter FY 2024, BBBRC coalitions attracted over $3 billion in additional funding from public and private sources. BBBRC coalitions are implementing a wide range of component projects. The most recent reporting shows that BBBRC coalitions engaged over 11,000 businesses and 6,500 participants have benefited from BBBRC programming through training and other career supports.
- The BBBRC has led to the creation or funding of 275 businesses. The Southwest Pennsylvania New Economy Collaborative is one of the BBBRC coalitions with fully implemented component projects. This coalition is focused on robotics and autonomation. In March, the Robotics Factory officially launched its Scale Residency program which gives start-up companies the space to innovate in the prototyping space with training on equipment and access to materials. As of third quarter FY 2024, five companies are in the inaugural cohort of this program.

Looking Forward

The Department of Commerce is committed to creating the conditions for economic growth and opportunity for all communities. The 2022 – 2026 Strategic Plan for the Department was released in February 2022 and sets out the priorities that have been established for the Department over the next several years. Additional information regarding the strategic plan and the five strategic goals is discussed in further detail in the *Department of Commerce Process for Strategic Planning and Performance Reporting* and *Organizational Performance Overview* sections of the MD&A portion of this report.

Challenges highlighted in Inspector General reports will be central to the Department's management plan in FY 2025 and beyond. The Department currently has three large challenges that it will need to continue to address in the coming years. Additional information regarding the Top Management Challenges is discussed below and can be found in the Other Information portion of this report.

The Department must continue to modernize its technology, systems, and cybersecurity frameworks to effectively implement its critical programs and ensure security for valuable data and services. Outdated systems hinder the Department's ability to meet the rigorous demands of cybersecurity, especially as federal agencies shift toward a "zero trust" architecture (ZTA) under new government mandates. While the Department has made strides in areas like identity management and incident detection, a full ZTA transition is still hampered by incomplete multifactor authentication and risk management capabilities. These security deficiencies, highlighted by recent audits, expose vulnerabilities in the Department's systems, putting sensitive data at risk. Strengthening IT oversight and increasing coordination at both Department and bureau levels is essential to fully realize ZTA's benefits.

The Department is currently implementing extensive modernization projects across various bureaus, including the Business Applications Solution (BAS) and the Grants Enterprise Management Solution (GEMS), both of which face delays and rising costs. These challenges underline the need for improved program management and oversight to ensure projects remain on budget, on time, and meet their objectives. In addition, new technological initiatives, such as satellite upgrades by NOAA and AI integrations, bring significant opportunities but require vigilant oversight and sound implementation practices to manage their complex requirements and security risks. Without robust governance and strategic planning, the Department risks falling behind in delivering essential, modernized services crucial for American innovation and prosperity.

The Department is working to address several pressing challenges in providing core services and data, particularly within its trade, environmental monitoring, intellectual property, and population data initiatives. In trade enforcement, BIS and ITA must safeguard U.S. technologies and promote equitable trade opportunities. BIS, facing rising threats from foreign adversaries seeking U.S. goods and technology, has intensified its export controls, notably targeting Russia and China. However, new tactics used to evade these controls have increased BIS's workload. ITA, meanwhile, struggles with effective management of trade barrier cases, which limits its ability to enhance U.S. exports. ITA is implementing recommendations to better manage and resolve trade barriers for American businesses.

Environmental monitoring through NOAA presents its own set of operational challenges, from maintaining aging satellite and observational fleets to advancing space traffic management. NOAA's satellite systems, crucial for weather forecasting, must be maintained until replacements are launched, while its ship and aircraft fleets, integral for environmental observation, are outdated. Further, the Office of Space Commerce is developing a system for space situational awareness to mitigate collision risks in an increasingly congested space environment, but delays and lack of a long-term plan hinder this effort.

USPTO faces ongoing issues in delivering high-quality, timely intellectual property services. Efforts to improve patent examination procedures aim to reduce a backlog of unexamined applications, but stakeholders have noted inconsistencies and transparency issues in examination decisions. Trademark processes, similarly affected by delays and fraud, require USPTO to balance speed and integrity to support business and innovation needs.

The Census Bureau confronts significant data quality challenges due to declining response rates in its surveys and censuses. Addressing these declines is essential to maintaining accurate demographic data that inform U.S. policy. The bureau is exploring modernization initiatives, such as utilizing administrative records to address nonresponses, but ongoing issues with data quality and operational execution, as seen in recent audits, highlight the need for improved processes ahead of the 2030 Census.

NTIA faces significant challenges in managing its broadband grant programs, which aim to expand internet access across the United States. One primary issue lies in ensuring that funds are accurately allocated and awarded to eligible areas. Recent audits have found weaknesses in NTIA's processes, particularly with the Tribal Broadband Connectivity Program, where funds were not always directed toward eligible service areas. This misallocation can result in unnecessary overbuilding of infrastructure and reduce available funding for truly underserved areas. NTIA has acknowledged these issues and developed an action plan, but ongoing improvements in grant award processes and measurable performance goals are essential for efficient fund utilization.

Additionally, NTIA must address substantial industry challenges that affect broadband deployment. Infrastructure costs in remote and difficult-to-access areas, lengthy permitting processes, and shortages of trained workforce create barriers to successful project completion. These obstacles can slow down deployment, discourage providers from applying for grants, and raise overall costs, undermining efforts to close the digital divide. To mitigate these issues, NTIA has introduced measures such as streamlined permitting guidance and workforce development plans in collaboration with states. However, workforce recruitment and retention continue to be difficult, and NTIA is working to build long-term career pathways in telecommunications to meet program demands and support sustainable broadband expansion.

The Department will continue to work toward implementing the CHIPS Act, which aims to revitalize U.S. semiconductor manufacturing and innovation through $50 billion in direct funding and up to $75 billion in loans. Managing such a large-scale initiative is complex, and the Department must establish rigorous oversight to prevent misuse of funds and operational inefficiencies. Although CHIPS has exceeded its initial hiring goals, it lacks a comprehensive workforce management plan to ensure the skilled personnel needed for effective implementation.

Additionally, changes in FY 2024 appropriations reallocated $3.5 billion from construction incentives to secure facility development, complicating funding distribution amid high demand. In parallel, the CHIPS Act's Public Wireless Supply Chain Innovation Fund supports the expansion of U.S. 5G capabilities, administered by NTIA. Despite a short timeline, NTIA met its initial grant deadlines but now faces the challenge of establishing a control framework to ensure that funds meet eligibility criteria and are aligned with the program's goals. With a mandate to conduct audits, the Department's oversight office must assess the program's effectiveness in awarding funds to eligible applicants and meeting its intended objectives. Both the CHIPS and Innovation Fund programs require comprehensive strategies and vigilant monitoring to achieve their aims and avoid waste or misallocation.

The Department of Commerce remains committed to its mission of promoting economic growth, innovation, and equitable access to essential resources, such as broadband. Looking to the future, the Department is dedicated to addressing ongoing and emerging challenges with innovative solutions and strategic partnerships. By refining processes, strengthening oversight, and building a skilled workforce, the Department aims to create sustainable and inclusive opportunities across the Nation. As it tackles complex issues like bridging the digital divide and supporting resilient infrastructure, the Department is focused on driving forward-thinking policies and impactful initiatives that support long-term economic success and equal opportunities for all Americans.

Climate Change

In FY 2024, the Department of Commerce provided the White House Council on Environmental Quality the Department's Climate Adaptation Plan for FY 2024–2027, that expands the Department's efforts to ensure its facilities, employees, resources, and operations are increasingly resilient to climate change impacts like extreme weather.

Addressing climate change is a key consideration in the Department's 2022 – 2026 Strategic Plan. The plan features an entire strategic goal focused on the climate, *Address the Climate Crisis Through Mitigation, Adaptation, and Resilience Efforts*, and a separate strategic objective to make the Department's facilities and operations more sustainable and efficient. One key performance indicator to meet the strategic objective to 'Make Department facilities and operations more sustainable and efficient' includes measuring annual investment in sustainable and climate-resilient design measures, energy and water efficiencies, and/or use of clean energy, which is reported annually to the Department of Energy (DoE) and aggregated in a report to Congress. In FY 2024, the Department prioritized the following projects to meet both climate and sustainability targets:

- Onsite renewable energy systems at NIST facilities in Kauai, HI, the NOAA Radar Site in Tucson, AZ, the NOAA Next Generation Weather Radar Station in Miramar, CA, NOAA's Pohnpei Weather Service Office in the Federated States of Micronesia, NOAA's Weather Forecasting Office in Baltimore/Washington D.C., and at NOAA's Weather Forecasting Office in Puerto Rico. Efforts to create more renewable energy opportunities continue.
- The Department is working with DoE Federal Energy Management Program's (FEMP) Resilience Planning Program Support Office to complete several facility assessments that will identify the most critical and at-risk energy and water infrastructure using the Technical Resilience Navigator Tool.
- Executing a Central Utility Plant Modernization and Underground Replacement Program on the NIST Gaithersburg, MD Campus. This project will modernize the 1950s design and structure and upgrade the underground utilities to improve campus operational reliability through increased resiliency, maintainability, and sustainability while allowing the campus to grow with its Master Plan and Environmental Assessment (2018) and increasing energy demands.
- Executing improvements in the remote locations of Mauna Loa, HI and American Samoa to achieve net-zero electricity and net-zero water, making the facilities net-zero emissions. Mauna Loa received a $5.09 million AFFECT grant from FEMP in FY 2024 to install a solar voltaic and battery system to become the Department's first fully net-zero emissions facility.
- NOAA's Geophysical Fluid Dynamics Laboratory is entering a 10-year General Services Administration PJM Interconnection, LLC Bundled Carbon Pollution-free Electricity (CFE) Procurement which will provide CFE to one of NOAA's largest laboratories and data centers at a fixed rate for the foreseeable future.

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MANAGEMENT’S DISCUSSION AND ANALYSIS

Financial Performance

Analysis of FY 2024 Financial Statements

Analysis of Assets

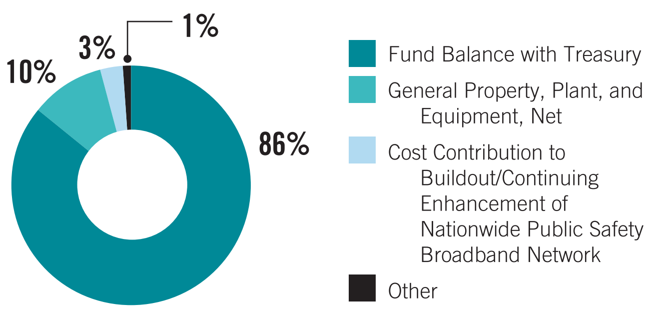
Assets are resources that embody economic benefits or services that the Department can obtain or control and are reported on the Department's Consolidated Balance Sheet at a fixed point in time. As of September 30, 2024, the Department's assets totaled $151.94 billion. Bureaus NTIA, NIST, NOAA, and Departmental Management (DM) made up 92 percent of the Department's assets and 96 percent of total assets stemmed from two Balance Sheet lines: Fund Balance with Treasury (FBwT) and General Property, Plant, and Equipment, Net (PP&E).

Departmental Assets	FY 2024	FY 2023	Increase / (Decrease)	% Change
Fund Balance with Treasury	$ 129,972,185	$ 138,659,106	$ (8,686,921)	(6)%
General PP&E, Net	14,974,449	15,126,238	(151,789)	(1)%
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network	5,363,521	5,633,944	(270,423)	(5)%
Accounts Receivable, Net	544,287	493,229	51,058	10%
Loans Receivable, Net and Other Assets	1,088,191	701,553	386,638	55%
Total Assets	**$151,942,633**	**$160,614,070**	**$ (8,671,437)**	**(5)%**

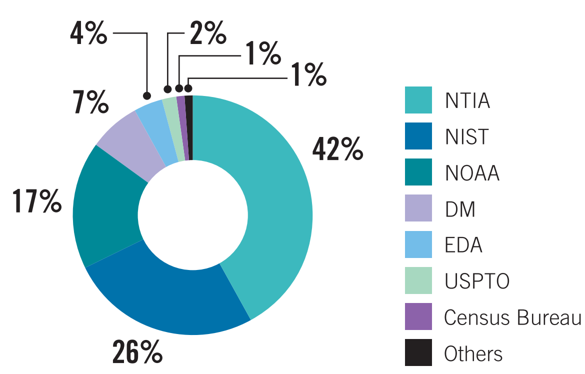
As reflected in the table above, the Department's assets decreased $8.67 billion from FY 2023 to FY 2024. The variance mainly stems from a significant decrease in FBwT with an offsetting increase in Loans Receivable, Net and Other Assets and smaller immaterial changes in multiple other Balance Sheet lines.

FBwT decreased $8.69 billion primarily due to a $12.44 billion rescission for DM/Nonrecurring Expenses Fund (NEF) under Public Law 118-42, Consolidated Appropriations Act, 2024, which is related to DM/NEF appropriations of $22.00 billion that was received in FY 2023 to carry out programs related to government efficiencies in FY 2024 and FY 2025. There was also a significant decrease in FBwT for EDA of $765.5 million primarily due to FY 2024 disbursements for economic development assistance programs including for disaster relief supplemental appropriations received during FY 2023. These decreases were offset by an increase in FBwT for NIST of $5.43 billion mainly due to FY 2024 appropriations received of $6.3 billion under Public Law 117-167, CHIPS and Science Act of 2022.

ASSET COMPOSITION AS OF SEPTEMBER 30, 2024



ASSETS BY BUREAU AS OF SEPTEMBER 30, 2024



Loans Receivable, Net and Other Assets increased by $386.6 million primarily due to a $230.2 million prepayment related to an agreement with the Department of Interior, Bureau of Indian Affairs under the requirements of Public Law 117-169, Inflation Reduction Act of 2022 and various other smaller increases across multiple financial statement lines.

Analysis of Liabilities

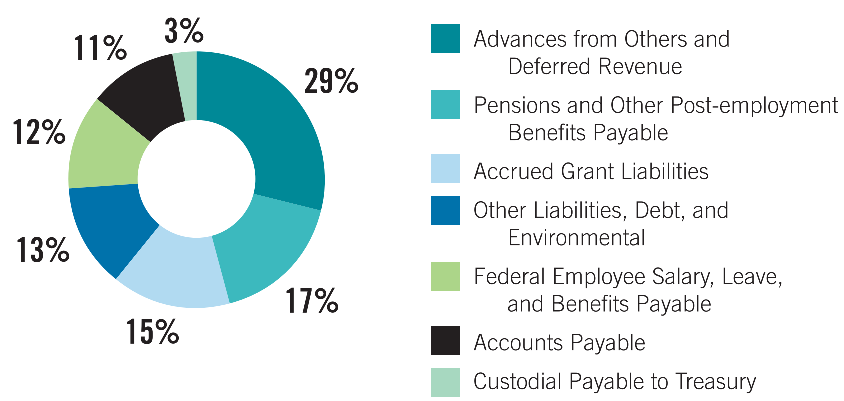
Liabilities are probable and measurable future outflows or other sacrifices of resources caused by past transactions or events. As of September 30, 2024, the Department's liabilities totaled $7.56 billion. Bureaus NOAA, USPTO, and NTIA made up 75 percent of the Department's liabilities and multiple statement lines made up the majority of total liabilities.

Departmental Liabilities	FY 2024	FY 2023	Increase / (Decrease)	% Change
Advances from Others and Deferred Revenue	$ 2,167,128	$ 2,080,438	$ 86,690	4%
Federal Employee Salary, Leave, and Benefits Payable	879,374	901,266	(21,892)	(2)%
Pensions and Other Post-employment Benefits Payable	1,292,413	1,248,457	43,956	4%
Accounts Payable	858,648	1,055,179	(196,531)	(19)%
Accrued Grant Liabilities	1,110,769	600,649	510,120	85%
Custodial Payable to Treasury	240,117	300,096	(59,979)	(20)%
Other Liabilities, Debt, and Environmental	1,009,322	923,021	86,301	9%
Total Liabilities	**$ 7,557,771**	**$ 7,109,106**	**$ 448,665**	**6%**

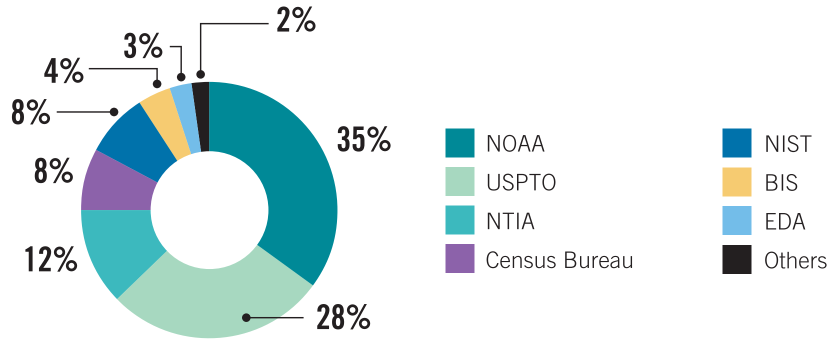
As reflected in the table above, the Department's liabilities increased $448.7 million from FY 2023 to FY 2024. The variance mainly stems from an increase in Accrued Grant Liabilities with smaller changes in multiple Balance Sheet lines.

Accrued Grant Liabilities increased $510.1 million primarily due to increased grant activities within NTIA's newest programs including $286.6 million for the Broadband Connectivity Fund, as well as increased grant activities and awards within NOAA, NIST, and EDA.

LIABILITY COMPOSITION AS OF SEPTEMBER 30, 2024



LIABILITIES BY BUREAU AS OF SEPTEMBER 30, 2024



Analysis of Net Costs

The Net Cost of Operations is comprised of the Department's expenses incurred less any revenue earned. The Department's FY 2024 Net Cost of Operations totaled $15.91 billion and consisted of Gross Costs of $21.44 billion less Earned Revenue of $5.53 billion.

Departmental Net Cost of Operations	FY 2024	FY 2023	Increase	% Change
Gross Departmental Costs	$ 21,435,759	$ 18,586,410	$ 2,849,349	15%
Less: Total Earned Revenue	(5,530,559)	(5,177,755)	(352,804)	7%
Net Cost of Operations	**$ 15,905,200**	**$ 13,408,655**	**$ 2,496,545**	**19%**

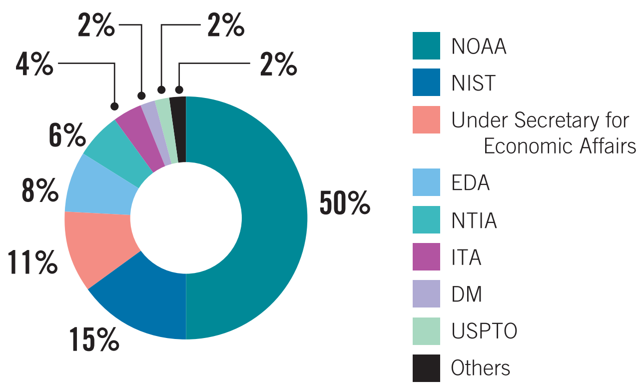
Net Cost of Operations by Responsibility Segment	FY 2024	FY 2023	Increase	% Change
National Oceanic and Atmospheric Administration	$ 7,999,779	$ 7,491,914	$ 507,865	7%
Under Secretary for Economic Affairs	1,757,746	1,653,054	104,692	6%
National Institute of Standards and Technology	2,418,286	1,429,795	988,491	69%
Economic Development Administration	1,220,756	962,256	258,500	27%
National Telecommunications and Information Administration	964,767	730,781	233,986	32%
International Trade Administration	638,358	583,311	55,047	9%
Departmental Management	278,071	218,996	59,075	27%
U.S. Patent and Trademark Office	298,944	93,985	204,959	218%
Others	328,493	244,563	83,930	34%
Total Net Cost of Operations	**$ 15,905,200**	**$ 13,408,655**	**$ 2,496,545**	**19%**

As noted in the table above, Net Cost of Operations increased by 19 percent from FY 2023 to FY 2024 and NOAA, the Under Secretary for Economic Affairs, NIST, EDA, and NTIA make up 90 percent of the Department's Net Cost.

The Department's Net Cost of Operations increased $2.50 billion primarily due to:

- $988.5 million increase in gross costs as NIST continues to implement programs associated with the CHIPS (Creating Helpful Incentives to Produce Semi-Conductors) and Science Act of 2022. Gross costs associated with CHIPS spending will continue to increase as more of the funds are obligated and disbursed in the coming years.
- $507.9 million increase in gross costs relating to NOAA's core mission of enhancing weather forecasting, water quality monitoring, and climate reporting, while also facilitating informed decision-making.
- $258.5 million increase stemming from grant-related and administrative expenses related to EDA's economic assistance grant programs.

FY 2024 NET COST OF OPERATIONS BY RESPONSIBILITY SEGMENT



- $234.0 million increase stemming from grant-related and administrative expenses from various NTIA programs related to increasing broadband access across the country. NTIA's activities include managing the federal use of spectrum, identifying additional spectrum for commercial use, and administering grant programs that further the deployment and use of broadband and other technologies in America.
- $205.0 million increase in USPTO's operating and administrative expenses with the public as well as other federal agencies in order to fulfill its responsibility of granting U.S. patents and registering trademarks.

Analysis of 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.

The Department's FY 2024 Net Position totaled $144.38 billion and decreased $9.12 billion, from FY 2023 to FY 2024. The decrease stems mainly from Unexpended Appropriations.

Departmental Net Position	FY 2024	FY 2023	(Decrease)	% Change
Unexpended Appropriations	$114,088,352	$122,674,043	$ (8,585,691)	(7)%
Cumulative Results of Operations	30,296,510	30,830,921	(534,411)	(2)%
Total Net Position	**$144,384,862**	**$153,504,964**	**$ (9,120,102)**	**(6)%**

Unexpended Appropriations decreased $8.59 billion primarily due to appropriations received in FY 2024 of $18.30 billion less appropriations used of $14.32 billion and other adjustments of $12.56 billion. The major causes of the decrease from FY 2023 to FY 2024 are discussed below.

1. In FY 2023, the Department received $44.60 billion in new appropriations, most notably for DM/NEF as discussed in item number two while Appropriations Used in FY 2023 totaled only $11.88 billion. These material amounts, in combination with other less material changes, caused a large Unexpended Appropriations Beginning Balance for FY 2024.
2. The Department received $18.30 billion in Appropriations in FY 2024 in comparison to the $44.60 billion in Appropriations Received in FY 2023. The significant decrease in appropriations relates to the $22.00 billion received in FY 2023 by DM/NEF under Division A, Title I of the Fiscal Responsibility Act of 2023 for implementing government efficiencies in FY 2024 and FY 2025, whereas no similarly large appropriations were received in FY 2024. Smaller decreases in appropriations received in FY 2024 are associated with NOAA and EDA for one-time funding received in FY 2023 with no similar appropriations received in FY 2024.
3. Other adjustments to Unexpended Appropriations for FY 2024 of $(12.56) billion includes a FY 2024 rescission of appropriations for DM/NEF of $12.44 billion as previously discussed in the Analysis of Assets subsection.

Net Position by Bureau	FY 2024	FY 2023	Increase / (Decrease)	% Change
National Telecommunications and Information Administration	$ 63,512,977	$ 63,859,180	$ (346,203)	(1)%
National Institute of Standards and Technology	39,038,297	33,657,036	5,381,261	16%
National Oceanic and Atmospheric Administration	23,739,302	24,154,143	(414,841)	(2)%
Departmental Management	9,783,686	22,345,541	(12,561,855)	(56)%
Economic Development Administration	5,082,147	5,887,352	(805,205)	(14)%
Census Bureau	1,397,416	1,571,111	(173,695)	(11)%
U.S. Patent and Trademark Office	1,440,995	1,573,821	(132,826)	(8)%
International Trade Administration	145,463	148,776	(3,313)	(2)%
Minority Business Development Agency	143,070	175,574	(32,504)	(19)%
Bureau of Industry and Security	58,043	86,280	(28,237)	(33)%
National Technical Information Service	26,036	22,197	3,839	17%
Bureau of Economic Analysis	17,430	23,953	(6,523)	(27)%
Total Net Position	**$144,384,862**	**$153,504,964**	**$ (9,120,102)**	**(6)%**

As of September 30, 2024, NTIA, NIST, NOAA, DM, and EDA make up 98 percent of the Department's Net Position and the following bureaus had material variances from FY 2023 to FY 2024:

- NIST increased $5.38 billion primarily due to the receipt of FY 2024 appropriations of $6.30 billion under Public Law 117-167, *CHIPS and Science Act of 2022* and $1.46 billion under Public Law 118-42, *Consolidated Appropriations Act, 2024* for scientific and technical research, industrial technology services, and construction of research facilities, mainly offset by FY 2024 Net Cost of Operations of $2.42 billion.
- DM decreased $12.56 billion primarily due to a FY 2024 rescission of appropriations for DM/NEF of $12.44 billion as previously discussed in the Analysis of Assets subsection.
- EDA decreased $.81 billion primarily due to FY 2024 Net Cost of Operations of $1.22 billion that was mainly offset by the receipt of FY 2024 appropriations of $468.0 million under Public Law 118-42, *Consolidated Appropriations Act, 2024* for economic development assistance programs and salaries and expenses.

Analysis of Budgetary Resources

Budgetary resources represent amounts available to incur obligations in a given year. These resources are composed of new budget authority and unobligated balances of budget authority provided in previous years. Commonly referred to as funding, budget authority is the amount of money available to a federal agency for a specific purpose. The authority to commit to spending federal funds is provided to agencies by law.

The Department's Budgetary Resources totaled $122.03 billion and decreased $8.88 billion from FY 2023 to FY 2024. Bureaus NTIA, NIST, Departmental Management, and NOAA make up 91 percent of the Department's Budgetary Resources.

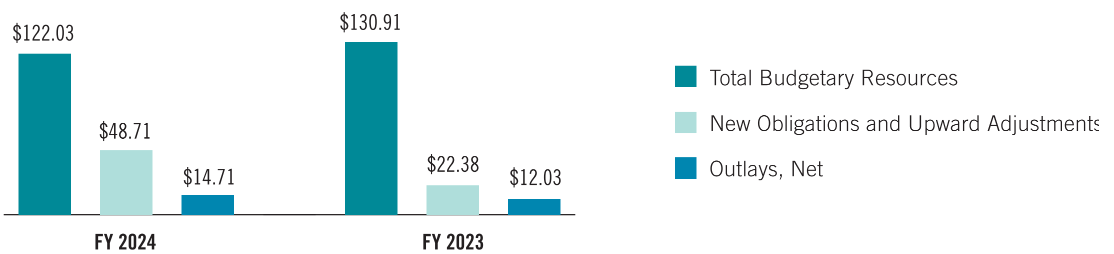
Selected Lines from the Statement of Budgetary Resources	FY 2024	FY 2023	Increase / (Decrease)	% Change
Unobligated Balance from Prior Year Budget Authority, Net	$ 108,997,274	$ 79,331,160	$ 29,666,114	37%
Appropriations	6,228,311	44,946,358	(38,718,047)	(86)%
Borrowing Authority	71,285	233,845	(162,560)	(70)%
Spending Authority from Offsetting Collections	6,736,016	6,397,881	338,135	5%
Total Budgetary Resources	**$122,032,886**	**$130,909,244**	**$ (8,876,358)**	**(7)%**
Unobligated Balance, End of Year, Unexpired Accounts	**$ 72,623,905**	**$107,842,396**	**$ (35,218,491)**	**(33)%**
New Obligations and Upward Adjustments	**$ 48,710,344**	**$ 22,375,323**	**$ 26,335,021**	**118%**
Outlays, Net	**$ 14,711,917**	**$ 12,031,046**	**$ 2,680,871**	**23%**

Unobligated Balance from Prior Year Budget Authority, Net increased $29.67 billion from FY 2023 to FY 2024. 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, cancellations of annual or multi-year appropriations, nonexpenditure transfers of prior year unobligated balances, and other changes including refunds collected for downward adjustments of prior year paid delivered obligations, and borrowing authority withdrawn. The Department received large appropriations in FY 2023 of (1) $22.00 billion for DM/NEF under Division A, Title I of the Fiscal Responsibility Act of 2023; the $22.00 billion was appropriated to carry out programs related to government efficiencies in FY 2024 and FY 2025 which remained unobligated as of September 30, 2023; and (2) For NIST, the CHIPS program had an increase of $4.86 billion in unobligated funds brought forward from FY 2023 to FY 2024 as well as a $1.89 billion increase for the NIST Industrial Technology Services program. A considerable portion of the prior year appropriations were unobligated as of September 30, 2023 which caused the increase in this statement line for the FY 2024 SBR.

Appropriations decreased $38.72 billion primarily due to a decrease in appropriations received in FY 2024 vs FY 2023 as follows; (1) DM/NEF experienced a decrease of $34.47 billion related to the aforementioned $22.00 billion appropriated in FY 2023 for future fiscal years. DM/NEF received a recission of $12.44 billion in FY 2024, further contributing to the decrease; (2) NTIA experienced a decrease of $1.33 billion due to funds received under the CHIPS and Science Act of 2022 for the Public Wireless Supply Chain Innovation Fund in FY 2023 that was not received in FY 2024; and (3) Decreases for EDA, NIST, and NOAA totaling $2.81 billion related to appropriations received in FY 2023 for Disaster Supplemental Funds, CHIPS and Science Act of 2022 and annual funding that was not received in FY 2024.

New Obligations and Upward Adjustments increased $26.34 billion primarily due to the following; (1) NTIA experienced an increase of $23.10 billion largely related to increased grant obligation activity in FY 2024 related to the Broadband Equity, Access, and Deployment Program; (2) NOAA experienced an increase in obligations of $1.54 billion associated with new obligations incurred for funds received under the Inflation Reduction Act of 2022 to further NOAA's efforts to build a Climate-Ready nation; (3) NIST experienced an increase of $.97 billion in obligations related to funds received under the CHIPS and Science Act of 2022; and (4) Smaller increases in obligations for EDA of $.67 billion, for grant awards related to Disaster Supplemental Funding received in FY 2023 and USPTO of $.23 billion for increased payroll costs.

SELECTED BUDGETARY DATA BY YEAR *(In Billions)*



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, 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 2024 and FY 2023:

(In Millions)

Program	FY 2024	FY 2023
EDA:		
Public Works	$ 18.9	$ 126.7
Economic Adjustment Assistance	16.0	10.2
Assistance to Coal Communities	–	44.3
Disaster Recovery	155.6	63.5
COVID-19 Relief	–	0.8
EDA Subtotal	**190.5**	**245.5**
NOAA:		
National Estuarine Research Reserves	8.9	2.3
NOAA Subtotal	**8.9**	**2.3**
Total	**$ 199.4**	**$ 247.8**

EDA's investments in non-federal physical property, other than Disaster Recovery and COVID-19 relief, require matching funds by state and local governments of 20 to 50 percent. Disaster Recovery and COVID-19 relief grants do not require matching funds and can be up to 100 percent of the investment costs.

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. EDA's investments in non-federal physical property include key public infrastructure, such as technology-based facilities that utilize distance learning networks, smart rooms, and smart buildings; multitenant manufacturing and other facilities; business and industrial parks with fiber optic cable; 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.

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 supplemental appropriations 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. The program funding received for COVID-19 relief expired at the end of FY 2022 so there are no obligations in FY 2023 or FY 2024.

NOAA:

National Estuarine Research Reserves (NERR): NERR system consists of 30 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 2024 and FY 2023:

(In Millions)

Program	FY 2024		FY 2023	
Educational Partnership Program	$	20.2	$	20.2
Ernest F. Hollings Undergraduate Scholarship Program		6.7		14.8
NERR Margaret Davidson Fellowship Program		1.7		1.4
Total	**$**	**28.6**	**$**	**36.4**

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 Margaret Davidson Fellowship 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. This Fellowship Program places one graduate student at each of the Nation's 30 national estuarine research reserves. Through a research project, fellows will address a key coastal management question to help scientists and communities understand coastal challenges that may influence future policy and management strategies.

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 2024 and FY 2023:

(In Millions)

Program	FY 2024	FY 2023
NIST Laboratory Program	$ 923.6	$ 875.2
Manufacturing USA	67.9	45.4
Public Safety Communications Research Program	10.7	13.8
Creating Helpful Incentives to Produce Semiconductors for America (CHIPS)	59.0	6.1
Total	**$ 1,061.2**	**$ 940.5**

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.

Public Safety Communications Research Program: In partnership with industry and public safety organizations, NIST conducted research to 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 funds expired for obligation in FY 2022.

Creating Helpful Incentives to Produce Semiconductors for America (CHIPS): The CHIPS for America program, housed within NIST, intends to revitalize the domestic semiconductor industry and spur innovation while creating good-paying jobs in communities across the country. Investments from the program will catalyze economically sustainable long-term growth in the domestic semiconductor industry in support of our national and economic security. One of the goals involving R&D is to strengthen U.S. semiconductor R&D leadership to catalyze and capture the next set of critical technologies, applications, and industries.

The following table summarizes NOAA's R&D investments by program for FY 2024 and FY 2023:

(In Millions)

Program	FY 2024	FY 2023
Environmental and Climate	$ 937.0	$ 833.9
Fisheries	58.9	64.8
Weather Service	71.2	63.8
Other	170.1	172.1
Total	**$ 1,237.2**	**$ 1,134.6**

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 (NMFS) 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 (NWS) 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 (NOS) 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.

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.

MANAGEMENT’S DISCUSSION AND ANALYSIS

SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

Management Controls

Statement of Assurance

The Department's management is responsible for managing risks and maintaining effective internal control to meet the objectives of Section 2 and Section 4 of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). The FMFIA objectives are to ensure (1) effective and efficient operations; (2) reliable reporting; and (3) compliance with applicable laws and regulations. The safeguarding of assets is a subset of these objectives. During FY 2024, the Department conducted its assessment of risk and internal control in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control.* Based on the results of the assessment, the Department provides reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2024, except for one material weakness in financial reporting controls at NOAA related to the recording of journal entries and the GTAS monthly submission process attributable to the new financial system implementation.

Section 4 of FMFIA and the Federal Financial Management Improvement Act of 1996 (FFMIA) require agencies to implement and maintain financial management systems that substantially comply with federal financial management system requirements, federal accounting standards, and the United States Standard General Ledger at the transaction level. Based on reviews conducted, the Department has determined that its financial management systems are in substantial compliance with the FFMIA of 1996.

Jeremy Pelter
Deputy Assistant Secretary for Administration,
performing the non-exclusive functions and duties of the
Chief Financial Officer and Assistant Secretary for Administration
Department of Commerce
December 10, 2024

Gina M. Raimondo
Secretary of Commerce
December 10, 2024

Federal Managers' Financial Integrity Act (FMFIA) of 1982

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

- Resources are economically and efficiently controlled, communicated, and monitored and obligations and costs are in compliance with applicable laws.
- Assets are safeguarded against fraud, waste, loss, unauthorized use, abuse, 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.

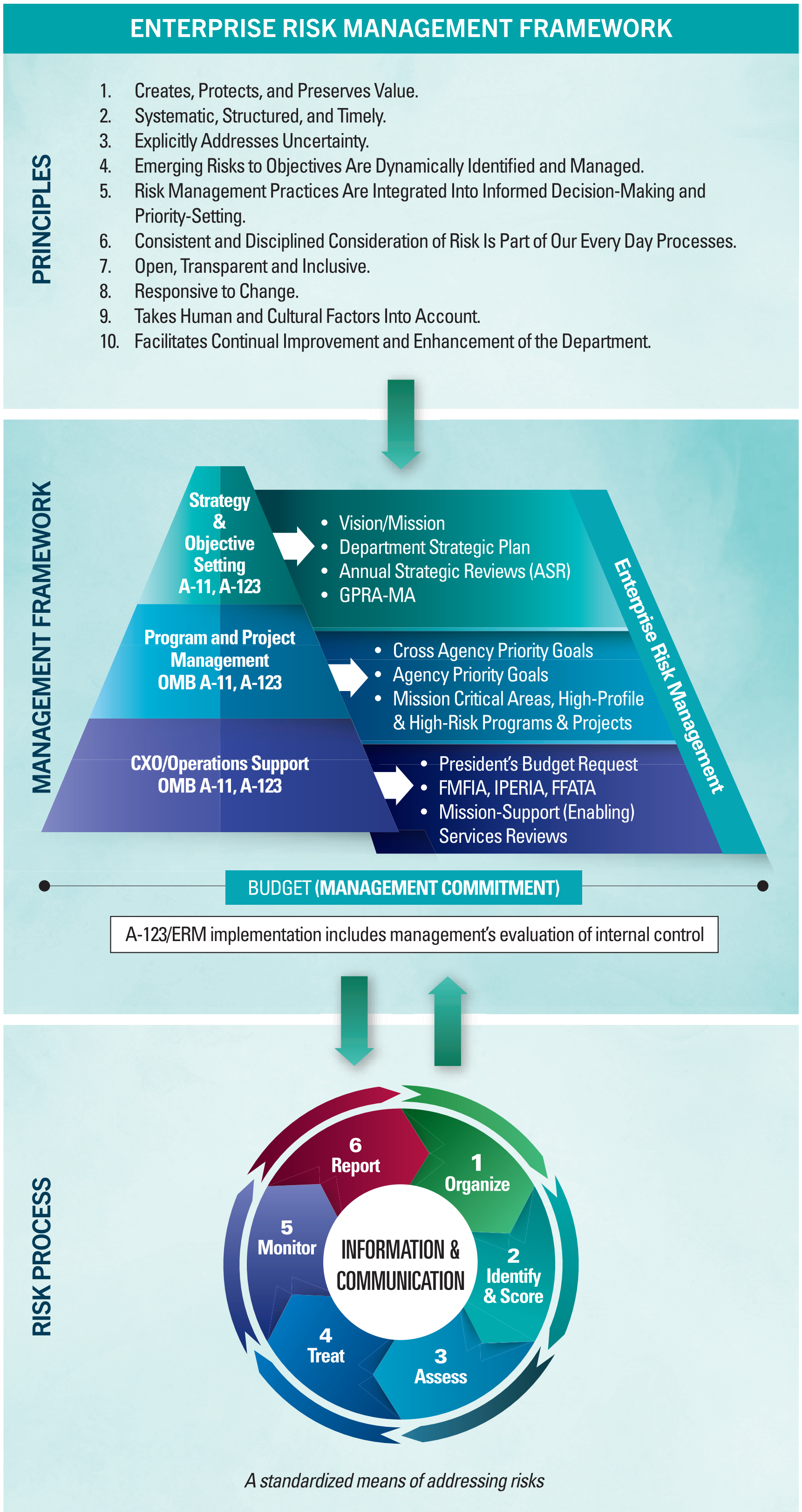
The Federal Managers' Financial Integrity Act of 1982 requires Federal agencies to annually evaluate and report on the effectiveness and efficiency of their internal controls and financial management systems to ensure the integrity of federal programs and operations. Section 2 of FMFIA requires that 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 FY 2024 evaluations and a review of its management control system in accordance with the requirements of FMFIA, OMB, and Departmental guidelines, the Department can provide reasonable assurance that its (1) internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations was operating effectively, except for one material weakness in financial reporting controls at NOAA related to the recording of journal entries and the GTAS monthly submission process attributable to the new financial system implementation; and (2) financial management systems substantially comply with FFMIA.

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 2024 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, the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act of 2022, broadband initiatives related to the Consolidated Appropriations Act of 2021 and the Bi-partisan Infrastructure Law (BIL)/Infrastructure Investment and Jobs Act (IIJA), American Rescue Plan Act (ARPA) of 2021, the Inflation Reduction Act (IRA) of 2022, the Minority Business Development Agency (MBDA) Act of 2021, and above-base appropriations for all other major above-base legislative initiatives between 2021 and 2024. Controls related to risks in the Department's risk profile and fraud risk were also considered in providing reasonable assurance on internal controls.

Federal Financial Management Improvement Act (FFMIA) of 1996

Under FFMIA, the Department is required to have financial management systems that substantially comply with federal financial management system requirements, federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level. In FY 2024, the Department remained in compliance with FFMIA.



Adapted from OMB, ISO, and Committee of Sponsoring Organizations (COSO) Frameworks

Enterprise Risk Management (ERM)

Background

Risk management is not a new practice at the Department of Commerce. It is every employee's responsibility and a critical component of overall program, project, and performance management that is integral to the Department's operations. Applying the International Organization for Standardization (ISO) 31000's definition for risk, the Department defines risk as the effect of uncertainty on objectives. Since 2011, the Department's ERM Program has advanced an integrated approach to risk management, providing an enterprise process for proactively identifying, managing, and treating risk in achieving the Department's strategic objectives, program execution and Department operations utilizing an ERM program framework (See Enterprise Risk Management Framework on left).

The Department has seen substantial progress for integrating risk management into operations to improve organizational effectiveness. Its efforts have resulted in increased risk awareness, and strategic and operational efficiencies for complex and high-profile mission critical programs and activities, including mission-enabling services, key high-priority programs included in the Annual Strategic Review (ASR) and progress in advancing the Department's ERM maturity.

Rising complexity and interconnectedness of Departmental risks coupled with fast-pace change and uncertainty from global chain events such as pandemics, cybersecurity, climate change, geopolitical divides, and supply chain shocks reinforce critical importance in applying a consistent, integrated approach to risk management to detect risks early for proactive response. Bureau and Office of the Secretary (OS) office risk profiles are a critical component to ERM's "top-down, bottom-up" approach to developing the Department's Risk Profile.

The primary purpose of a risk profile is to provide a thoughtful analysis of the risks an agency faces toward achieving its strategic objectives arising from its activities and operations and to identify appropriate options for addressing significant risks. As the likelihood/consequence is lowered for negative risks and consequences, nonessential risk can be removed from the profile to reprioritize resources to meet mission critical needs.

A risk profile is also a subset of the Department's enterprise risk inventory. It provides insight into the organization's mission and mission support risks and is designed to inform the Department's strategic plan, reform plans, and budget process. The risk profile requirement satisfies OMB's Circular A-123 risk profile requirements for Management's Responsibility for Enterprise Risk Management and Internal Control. The objective in submitting the bureau risk profiles is to ensure that this subset of the Department's enterprise risk inventory is an accurate representation for the Department.

Fiscal Year 2024 Achievements

In FY 2024, ERM completed another in a series of enterprise Department Risk Profiles, elevating new top risks for consideration in decision-making and driven by the high visibility legislation directed for specific goals or objectives, such as the CHIPS (Creating Helpful Incentives to Produce Semiconductors) and Science Act of 2022. In addition, the Department continued a quarterly reporting cadence to maintain visibility and provide regular updates to the risk mitigation status of the Risk Profile. The requirement of ensuring that risks on the Department's Risk Profile included treatment plans that addressed challenges for executing mitigation strategies as well as a status on progress made was continued. The integration of risk mitigation plan discussions in the Department's Enterprise Risk Management Council (ERM-C) governance process reinforces Department-wide commitment to effective ERM.

The ERM-C continues to include and engage Risk Owners responsible for crosscutting and unique risks with significant mission impact. This inclusion has advanced strategic and impactful discussion related to risk mitigation and performance, particularly in the areas of cybersecurity, hiring, IT, facilities, diversity, and emerging high-risk exposure areas that cut across the Department.

As the Department continues to move forward, the Risk Profile for FY 2025 will reflect management's continued high-level commitment to identify, discuss, and mitigate enterprise risks.

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, 2023 THROUGH SEPTEMBER 30, 2024

	Number of Reports[1]	Potential Monetary Benefits of Open Recommendations[2]
Beginning Balance	38	$ 370,301,367
New Reports	25	1,382,604,533
Total Reports Open During the Period	63	1,752,905,900
Total Reports Closed During the Period	12	60,647,974
Ending Balance	51	$ 1,692,257,926

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.

Compliance With Other Laws and Regulations

In addition to the aforementioned laws and regulations that the Department complies with, the Department makes it a priority to comply with all other applicable legal and regulatory requirements such as the Antideficiency Act (ADA), Prompt Payment Act (PPA), Payment Integrity Information Act of 2019 (PIIA), etc.

- The ADA is one of the key laws through which fiscal control of appropriated funds is maintained. Among other things, the ADA prohibits agencies from obligating funds in excess of appropriations. In the event of a suspected ADA violation, the Department completes a thorough review of the suspected ADA violation and reports on the findings as appropriate. As of September 30, 2024, the Department is currently investigating 15 potential ADA violations impacting the Department and its bureaus.
  - While exact amounts of all the potential violations are not known, the total dollar amount is immaterial to the Department's budgetary resources. Additionally, the violations are not of a recurrent or systemic nature.

- The PPA requires agencies to pay proper invoices within 30 days or be liable for interest on delinquent payments and, in FY 2024, the Department's overall PPA success rate was 95.5 percent.
- PIIA replaced multiple other improper payment-related laws and regulations but still requires agencies to conduct improper payment risk assessments for all programs and report on improper payments to OMB annually, among other things. For more information on PIIA-related activities, see the Other Information section.
- Under the requirements of OMB Circular A-25, *User Charges*, the Department reviews the user charges for agency programs biennially to confirm that existing charges are adjusted to reflect unanticipated changes in costs or market values and to confirm whether fees should be assessed for the use of other Department goods and services. In FY 2024, the Department completed a full review of programs to maintain compliance with both A-25 requirements.

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 Department has continued its efforts to enhance its financial systems by working toward implementing the Business Application Solutions (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, Enterprise Data Warehouse (EDW) and Business Intelligence (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 financial information from CBS and BAS 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 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 2024, the Department accomplished the following initiatives:

- BAS successfully deployed Phase 1B bureaus (NOAA, BIS, and EDA) into production for the full BAS solution suite (Oracle EBS, PRISM, Sunflower, BAS Enterprise Data Warehouse, and BAS Sign On Portal) on October 25, 2023:
  - Bureaus operated in production for FY 2024 including all financial management activities, acquisitions management activities, and asset management activities;

  - BAS Production Support successfully supported the end users in production including managing help desk incidents/requests, defect management, configuration management, end user refreshers training and ongoing change/adoption activities, assistance in operations processing, audit support, and ongoing development in the enterprise data warehouse;
  - Production support and operations activities will continue into FY 2025 for end users in production;
- BAS kicked off the National Institute of Standards and Technology (NIST) Phase 2 deployment in October 2023 and was able to execute design confirmation phases and planning phases throughout FY 2024. Department leadership put the implementation for NIST (and all serviced customers) on pause until FY 2025; the BAS program is currently planning and preparing to restart the Phase 2 deployment in April 2025;
- BAS kicked off the Census Bureau Phase 3 deployment phase in July 2024 in preparation for an October 2025 deployment. Currently the Phase 3 implementation is on track having completed design confirmation phases and kicked off mock conversion and increment build cycles in preparation for testing activities in FY 2025;
- The CBS program continued operations and maintenance for bureaus still using CBS;
- The DATA Act program successfully transmitted monthly submissions to Treasury;
- The E2 program continued to provide production support for the Electronic Travel System (ETS2), the Department's travel management system;
- The Enterprise Application Systems (EAS) program continued operations and maintenance for C.Suite, Relocation, Hyperion, and OHRM General Support Systems (GSS);
- The OHRH GSS continued operations and maintenance for Performance Payout System (PPS), Automated Classification System (ACS), Honor Awards Nomination System (HANS), SES Bonus Pool, and SES Year-End Systems; and
- The GovTA program continued operations and maintenance for GovTA, the Department's time and attendance system.

The Department plans to accomplish the following in FY 2025 and beyond:

- Complete Phase 3 BAS Implementation activities and prepare for deployment of the Census Bureau on the new financial and acquisition system;
- Provide production support to end-users after BAS Phase 1B was officially launched on the October 25, 2023 go-live date;
- 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; and
- Continue to coordinate with financial management staff and travel support contractors to design, build, and deploy new E2 travel reporting capabilities.

Financial Section

Message From the Chief Financial Officer

(Unaudited)

This FY 2024 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 2024, the Department achieved an unmodified audit opinion for the twenty-sixth consecutive year from the independent auditors tasked with auditing the financial statements. However, two material weaknesses were identified by the financial statement auditors related to insufficient controls over financial reporting at the National Oceanic and Atmospheric Administration (NOAA) Service Center and insufficient controls over certain manual journal entries at the NOAA Service Center. We will take the appropriate corrective actions to strengthen controls in this area in FY 2025.

The Department will continue enhancing financial and non-financial controls under FMFIA and Office of Management and Budget (OMB) Circular A-123. The Department can provide reasonable assurance that its internal controls and financial management systems meet the objectives of FMFIA and that those internal controls operated effectively, except for one material weakness in financial reporting controls at NOAA related to the recording of journal entries and the GTAS monthly submission process attributable to the new financial system implementation.

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. We embrace that sound financial management is a cornerstone of effective and efficient stewardship over the financial resources for which we are responsible. Only through effective financial management can the Department accomplish its mission and goals and ensure the American public that we are effectively utilizing the resources that we have been entrusted with.

The Department's Financial Management (OFM) team had many accomplishments during FY 2024. We are proud that the Department was recognized by the Association of Government Accountants (AGA) for excellence in financial reporting with the prestigious Certificate of Excellence in Accountability Reporting (CEAR) for our FY 2023 AFR. This award represents the diligent work, efforts, resourcefulness, and collaboration of the OFM team and our partners throughout the Department to produce clear, concise, and accurate financial reporting to our stakeholders.

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. In FY 2024, the Department achieved key milestones in modernizing its financial and management systems, highlighted by the deployment of BAS Phase 1B for NOAA, BIS, and EDA on October 25, 2023. Comprehensive production support was provided, including user assistance, incident management, training, and ongoing development. Additionally, Phase 2 deployment for NIST and Phase 3 deployment for the Census Bureau are progressing. The Department also continued operations for CBS, supported the DATA Act program's Treasury submissions, maintained the E2 travel system, and provided maintenance across various enterprise applications and systems. Overall, the Department of Commerce has consistently delivered on its mission and provided quality financial reporting information for Departmental leadership to make timely and informed business decisions.

Jeremy Pelter

Jeremy Pelter
Deputy Assistant Secretary for Administration,
performing the non-exclusive functions and duties of the
Chief Financial Officer and Assistant Secretary for Administration

December 10, 2024

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

INFORMATION MEMORANDUM FOR SECRETARY RAIMONDO

FROM:	Jill Baisinger, Acting Inspector General, (202) 794-7788
DATE:	Friday, December 13, 2024
RE:	***Department of Commerce FY 2024 Financial Statements*** **Final Report No. OIG-25-005-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 2024 consolidated financial statements. KPMG LLP (KPMG)—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 (OMB) Bulletin No. 24-02, *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 certain deficiencies in internal control over financial reporting, specifically at the National Oceanic and Atmospheric Administration Service Center, that it considers to be material weaknesses; and
- identified no instances of reportable noncompliance with *Government Auditing Standards* or OMB Bulletin No. 24-02, as well as 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.

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.

Pursuant to Department Administrative Order 213-5, please submit to us an action plan that addresses the recommendations in this report within 60 calendar days. This report will appear on our website pursuant to the Inspector General Act of 1978, as amended (5 U.S.C. §§ 404, 420).

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

Attachment

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

Independent Auditors' Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the U.S. Department of Commerce (Department), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Department as of September 30, 2024 and 2023, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter – 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 consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly, we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Consolidated Financial Statements

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

KPMG

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

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

Required Supplementary Information

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

KPMG

Other Information

Management is responsible for the other information included in the *Agency Financial Report*. The other information comprises the Table of Contents, Message From Secretary Raimondo, How to Use This Report, Message from the Chief Financial Officer, Other Information and Appendix, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2024, 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*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in Exhibit I, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in Exhibit I as items A and B to be material weaknesses.

Department management did not report the material weakness, *Insufficient Controls over Financial Reporting at the National Oceanic and Atmospheric Administration Service Center*, in its *Statement of Assurance*, included in the Management's Discussion and Analysis section of the accompanying *Agency Financial Report*.

Report on 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, 2024, 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. 24-02.

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

Department's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Department's response to the findings identified in our audit and described in Exhibit I. The Department's response was not subjected to the other 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 Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, District of Columbia
December 10, 2024

Exhibit I – Material Weaknesses

A. Insufficient Controls over Financial Reporting at the National Oceanic and Atmospheric Administration (NOAA) Service Center

The U.S. Department of Commerce (Department) implemented a new financial management system, Business Applications Solution (BAS) Enterprise Business Suite (EBS), at the NOAA Service Center as of October 1, 2023. The NOAA Service Center, which is comprised of NOAA, the Economic Development Administration (EDA), and the Bureau of Industry and Security (BIS), encountered unanticipated challenges surrounding the EBS implementation, including the delayed implementation of new business processes and controls, delays in processing certain transactions, and delays in generation of new system reports containing required information used in the financial reporting process. In the aggregate, we consider the deficiencies identified related to the EBS implementation to be a material weakness. As a result of these deficiencies, the Department experienced delays in meeting certain U.S. Department of the Treasury reporting deadlines and in preparing audit deliverables during fiscal year (FY) 2024. The identified deficiencies impact the majority of financial statement balances related to the NOAA Service Center, which represent approximately 21% and 45% of the Department's assets and gross costs, respectively, as of September 30, 2024.

Certain Financial Reporting Deficiencies

During FY 2024, certain processes and controls related to financial reporting were not properly designed and implemented, which resulted in the following issues at the NOAA Service Center that impacted financial reporting:

- Management could not generate populations and complete reconciliations timely during the year. For example, reconciliations to the general ledger and population data for the first and second quarters related to journal entries, payroll expense, grant expense, operating expense, revenue, and certain budget accounts were not completed until the beginning of the fourth quarter. As of August 26, 2024, population data was not readily available and was delivered 17 to 106 days late with an average delivery time of 44 days late.

- Management could not readily identify and provide supporting documentation for audit sample selections during the interim phases for the revenue; property, plant, and equipment (PP&E); budget; heritage assets; journal entries; grants; and operating expense process areas in a timely manner. As of August 26, 2024, supporting documentation was not readily available and was delivered 2 to 32 days late with an average delivery time of 11 days late.

- During the planning and interim audit phases, personnel were not consistently available to respond timely to questions raised related to procedures, controls, and documentation for certain business processes. For example, walkthroughs to gain an understanding of the budget, revenue, PP&E, and journal entries process areas were not able to be completed until after the audit planning phase ended. In addition, meetings to observe the performance of information technology (IT) application controls for the budget, grants expense, and accounts payable process areas were delayed from planned completion in June 2024 to September 2024.

- Management did not sufficiently analyze and explain all significant period-to-period fluctuations in its financial statement accounts during FY 2024 as of March 31, 2024, and June 30, 2024.

- Although management submitted third quarter financial information via the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) on July 29, 2024, management identified numerous errors and abnormal balances in this financial information that subsequently required significant adjustments.

Exhibit I – Material Weaknesses, Continued

As a result, the FY 2024 financial reporting process, including GTAS submissions, encountered significant delays, and Department personnel and contractors were required to incur substantial effort to provide information that was complete and accurate and to correct the issues within EBS. Additionally, an increased risk exists that errors in the NOAA Service Center financial information, and therefore, the Department's consolidated financial statements, may not be detected and corrected.

Controls over the Timely Recording of Intra-governmental Payment and Collection (IPAC) Transactions

The controls to process IPACs into EBS timely were not designed and implemented effectively throughout FY 2024, resulting in a backlog of recording disbursements in EBS. As of June 30, 2024, management continued to experience a backlog in recording IPAC disbursements, and as a result, PP&E and expense accounts may have been misstated during FY 2024. However, this backlog was substantially eliminated as of September 30, 2024; management processed approximately $1.49 billion of IPAC disbursements in total for FY 2024.

Controls over the Timely Recording of Completed PP&E Projects from Construction Work in Progress (CWIP)

During FY 2024, the processes and controls related to reconciling CWIP costs recorded to source documents before moving CWIP costs into in-service asset accounts were not designed and implemented effectively. As of June 30, 2024, NOAA had not reconciled CWIP costs to source documents or moved completed CWIP projects to in-service asset accounts. In FY 2024, management granted waivers to NOAA Line Offices and Office of Chief Administrator Officer to delay the accounting movement of completed CWIP projects to in-service asset accounts; these waivers permitted personnel to depart from the normal business process of recording these accounting entries timely. As a result, CWIP, in-service asset accounts, and depreciation expense were misstated during FY 2024. However, management recorded an adjusting entry totaling $193.7 million during the year-end close process to move completed PP&E projects from CWIP as of September 30, 2024.

Controls over the Reconciliation of Payroll Costs

As of June 30, 2024, management's control over the reconciliation of payroll costs in EBS to data files from the U.S. Department of Agriculture's National Finance Center (NFC), the Department's payroll service provider was not implemented. As a result, payroll-related accounts may have been misstated during FY 2024. However, management completed necessary payroll reconciliations as of September 30, 2024.

Controls over Accrual Processes

As of September 30, 2024, management did not have a control in place to complete a retrospective review to validate the reasonableness of the NOAA accounts payable estimate. In addition, management did not have controls in place to complete a retrospective review to validate the reasonableness of the NOAA and EDA grants payable estimates by using actual grant expense amounts from subsequent grantee reporting. As a result, an increased risk exists that the accounts payable and grants payable estimates may be misstated in the consolidated financial statements because management did not validate the prior year estimates via comparison to actual subsequent disbursements or actual grantee-reported data. By not properly identifying differences between the estimated and actual subsequent amounts, such potential differences are not taken into consideration when developing the next period's estimate.

Prior to September 30, 2024, management did not have an established process to identify information (data) required to develop and record the NOAA and EDA grants payable estimates for each quarter-end during FY 2024. As a result, NOAA and EDA financial records were not in full compliance with the accrual basis of accounting or Departmental policies during FY 2024. Additionally, by not validating the estimation methodologies and data throughout the year, an increased risk exists that the year-end grant accrual estimates may be misstated as of September 30, 2024.

Exhibit I – Material Weaknesses, Continued

During FY 2024, EBS was not properly configured for management to promptly reverse the accounts payable or grants payable estimates related to the prior year (i.e., those recorded as of September 30, 2023). As a result, total expenses in EBS were not accurate during FY 2024, and management relied on manual adjusting entries during the year-end close process to properly state expenses in the FY 2024 consolidated financial statements.

Controls over the Implementation of a New Accounting Standard

The Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) No. 54, *Leases*, was effective October 1, 2023. However, as of July 31, 2024, the NOAA Service Center had not formalized its policies, procedures, and controls related to the process for properly identifying and recording lease liabilities and right-to-use assets in accordance with SFFAS No. 54. As a result, its lease liability and right-to-use asset accounts may have been misstated during FY 2024. However, management recorded an adjusting entry totaling $71.2 million during the year-end close process to record lease liabilities and right-to-use lease assets as of September 30, 2024.

Improper Design of Certain Posting Logic in BAS EBS

Certain posting logic configuration controls were not properly designed within EBS during FY 2024 to align with the underlying business events for loans, reimbursable funds, and direct funds. In addition, EBS was not configured with posting logic to record transactions related to SFFAS No. 54. As a result, an increased risk exists of misstatements to accounts and loans receivable, gross costs, earned revenue, appropriations, lease-related accounts, and budgetary resources. However, management recorded adjusting entries during the year-end close process to correct the identified errors as of September 30, 2024.

Criteria

The relevant criteria are:

- The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, dated September 2014
- SFFAS No. 1, *Accounting for Selected Assets and Liabilities*;
- SFFAS No. 6, *Accounting for Property, Plant, and Equipment*;
- SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*;
- SFFAS No. 54, *Leases,* as amended;
- FASAB Federal Financial Accounting Technical Release 12: *Accrual Estimates for Grant Programs*;
- Treasury Financial Manual (TFM) Bulletin No. 2024-06, *Change to Bulletin No. 2024-04, U.S. Standard General Ledger (USSGL) – A Treasury Financial Manual (TFM) Supplement*, Part 1 – Fiscal Year 2024 Reporting, Section III: Account Transactions, dated September 2024; and
- Various financial policies and procedures of the Department's Office of Financial Management.

Exhibit I – Material Weaknesses, Continued

Recommendations

We recommend that NOAA management work with the BAS Project Management Office (PMO) to:

1. Identify and resolve process and functionality issues so that accurate information can be routinely obtained to complete reconciliations, analyze data, record transactions, and provide information timely.

2. Identify and produce required information to record transactions and accrual estimates timely and to implement processes over financial information fluctuation analyses and the research and resolution of issues and discrepancies in the EBS financial information.

3. Provide additional training to accounting personnel on how to effectively use EBS.

4. Properly configure EBS or otherwise identify NOAA and EDA accounts payable and grants payable estimates for reversal in EBS in the next fiscal period.

We also recommend that NOAA management:

5. Develop and implement a retrospective review process to validate its accounts and grants payable estimates using subsequently reported amounts recorded in EBS for accounts payable and the SF-425, *Financial Status Report*, for grants payable, which should include working with grant system owners to develop and implement a method to extract grantee expense reporting based on the SF-425.

6. Implement newly developed procedures to routinely determine the transactions and amounts related to SFFAS No. 54 and record them in EBS timely.

We recommend that EDA management:

7. Revise and implement a retrospective review process to validate its grants payable estimate using subsequently reported amounts based on the SF-425, *Financial Status Report*, which should include working with grant system owners to develop and implement a method to extract grantee expense reporting based on the SF-425.

We recommend that the Department's Office of Financial Management and NOAA management:

8. Work together to correct the EBS posting logic for relevant events and to configure EBS posting logic for SFFAS No. 54 transactions.

Management's Response

The Department concurs with this material weakness. We recognize that further improvements are necessary, and we will continue to strengthen our controls in FY 2025 through implementation of detailed corrective action plans.

Exhibit I – Material Weaknesses, Continued

B. Insufficient Controls over Certain Manual Journal Entries at the NOAA Service Center

The controls over the review and approval and documentation of manual journal entries by NOAA accounting personnel did not operate effectively during FY 2024. Specifically, as of September 30, 2024, 137 journal entries were recorded and approved by the BAS PMO in EBS instead of by NOAA accounting personnel; sufficient documentation was not provided to support the appropriateness of these journal entries, which required management to provide verbal explanations to justify them. Of these entries, 43 were recorded for NOAA, and 94 were recorded for BIS and EDA. Such journal entries totaled over $28 trillion and represented approximately 7% of all manual journal entries posted for the NOAA Service Center in FY 2024.

During the monthly review process for submission of Governmentwide Treasury Account Symbol (GTAS) reporting in FY 2024, NOAA management identified significant variances in numerous general ledger accounts. Because of the large volume of corrections that needed to be processed, the BAS PMO assisted NOAA by correcting the variances in EBS to meet GTAS reporting deadlines; this process deviated from NOAA procedures that require NOAA accountants to create and review journal entry packets supporting the corrections prior to NOAA accountants entering and posting the entries in EBS.

The creation and posting of entries to EBS by individuals without relevant accounting knowledge increases the risk that the Department's financial statements and related disclosures are misstated because of errors. In addition, the lack of supporting documentation for journal entries can result in the inability to verify the accuracy and validity of such transactions if questions arise.

Criteria

The relevant criteria are:

- The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, dated September 2014; and
- Manual journal entry procedures of the NOAA Service Center.

Recommendations

We recommend that NOAA management:

1. Enforce existing procedures so that only NOAA accountants with the knowledge and understanding of the accounting transactions enter and approve transactions in EBS.
2. Enforce existing procedures so that supporting documentation for journal entries is prepared and maintained.

Management's Response

The Department concurs with this material weakness. We recognize that further improvements are necessary, and we will continue to strengthen our controls in FY 2025 through implementation of detailed corrective action plans.

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FINANCIAL SECTION

Principal Financial Statements

Introduction to the Principal Financial Statements

The principal financial statements are prepared to report the financial position and results of operations of the Department of Commerce, pursuant to the requirements prescribed by the Office of Management and Budget (OMB) in OMB Circular A-136, *Financial Reporting Requirements*.

Consolidated Balance Sheets

provide information on assets, liabilities, and net position as of the end of the reporting periods. Net position is the difference between assets and liabilities. It is a summary measure of the Department's financial condition at the end of the reporting periods. Intra-Departmental balances have been eliminated from the amounts presented.

Consolidated Statements of Net Cost

report the components of the net costs of the Department's operations for the period. The net cost of operations consists of the gross cost incurred by the Department less any earned revenue from our activities. Intra-Departmental balances have been eliminated from the amounts presented.

Consolidated Statements of Changes in Net Position

report the beginning net position, the transactions that affect net position for the period, and the ending net position. Intra-Departmental transactions have been eliminated from the consolidated amounts presented.

Combined Statements of Budgetary Resources

report information on the sources and status of budgetary resources for the reporting periods. Information in these statements is reported on the budgetary basis of accounting, which supports compliance with budgetary controls and controlling legislation.

United States Department of Commerce Consolidated Balance Sheets
As of September 30, 2024 and 2023 *(In Thousands)*

	FY 2024	FY 2023
ASSETS (Note 9)		
Intragovernmental:		
Fund Balance with Treasury (Notes 2 and 18)	$ 129,972,185	$ 138,659,106
Accounts Receivable (Note 3)	270,438	171,921
Advances and Prepayments	249,927	18,608
Total Intragovernmental	**130,492,550**	**138,849,635**
Other than Intragovernmental:		
Cash and Other Monetary Assets (Note 4)	11,748	10,281
Accounts Receivable, Net (Notes 3 and 19)	273,849	321,308
Loans Receivable, Net (Note 5)	460,311	364,626
Inventory and Related Property, Net (Note 6)	140,709	123,909
General Property, Plant, and Equipment, Net (Note 7)	14,974,449	15,126,238
Advances and Prepayments	194,071	161,077
Other Assets		
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network (Note 21 – NTIA's Network Construction Fund and First Responder Network Authority Fund)	5,363,521	5,633,944
Other (Note 8)	31,425	23,052
Total Other than Intragovernmental	**21,450,083**	**21,764,435**
TOTAL ASSETS	**$ 151,942,633**	**$ 160,614,070**
Stewardship Property, Plant, and Equipment – Heritage Assets (Note 23)		
LIABILITIES (Note 15)		
Intragovernmental:		
Accounts Payable	$ 88,289	$ 80,294
Debt (Note 10)	446,189	356,011
Advances from Others and Deferred Revenue	280,431	278,586
Other Liabilities		
Custodial Payable to Treasury (Note 19)	240,117	300,096
Other (Note 11)	161,480	165,885
Total Intragovernmental	**1,216,506**	**1,180,872**
Other than Intragovernmental:		
Accounts Payable	770,359	974,885
Federal Employee Salary, Leave, and Benefits Payable (Note 12)	879,374	901,266
Pensions and Other Post-employment Benefits Payable (Note 12)	1,292,413	1,248,457
Environmental and Disposal Liabilities (Note 13)	205,923	189,895
Advances from Others and Deferred Revenue	1,886,697	1,801,852
Other Liabilities		
Accrued Grant Liabilities	1,110,769	600,649
Liability for Non-fiduciary Deposit Funds, Undeposited Collections, and Clearing Accounts	(20,516)	117,297
Other (Note 11)	216,246	93,933
Total Other than Intragovernmental	**6,341,265**	**5,928,234**
TOTAL LIABILITIES	**$ 7,557,771**	**$ 7,109,106**
Commitments and Contingencies (Note 16)		
NET POSITION		
Unexpended Appropriations – Funds from Other than Dedicated Collections	$ 114,088,352	$ 122,674,043
Total Unexpended Appropriations (Consolidated)	**114,088,352**	**122,674,043**
Cumulative Results of Operations – Funds from Dedicated Collections (Note 21)	16,719,429	16,778,537
Cumulative Results of Operations – Funds from Other than Dedicated Collections	13,577,081	14,052,384
Total Cumulative Results of Operations (Consolidated)	**30,296,510**	**30,830,921**
TOTAL NET POSITION	**$ 144,384,862**	**$ 153,504,964**
TOTAL LIABILITIES AND NET POSITION	**$ 151,942,633**	**$ 160,614,070**

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, 2024 and 2023 (Note 17) *(In Thousands)*

	FY 2024	FY 2023
National Oceanic and Atmospheric Administration		
Gross Costs	$ 8,246,896	$ 7,740,318
Less: Earned Revenue	(247,117)	(248,404)
Net Cost of Operations	**7,999,779**	**7,491,914**
National Institute of Standards and Technology		
Gross Costs	2,619,833	1,645,717
Less: Earned Revenue	(201,547)	(215,922)
Net Cost of Operations	**2,418,286**	**1,429,795**
Under Secretary for Economic Affairs		
Gross Costs	2,112,692	2,067,648
Less: Earned Revenue	(354,946)	(414,594)
Net Cost of Operations	**1,757,746**	**1,653,054**
Economic Development Administration		
Gross Costs	1,227,439	968,395
Less: Earned Revenue	(6,683)	(6,139)
Net Cost of Operations	**1,220,756**	**962,256**
National Telecommunications and Information Administration		
Gross Costs	1,506,417	1,017,781
Less: Earned Revenue	(541,650)	(287,000)
Net Cost of Operations	**964,767**	**730,781**
International Trade Administration		
Gross Costs	657,368	598,336
Less: Earned Revenue	(19,010)	(15,025)
Net Cost of Operations	**638,358**	**583,311**
U.S. Patent and Trademark Office		
Gross Costs	4,418,119	4,037,430
Less: Earned Revenue	(4,119,175)	(3,943,445)
Net Cost of Operations	**298,944**	**93,985**
Departmental Management		
Gross Costs	315,141	264,028
Less: Earned Revenue	(37,070)	(45,032)
Net Cost of Operations	**278,071**	**218,996**
Others		
Gross Costs	331,854	246,757
Less: Earned Revenue	(3,361)	(2,194)
Net Cost of Operations	**328,493**	**244,563**
Total Gross Departmental Costs	21,435,759	18,586,410
Less: Total Earned Revenue	(5,530,559)	(5,177,755)
NET COST OF OPERATIONS	**$ 15,905,200**	**$ 13,408,655**

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

United States Department of Commerce Consolidated Statement of Changes in Net Position For the Year Ended September 30, 2024 *(In Thousands)*

	FY 2024			
	Funds from Dedicated Collections (Consolidated Totals) (Note 21)	**Funds from Other than Dedicated Collections (Consolidated Totals)**	**Eliminations**	**Consolidated Total**
Unexpended Appropriations:				
Beginning Balance	$ –	$ 122,674,043	$ –	$ 122,674,043
Appropriations Received	–	18,301,112	–	18,301,112
Appropriations Transferred In/Out	–	(8,619)	–	(8,619)
Other Adjustments	–	(12,557,976)	–	(12,557,976)
Appropriations Used	–	(14,320,208)	–	(14,320,208)
Net Change in Unexpended Appropriations	–	(8,585,691)	–	(8,585,691)
Unexpended Appropriations: Ending	**–**	**114,088,352**	**–**	**114,088,352**
Cumulative Results of Operations:				
Beginning Balance	16,778,537	14,052,384	–	30,830,921
Other Adjustments	–	4	–	4
Appropriations Used	–	14,320,208	–	14,320,208
Non-exchange Revenue	35,690	7,294	–	42,984
Donations and Forfeitures of Cash and Cash Equivalents	–	162	–	162
Transfers In/Out Without Reimbursement	67,210	377,914	–	445,124
Donations and Forfeitures of Property	–	210	–	210
Imputed Financing	171,955	431,391	–	603,346
Other	293	(41,542)	–	(41,249)
Net Cost of Operations	(334,256)	(15,570,944)	–	(15,905,200)
Net Change in Cumulative Results of Operations	(59,108)	(475,303)	–	(534,411)
Cumulative Results of Operations: Ending	**16,719,429**	**13,577,081**	**–**	**30,296,510**
NET POSITION	**$ 16,719,429**	**$ 127,665,433**	**$ –**	**$ 144,384,862**

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

United States Department of Commerce Consolidated Statement of Changes in Net Position
For the Year Ended September 30, 2023 *(In Thousands)*

	FY 2023			
	Funds from Dedicated Collections (Consolidated Totals) (Note 21)	Funds from Other than Dedicated Collections (Consolidated Totals)	Eliminations	Consolidated Total
Unexpended Appropriations:				
Beginning Balance	$ –	$ 90,083,922	$ –	$ 90,083,922
Appropriations Received	–	44,600,330	–	44,600,330
Appropriations Transferred In/Out	–	22,341	–	22,341
Other Adjustments	–	(154,456)	–	(154,456)
Appropriations Used	–	(11,878,094)	–	(11,878,094)
Net Change in Unexpended Appropriations	–	32,590,121	–	32,590,121
Unexpended Appropriations: Ending	**–**	**122,674,043**	**–**	**122,674,043**
Cumulative Results of Operations:				
Beginning Balance	17,011,137	14,316,582	–	31,327,719
Appropriations Used	–	11,878,094	–	11,878,094
Non-exchange Revenue	54,859	8,707	–	63,566
Donations and Forfeitures of Cash and Cash Equivalents	–	245	–	245
Transfers In/Out Without Reimbursement	88,516	411,418	–	499,934
Donations and Forfeitures of Property	–	21,087	–	21,087
Imputed Financing	117,646	337,056	–	454,702
Other	(567)	(5,204)	–	(5,771)
Net Cost of Operations	(493,054)	(12,915,601)	–	(13,408,655)
Net Change in Cumulative Results of Operations	(232,600)	(264,198)	–	(496,798)
Cumulative Results of Operations: Ending	**16,778,537**	**14,052,384**	**–**	**30,830,921**
NET POSITION	**$ 16,778,537**	**$ 136,726,427**	**$ –**	**$ 153,504,964**

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, 2024 and 2023 (Note 18) *(In Thousands)*

	FY 2024		FY 2023	
	Budgetary	Non-budgetary Credit Reform Financing Accounts	Budgetary	Non-budgetary Credit Reform Financing Accounts
BUDGETARY RESOURCES:				
Unobligated Balance From Prior Year Budget Authority, Net	$ 108,995,823	$ 1,451	$ 79,330,534	$ 626
Appropriations	6,228,311	–	44,946,358	–
Borrowing Authority	–	71,285	–	233,845
Spending Authority From Offsetting Collections	6,721,972	14,044	6,387,678	10,203
TOTAL BUDGETARY RESOURCES	**$ 121,946,106**	**$ 86,780**	**$ 130,664,570**	**$ 244,674**
STATUS OF BUDGETARY RESOURCES:				
New Obligations and Upward Adjustments	$ 48,623,828	$ 86,516	$ 22,132,099	$ 243,224
Unobligated Balance, End of Year				
Apportioned, Unexpired Accounts	69,545,071	–	107,766,790	–
Exempt From Apportionment, Unexpired Accounts	717	–	708	–
Unapportioned, Unexpired Accounts	3,077,853	264	73,448	1,450
Unobligated Balance, End of Year, Unexpired Accounts	72,623,641	264	107,840,946	1,450
Unobligated Balance, End of Year, Expired Accounts	698,637	–	691,525	–
Total Unobligated Balance, End of Year	**73,322,278**	**264**	**108,532,471**	**1,450**
TOTAL STATUS OF BUDGETARY RESOURCES	**$ 121,946,106**	**$ 86,780**	**$ 130,664,570**	**$ 244,674**
OUTLAYS, NET, AND DISBURSEMENTS, NET:				
Outlays, Net	$ 14,711,917		$ 12,031,046	
Distributed Offsetting Receipts	114,224		14,048	
AGENCY OUTLAYS, NET	**$ 14,826,141**		**$ 12,045,094**	
DISBURSEMENTS, NET		**$ 91,364**		**$ (17,294)**

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)

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

Note 1. Summary of Significant Accounting Policies

A Reporting Entity

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

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)
- Economic Development Administration (EDA)
- National Telecommunications and Information Administration (NTIA)
  - First Responder Network Authority (FirstNet)[1]
- International Trade Administration (ITA)
- Departmental Management (DM)
  - Gifts and Bequests
  - Herbert C. Hoover Building Renovation Project
  - Nonrecurring Expenses Fund (NEF)
  - Office of Inspector General (OIG)
  - Salaries and Expenses (S&E)
  - Working Capital Fund (WCF)
- U.S. Patent and Trademark Office (USPTO)
- 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.

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[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. Consolidation entities are organizations that should be consolidated in the Department's proprietary financial statements based on an assessment as prescribed in SFFAS 47. Disclosure entities are identified as such based on an assessment as prescribed in SFFAS 47; however, are not consolidated in the Department's proprietary financial statements, and for which information is disclosed in the Department's footnotes to the financial statements.

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 24, *Disclosure Entity*, for information regarding the Corporation for Travel Promotion (also known as Brand USA) which was identified as a disclosure entity for the Department's financial reporting.

The Department is a component of the U.S government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for government-wide reporting because they are offset by assets and liabilities of another U.S. government entity. These financial statements should be read with the realization that they are for a component of the U.S. government.

B Basis of Accounting and Presentation

The financial statements and footnotes reflect transactions and balances under the proprietary, accrual basis of accounting with the exception of the *Combined Statements of Budgetary Resources (SBR)* and the *SBR*-related footnote as they both reflect transactions and balances under the budgetary basis of accounting. Under the proprietary basis of 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 1.P, *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 future fiscal year(s).

The purpose of federal budgetary accounting is to control, monitor, and report on funds made available to federal agencies by law and help ensure compliance with the law, and is designed to recognize budgetary resources for 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 made available, which in many cases occurs prior to the occurrence of a proprietary accounting transaction. The following budget terms are commonly used:

Appropriations are provisions of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.

Borrowing authority is a type of budget authority that permits obligations and outlays to be financed by borrowing.

Budgetary resources are amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.

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.

Offsetting receipts mean payments to the government that are credited to offsetting receipt accounts and deducted from gross budget authority and outlays, rather than added to receipts. Usually they are deducted at the level of the agency and subfunction, but in some cases they are deducted at the level of the government as a whole. They are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditure for that purpose or require them to be appropriated in annual appropriations acts before they can be spent. Like offsetting collections, 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.

Obligations are binding agreements that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Outlays are payments 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.

Spending authority from offsetting collections is a type of budget authority that permits obligations and outlays to be financed by offsetting collections.

For further information about budget terms and concepts, see the "Budget Concepts" chapter of the *Analytical Perspectives* volume of the President's Budget.

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

a. Budgetary resources for the fiscal year. The Department's budgetary resources consist of Unobligated Balance From Prior Year Budget Authority, Net; Appropriations; Borrowing Authority; and Spending Authority From Offsetting Collections;

b. Status of those budgetary resources. The Department's status of budgetary resources consists of New Obligations and Upward Adjustments: Unobligated Balance, End of Year, Unexpired Accounts (Apportioned; Exempt from Apportionment; and Unapportioned); and Unobligated Balance, End of Year, Expired Accounts.

c. *Outlays, Net, and Disbursements, Net* (cash transactions) for the fiscal year, which includes:

   i. *Outlays, Net*, which is comprised of Outlays, Gross less Actual Offsetting Collections;

   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.

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 to Net Outlays* in Note 22. This reconciliation helps explain and clarify how proprietary basis of accounting *Net Cost of Operations* (based on accrual accounting concepts and includes cash and non-cash transactions) for the fiscal year relates to budgetary basis of accounting *Agency 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. Other than intragovernmental assets, liabilities, gross costs, earned revenue, transfers, and other activity represent balances or activities with non-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) are required to and are 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 are required to be and are excluded from the Department's financial statements. MBDA allocates funds, as the parent, to the Bureau of Indian Affairs. 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.

Effective FY 2024, the Department implemented SFFAS 54 as amended, *Leases*, for when the Department is the lessee; earlier adoption of SFFAS 54 is not allowed. Accordingly, the Department's comparative FY 2023 accounting recognition and note disclosures for leases as lessee are not affected by this implementation, as the Department is applying SFFAS 54 prospectively. Adjustments to beginning net position in FY 2024 for a change in accounting principle had a zero net effect as a result of the Department's SFFAS 54 implementation. Effective FY 2024, the Department is required at the commencement of the lease term to recognize a right-to-use lease asset, and a related lease liability, for non-intragovernmental, non-short term (contracts or agreements that are greater than 24 months) and that do not transfer ownership to the Department, when the reporting entity has the right to control the use of an underlying property, plant, or equipment asset for a period of time as specified in the contract or agreement in exchange for consideration. The standard's lease definition excludes contracts or agreements for services, except those contracts or agreements that contain both a lease component and a service component. The standard does not apply to leases or licenses of internal use software. The lease term is the noncancelable period plus certain periods subject to options to extend or terminate the lease. A lease term is subsequently reassessed only under limited circumstances. SFFAS 54 also requires that the lease term of an existing lease as of the beginning of FY 2024 (October 1, 2023) be based on the timeframe remaining in the lease as of October 1, 2023 and not the timeframe in the initial lease term.

SFFAS 54, as amended provides for a transitional accommodation to reporting entities implementing SFFAS 54 for contracts or agreements that (a) contain lease component(s) and may contain nonlease component(s); and (b) the purpose of the contracts or agreements is primarily attributable to the nonlease component(s), such as service components. For contracts or agreements meeting this criteria, a reporting entity may elect to account for such contracts or agreements, including the lease component(s), as nonlease contracts or agreements in their entirety. The contracts or agreements under this election should be accounted for as nonleases for their remaining term, unless they are subsequently modified after the end of the accommodation period. The Department has elected this transitional accommodation for contracts or agreements existing as of October 1, 2023 and/or those subsequently entered into or modified on or prior to September 30, 2026 (end of the accommodation period).

The recognition of right-to-use lease assets and the amortization of right-to-use lease assets are discussed in Note 1L, *General Property, Plant, and Equipment, Net*.

The recognition of lease liabilities and the related amortization of the discounts on lease liabilities that is recognized as interest expense are discussed in Note 1N, *Liabilities*.

Intragovernmental lease payments and non-intragovernmental short-term lease payments are recognized as expenses based on the payment provisions of the contract or agreement and standards regarding recognition of accounts payable and other related amounts. An asset may be recognized as an asset if payments are made in advance of the reporting period to which they relate or a liability may be recognized for amounts due and unpaid at the end of the reporting period to which they relate. Rental increases, rental decreases, lease incentives, and lease concessions are recognized when incurred as increases/reductions to lease expense.

While proprietary accounting requirements for leases are transformed by SFFAS 54, budgetary accounting requirements will remain unchanged and continue to be based on the guidance provided by OMB Circular A-11, *Preparation, Submission, and Execution of the Budget, Appendix, B, Budgetary Treatment of Lease-Purchases and Leases of Capital Assets.*

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. For detailed information about the Department's funds from dedicated collections, see Note 21, *Funds from Dedicated Collections*.

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

Consolidated Balance Sheets: Line items are reported after elimination of transactions and balances within or among the Department's fund groups (intra-Departmental).

Consolidated Statements of Net Cost: Line items are reported after elimination of intra-Departmental transactions and balances.

Consolidated Statements of Changes in Net Position: For the multi-column presentation, the Funds from Dedicated Collections column and the Funds from Other than Dedicated Collections column are reported on a consolidated basis (after elimination of intra-Departmental transactions and balances), and any intra-Departmental transactions and balances between Funds from Dedicated Collections and Funds from Other than Dedicated Collections are eliminated, as shown in the Eliminations column.

The ***Statements of Budgetary Resources*** are presented on a combined basis; therefore, intra-Departmental transactions and balances have not been eliminated.

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 Fund Balance with Treasury includes non-federal customer deposits held by the Department for which orders have not yet been received, and for which there is a corresponding liability included in the *Liability for Non-fiduciary Deposit Funds, Undeposited Collections, and Clearing Accounts*, 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). 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 2024 and FY 2023.

G Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of funds in the Department's accounts with Treasury. 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 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 intragovernmental receivables and other than 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.

I 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.

J 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 Obligated After September 30, 1991 (post-FY 1991): Post-FY 1991 obligated direct loans and the resulting receivables are governed by the Federal Credit Reform Act of 1990.

For a direct 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.

K 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.

L General Property, Plant, and Equipment, Net

General Property, Plant, and Equipment (PP&E), Net, excluding right-to-use lease assets, 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.

Effective FY 2024, General PP&E, also includes right-to-use lease assets. A right-to-use lease asset is initially recognized at the aggregate of (a) the amount of the initial measurement of the lease liability; (b) lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives; and (c) initial direct lease costs that are necessary to place the lease asset into service.

Capitalization Thresholds:

Single-asset Acquisitions: The Department's policy is to capitalize single-asset acquisitions of General PP&E, excluding right-to-use lease assets, 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.

For right-to-use lease assets, the Department's policy is to capitalize individual right-to-use lease assets if the dollar amount meets the Department-wide capitalization threshold of $1.0 million, except for right-to-use lease assets for ITA's overseas/international non-federal leases through the Department of State which are not subject to a capitalization threshold. The accounting and reporting for ITA's overseas/international non-federal right-to-use lease assets through the Department of State and related lease liabilities and financial activity is based on summarized information provided by the Department of State.

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. The Census Bureau has a personal property bulk acquisition capitalization threshold of $250 thousand or more where the individual items being capitalized meet the definition of accountable property for these purposes.[2] 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.

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[2] Accountable property is defined for these purposes as items with an initial purchase cost of $5 thousand or more, or items that contain personally identifiable information (PII); software is excluded. Accountable property further includes "sensitive" items, irrespective of cost. "Sensitive" items are assets that have a high potential for theft and/or may be easily converted to personal use. Examples include digital cameras, laptop computers, personal computers, and related equipment such as scanners and printers.

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

Depreciation: Depreciation, excluding right-to-use lease assets, 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.

Amortization: Amortization of right-to-use lease assets is generally recognized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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.

M Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network

This asset captures NTIA's cost contributions for the buildout and continuing enhancement of the Nationwide Public Safety Broadband Network (NPSBN), as described in Note 21, *Funds from Dedicated Collections – NTIA's Network Construction Fund and First Responder Network Authority Fund.* The cost contributions and continuing enhancements that are recorded as an asset primarily include payments for completed and accepted AT&T contract performance for the buildout and continuing enhancements of the NPSBN under the FirstNet contract with AT&T to buildout, deploy, operate, and maintain 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.

To recognize contract services as received, the cost contributions for buildout of the NPSBN are expensed on a straight-line basis over the remaining time frame of the AT&T contract, and the cost contributions for a particular continuing enhancement of the NPSBN are expensed 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 21, *Funds from Dedicated Collections – NTIA's Network Construction Fund and First Responder Network Authority Fund,* for additional information.

N 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. The methods used to accrue payables are established by each bureau while the policy and underlying accounting principle is used consistently throughout the Department. NIST completes a review of open obligations greater than $25 thousand for NIST and greater than $10 thousand for NIST-serviced bureaus to determine if there are outstanding invoices to be accrued for. NOAA/NOAA-serviced bureaus and the Census Bureau calculate their estimates by using both current and prior year undelivered order data. USPTO calculates the estimates based on status reports submitted by contractors as well as reports on prior activity and recently received invoices.

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 single effective rate during the term of the borrowed funds. The single effective 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 10, *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 not recognized until costs are incurred under the accrual accounting concepts; and (b) the deferred revenue portion of FirstNet's annual collections from AT&T under the terms of its contract with AT&T to buildout, deploy, operate, and maintain the NPSBN (see Note 21, *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 other than intragovernmental liability represents patent and trademark application and user fees that are pending action by USPTO.

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 19, *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 and health and life insurance for covered employees.

Federal Employee Salary, Leave, and Benefits Payable:

Unfunded Leave: This liability to employees is comprised of unpaid leave earned that an employee is entitled to upon separation and that will be funded by future years' budgetary resources.

Other Unfunded Employment-related Liability: This liability records unfunded employment-related liabilities not otherwise classified that will be funded by future years' budgetary resources.

Employer Contributions and Payroll Taxes Payable: This liability records the employer portion of payroll taxes and benefit contributions, such as retirement, including the Department's contribution to the Thrift Savings Plan.

Accrued Funded Payroll and Leave: This liability to employees includes funded salaries, wages, annual leave, and other leave that have been earned but are unpaid as of September 30.

Pensions and Other Post-employment Benefits Payable:

Actuarial FECA Liability: Actuarial Federal Employees' Compensation Act (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 adjustments or COLAs) and medical inflation factors (consumer price index medical or CPI-Ms) 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 liability as of September 30, 2024 and 2023 is based on the number of participants as of June 30, 2024 and 2023, respectively. 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. NOAA Commissioned Officer Corps (NOAA Corps) is one of the Nation's eight uniformed services; therefore, the use of the U.S. Military Retirement System assumptions and U.S. Department of Defense medical claim rates in the calculations of these liabilities is appropriate. 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, 2024 and 2023, the discount rate was selected by averaging the quarterly spot yields over the 10-year period ended June 30, 2024 (or June 30, 2023) and determining the single equivalent discount rate that produced the same liability. The specific spot yields used were as of June 30, 2024 (or as of June 30, 2023) 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.Q, *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 for the facility is based on the total estimated decommissioning costs of the facility. The liability is calculated in compliance with U.S. Nuclear Regulatory Commission Regulation-1307, Revision 18, *Report on Waste Burial Charges: Changes in Decommissioning Waste Disposal Costs at Low-Level Waste Burial Facilities*, which is intended to provide reasonable assurance that adequate funds for decommissioning will be available when needed. Cost estimate factors (e.g., technology, disposal sites and costs, spent fuel shipment costs, and labor costs) for decommissioning are reviewed annually by NIST, and the annual reviews include an assessment of any changes in cost estimate factors that have occurred since the previous year's review. NIST's estimated total decommissioning costs 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 estimated total decommissioning costs includes an amount approved by the Nuclear Regulatory Commission for off-site waste disposal. The dollar amount of the liability is typically updated every three years with the most recent update occurring in FY 2023. The Department estimates the cost of decommissioning the facility to be $122.2 million as of September 30, 2023. The total estimated decommissioning cost is being accrued on a straight-line basis over the life of the license to run the reactor, last renewed in 2009; a license lasts for 20 years. 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 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 that have not been advanced by the Department as of September 30, such amounts are recorded as grant expenses and Accrued Grants. The Department's bureaus accrue grant liabilities by reviewing historical data and information from the Standard Form 425 as well as by comparing total expected expenses against drawdowns.

Liability for Non-fiduciary Deposit Funds, Undeposited Collections, and Clearing Accounts: This other than intragovernmental liability 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 – Lease Liabilities:

Effective FY 2024, lease liabilities (related to right-to-use lease assets) are initially recognized at the present value of payments expected to be made during the lease term. The future lease payments are discounted using the interest rate the lessor charges the lessee. If the interest rate is not stated in the lease, the interest rate is based on an interest rate on marketable Treasury securities at the commencement of the lease term, with a similar maturity to the term of the lease. Lease liabilities are subsequently reassessed only under limited circumstances and if the changes individually or in the aggregate are expected to significantly affect the amount of the lease liability since the previous measurement. A lease liability is typically primarily reduced by principal payments made. The related amortization of the discount on a lease liability is recognized over the life of the lease liability as interest expense.

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.

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 15, *Liabilities Not Covered by Budgetary Resources*.

The Department generally receives budgetary resources for the following liability subcomponents related to federal employee leave and benefits and pension and other post-employment benefits when needed for disbursement: (a) Actuarial FECA Liability; (b) NOAA Corps Retirement System and NOAA Corps Blended Retirement System Liabilities; (c) NOAA Corps Post-retirement Health Benefits Liability; (d) Unfunded Leave; and (e) Other Unfunded Employment-related Liability. Regarding Unfunded Leave, under accrual accounting concepts, the expense and liability for 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 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 leave.

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

The portion of the Department's lease liabilities that is reported as not covered by budgetary resources is based on budgetary accounting treatment for recognition of obligations for leases.

The portion of the Department's other than intragovernmental *Advances from Others and Deferred Revenue* liability 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 typically includes the *Custodial Payable to Treasury* liability and the *Liability for Non-fiduciary Deposit Funds, Undeposited Collections, and Clearing Accounts.*

O 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.

P 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. Appropriations Received are recognized as used when costs are incurred 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 cleanup costs that 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 21, *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*.

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 *Consolidated Statements of Net Cost*, and are offset by imputed financing sources from cost absorbed by others (non-exchange) included in the *Consolidated 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.Q, *Employee Retirement Benefits,* below); (b) claims to be paid for by the Judgment Fund maintained by Treasury (also see Note 16, *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*.

Q 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 seven percent of an employee's basic pay. Employees contributed seven 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, 2023)

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%	18.4%	3.1%	16.5%	4.4%	16.5%

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: Active-duty officers of the NOAA Corps are covered by the legacy NOAA Corps Retirement System or the NOAA Corps Blended Retirement System (BRS), which was implemented on January 1, 2018. 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, 2024, included 334 active duty officers, 410 non-disability retiree annuitants, 24 disability retiree annuitants, and 70 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.

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.

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.

R 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.

S Tax Status

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

T 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 on the Balance Sheet, and are assets of a non-federal party for which the federal government is responsible. For more information on the Department's fiduciary activities, see Note 20, *Fiduciary Activities*.

U Disclosure Public-Private Partnerships

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.

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 25, *Disclosure Public-Private Partnerships*, for information for the two P3s identified for disclosure.

V Reclassification of FY 2023 Information

Certain reclassifications have been made to the FY 2023 financial statements and notes to better align with the Department's financial reporting policies and procedures effective in FY 2024, in accordance with OMB Circular A-136 Revised. On the *Consolidated Balance Sheet* as of September 30, 2023, to conform to the FY 2024 presentation, the previous two other than intragovernmental liability lines for federal employee benefits payable and for accrued funded payroll and leave have been replaced with two liability lines—*Federal Employee Salary, Leave, and Benefits Payable, and Pensions and Other Post-employment Benefits Payable*. The corresponding FY 2023 Note 12, *Federal Employee Salary, Leave, and Benefits Payable and Pensions and Other Post-employment Benefits Payable;* Note 15, *Liabilities Not Covered by Budgetary Resources;* Note 21, *Funds From Dedicated Collections;* and Note 22, *Reconciliation of Net Cost to Net Outlays*, have also been reclassified to conform to the FY 2024 presentation. The reclassifications made to the FY 2023 financial statements and notes did not impact total assets, liabilities, expenses, revenue, or financing sources.

Note 2. Fund Balance with Treasury

Fund Balance with Treasury, by status, is as follows as of September 30, 2024 and 2023:

	FY 2024	FY 2023
Unobligated Balance		
Available	$ 69,545,397	$ 107,767,102
Unavailable	13,555,041	10,542,673
Obligated Balance Not Yet Disbursed	46,619,881	19,961,365
Non-budgetary	251,866	387,966
Total	$ 129,972,185	$ 138,659,106

See Note 18, *Combined Statements of Budgetary Resources*, for legal arrangements affecting the Department's use of Fund Balance with Treasury for FY 2024 and FY 2023.

Note 3. Accounts Receivable, Net

FY 2024			
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	$ 270,438	$ –	$ 270,438
Other than Intragovernmental	$ 322,813	$ (48,964)	$ 273,849

FY 2023			
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	$ 171,921	$ –	$ 171,921
Other than Intragovernmental	$ 370,413	$ (49,105)	$ 321,308

Note 4. Cash and Other Monetary Assets

	FY 2024	FY 2023
Cash Not Yet Deposited with Treasury	$ 11,252	$ 9,751
Imprest Funds	390	396
Other Cash	106	134
Total	$ 11,748	$ 10,281

Cash Not Yet Deposited with Treasury primarily represents patent and trademark fees that were not processed as of September 30, 2024 and 2023, 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 5. Loans Receivable, Net

The Department operates the following direct loan and loan guarantee programs as of September 30, 2024:

Direct Loan Programs:	
NIST	Creating Helpful Incentives to Produce Semiconductors (CHIPS) Incentives Loan Program[1]
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
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:	
NIST	CHIPS Incentives Loan Program[2]
NOAA	Fishing Vessel Obligation Guarantee Program[3]

[1] *No direct loans have been disbursed for this program as of September 30, 2024.*

[2] *No guaranteed loans have been disbursed for this program as of September 30, 2024.*

[3] *There are no current guaranteed loans for this program as of September 30, 2024.*

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 disbursed 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.

NIST has already received (FY 2022 through FY 2024) or will receive (FY 2025 through FY 2026) appropriations totaling $50.00 billion under Public Law 117-167, *CHIPS and Science Act of 2022*, to remain available until expended. Appropriations made available for FY 2022 included up to $6.00 billion for the subsidy cost of direct loans and loan guarantees as authorized by Public Law 116-283, *National Defense Authorization Act*, Section 9902. The amount of direct loans and loan guarantees subsidized will not exceed $75.00 billion. These appropriations include funding for the CHIPS Incentives Program established in FY 2023, of which the CHIPS Incentives Loan Program is a component. The overall CHIPS Incentives Program aims to catalyze long-term economically sustainable growth in the domestic semiconductor industry in support of U.S. economic and national security, and thus far seeks applications for projects for the construction, expansion, or modernization of (a) commercial facilities for the front- and back-end fabrication of leading-edge, current-generation, and mature-node semiconductors; (b) commercial facilities for wafer manufacturing; and (c) commercial facilities for materials used to manufacture semiconductors and semiconductor manufacturing equipment, provided that the capital investment equals or exceeds $300.0 million. The overall CHIPS Incentives Program can provide direct funding for eligible projects via grants, cooperative agreements, or other transactions, loans, and loan guarantees. The CHIPS Incentives Program is administered by the CHIPS Program Office within NIST. No loans have been disbursed under the CHIPS Incentives Loan Program as of September 30, 2024.

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

	FY 2024	FY 2023
Direct Loans Obligated Prior to FY 1992, Allowance for Loss Method	$ 2,747	$ 2,877
Direct Loans Obligated After FY 1991	457,564	361,745
Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees, Allowance for Loss Method	–	4
Total	$ 460,311	$ 364,626

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

FY 2024				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Direct Loans, Net
CEIP Loans	$ 15,982	$ 5,438	$ (18,673)	$ 2,747
Fisheries Loan Fund	68	15	(83)	–
Total	$ 16,050	$ 5,453	$ (18,756)	$ 2,747

FY 2023				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Direct Loans, Net
CEIP Loans	$ 16,142	$ 5,310	$ (18,575)	$ 2,877
Fisheries Loan Fund	68	15	(83)	–
Total	$ 16,210	$ 5,325	$ (18,658)	$ 2,877

Direct Loans Obligated After FY 1991:

FY 2024				
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	$ 15,635	$ 26	$ 1,698	$ 17,359
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	21,063	66	2,350	23,479
CDQ Loans	86,661	497	15,034	102,192
Crab Buyback Loans	55,945	1,804	14,852	72,601
Fisheries Finance IFQ Loans	15,146	129	1,315	16,590
Fisheries Finance Traditional Loans	203,451	1,360	11,651	216,462
Pacific Groundfish Buyback Loans	8,272	10	599	8,881
Total	$ 406,173	$ 3,892	$ 47,499	$ 457,564

FY 2023				
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	$ 16,162	$ 19	$ 1,815	$ 17,996
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	22,273	61	2,627	24,961
CDQ Loans	–	–	(19)	(19)
Crab Buyback Loans	55,979	1,805	12,382	70,166
Fisheries Finance IFQ Loans	15,726	128	1,448	17,302
Fisheries Finance Traditional Loans	207,086	716	13,723	221,525
Pacific Groundfish Buyback Loans	9,100	5	709	9,814
Total	$ 326,326	$ 2,734	$ 32,685	$ 361,745

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

Direct Loan Program	FY 2024	FY 2023
CDQ Loans	$ 87,792	$ –
Fisheries Finance IFQ Loans	200	2,254
Fisheries Finance Traditional Loans	18,152	10,080
Total	$ 106,144	$ 12,334

Subsidy Expense for Direct Loan Programs by Component:

Subsidy Expense for New Direct Loans Disbursed:

FY 2024					
Direct Loan Program	Interest Differential	Defaults	Fees and Other Collections	Other	Total
CDQ Loans	$ (23,370)	$ 1,843	$ (509)	$ 13,257	$ (8,779)
Fisheries Finance IFQ Loans	(44)	–	(2)	23	(23)
Fisheries Finance Traditional Loans	(2,746)	318	(102)	1,532	(998)
Total	$ (26,160)	$ 2,161	$ (613)	$ 14,812	$ (9,800)

FY 2023					
Direct Loan Program	Interest Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	$ (555)	$ 8	$ (19)	$ 256	$ (310)
Fisheries Finance Traditional Loans	(1,670)	131	(58)	741	(856)
Total	$ (2,225)	$ 139	$ (77)	$ 997	$ (1,166)

Reestimates:

FY 2024			
Direct Loan Program	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Alaska Purse Seine Fishery Buyback Loans	$ 6	$ 10	$ 16
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	(24)	(17)	(41)
CDQ Loans	(353)	(9,109)	(9,462)
Crab Buyback Loans	(236)	(133)	(369)
Fisheries Finance IFQ Loans	5	(159)	(154)
Fisheries Finance Traditional Loans	(112)	(975)	(1,087)
Pacific Groundfish Buyback Loans	(25)	(17)	(42)
Total	$ (739)	$ (10,400)	$ (11,139)

FY 2023			
Direct Loan Program	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Alaska Purse Seine Fishery Buyback Loans	$ (63)	$ (115)	$ (178)
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	(93)	(70)	(163)
Crab Buyback Loans	(349)	(210)	(559)
Fisheries Finance IFQ Loans	(46)	(353)	(399)
Fisheries Finance Traditional Loans	(232)	(4,564)	(4,796)
Pacific Groundfish Buyback Loans	(18)	(10)	(28)
Total	$ (801)	$ (5,322)	$ (6,123)

Total Direct Loan Subsidy Expense:

Direct Loan Program	FY 2024	FY 2023
Alaska Purse Seine Fishery Buyback Loans	$ 16	$ (178)
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	(41)	(163)
CDQ Loans	(18,241)	–
Crab Buyback Loans	(369)	(559)
Fisheries Finance IFQ Loans	(177)	(709)
Fisheries Finance Traditional Loans	(2,085)	(5,652)
Pacific Groundfish Buyback Loans	(42)	(28)
Total	$ (20,939)	$ (7,289)

Subsidy Rates for Direct Loans by Program and Component:

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

FY 2024					
Direct Loan Program	Interest Differential	Defaults	Fees and Other Collections	Other	Total
CDQ Loans	(28.19) %	1.96 %	(0.56) %	18.95 %	(7.84) %
Fisheries Finance IFQ Loans	(22.35) %	0.20 %	(0.82) %	11.71 %	(11.26) %
Fisheries Finance Traditional Loans	(15.12) %	1.75 %	(0.56) %	8.44 %	(5.49) %

FY 2023					
Direct Loan Program	Interest Differential	Defaults	Fees and Other Collections	Other	Total
CDQ Loans	(26.62) %	2.11 %	(0.58) %	15.10 %	(9.99) %
Fisheries Finance IFQ Loans	(24.49) %	0.25 %	(0.83) %	11.38 %	(13.69) %
Fisheries Finance Traditional Loans	(16.56) %	1.94 %	(0.58) %	7.45 %	(7.75) %

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 2024	FY 2023
Beginning Balance of the Subsidy Cost Allowance	$ 32,685	$ 28,920
Add Total Subsidy Expense for Direct Loans Disbursed During the Reporting Years	9,800	1,166
Adjustments:		
Fees Received	(870)	(65)
Subsidy Allowance Amortization	(5,255)	(3,459)
Ending Balance of the Subsidy Cost Allowance Before Reestimates	36,360	26,562
Interest Rate Reestimates	739	801
Technical Reestimates	10,400	5,322
Total Subsidy Reestimates	11,139	6,123
Ending Balance of the Subsidy Cost Allowance	$ 47,499	$ 32,685

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

FY 2024				
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	$ 5,736	$ 1	$ (5,737)	$ –

FY 2023				
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 2024	FY 2023
NOAA Direct Loan Programs	$ 4,065	$ 2,955

Loan Guarantee Program	FY 2024	FY 2023
Fishing Vessel Obligation Guarantee Program	$ 57	$ 65

Loans Receivable, Net:

	FY 2024	FY 2023
Beginning Balance of Loans Receivable, Net	$ 364,626	$ 372,259
Add Loan Disbursements	106,144	12,334
Less Principal and Interest Payments Received	(25,299)	(23,732)
Less Fees Received	(870)	(65)
Less Loans Written Off	(4)	–
Add Subsidy Expense	9,800	1,166
Add Upward Reestimates	11,139	6,123
Less Subsidy Allowance Amortization	(5,255)	(3,459)
Allowance for Loan and Interest Loss Adjustments	30	–
Ending Balance of Loans Receivable, Net	$ 460,311	$ 364,626

Note 6. Inventory and Related Property, Net

Category	Cost Flow Assumption	FY 2024	FY 2023
Inventory			
Items Held for Current Sale			
NIST Standard Reference Materials	Other[1]	$ 26,455	$ 24,502
Other	Historical	3	3
Total Inventory, Net		26,458	24,505
Materials and Supplies			
Items Held for Use			
NOAA's National Logistics Support Center	Weighted-average	85,834	50,990
Census Bureau	Other[1]	–	19,981
Other	Various	6,754	6,473
Items Held for Repair			
NOAA's National Reconditioning Center	Weighted-average	36,002	34,582
Allowance for Excess, Obsolete, and Unserviceable Items		(14,339)	(12,622)
Total Materials and Supplies, Net		114,251	99,404
Total		$ 140,709	$ 123,909

[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 adjusted by the cost to repair the item.

Note 7. General Property, Plant, and Equipment, Net

FY 2024				
Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	$ 16,039	$ –	$ 16,039
Structures, Facilities, and Leasehold Improvements	2-50	3,367,248	(1,555,870)	1,811,378
Satellites/Weather Systems Personal Property	2-25	18,827,921	(11,570,121)	7,257,800
Internal Use Software	3-20	2,457,021	(2,033,617)	423,404
Other Personal Property	2-30	2,330,788	(1,742,858)	587,930
Construction-in-progress	N/A	4,584,978	–	4,584,978
Internal Use Software in Development	N/A	169,301	–	169,301
Right-to-use Lease Assets (Note 14)		139,168	(15,549)	123,619
Total		$ 31,892,464	$ (16,918,015)	$ 14,974,449

FY 2023				
Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	$ 16,039	$ –	$ 16,039
Structures, Facilities, and Leasehold Improvements	2-30	3,230,048	(1,484,482)	1,745,566
Satellites/Weather Systems Personal Property	2-25	18,664,063	(10,338,174)	8,325,889
Internal Use Software	3-20	2,392,431	(1,953,712)	438,719
Other Personal Property	3-30	2,295,252	(1,712,975)	582,277
Construction-in-progress	N/A	3,848,093	–	3,848,093
Internal Use Software in Development	N/A	169,655	–	169,655
Total		$ 30,615,581	$ (15,489,343)	$ 15,126,238

Information regarding deferred maintenance and repairs and estimated land acreage for the Department is included in the Required Supplementary Information (Unaudited) section.

Schedule for Reconciling General PP&E, Net

	FY 2024	FY 2023
Balance, Beginning of Year, Unadjusted	$ 15,126,238	$ 15,452,737
Effects of Implementation of SFFAS 54	110,936	–
Balance, Beginning of Year, Adjusted	15,237,174	15,452,737
Capitalized Acquisitions	1,437,828	1,356,423
Right-to-use Lease Assets, Current Fiscal Year Activity	28,232	–
Amortization of Right-to-use Lease Assets	(15,549)	–
Dispositions	(15,211)	(37,097)
Revaluations	–	(9,595)
Transfers In/Out Without Reimbursement	(1,594)	(51)
Depreciation Expense	(1,696,874)	(1,657,205)
Donations	–	20,922
Other	443	104
Balance, End of Year	$ 14,974,449	$ 15,126,238

Note 8. Other Assets

	FY 2024	FY 2023
Other than Intragovernmental		
Bibliographic Database, Net	$ 37	$ 104
General PP&E Permanently Removed but Not Yet Disposed	833	1,633
Other	30,555	21,315
Total	$ 31,425	$ 23,052

The Bibliographic Database relates to NTIS scientific and technical information used to prepare products and services for sale. The database did not incur any additions this fiscal year and is therefore stated at its capitalized costs of $78.22 million, less accumulated amortization of $78.19 million and $78.12 million, as of September 30, 2024 and 2023, respectively.

Note 9. 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 2024	FY 2023
Intragovernmental		
Fund Balance with Treasury	$ 494	$ 152,386
Total Intragovernmental	494	152,386
Other than Intragovernmental		
Cash	3,220	2,963
Accounts Receivable, Net	240,080	300,077
Other	–	4
Total Non-entity Assets	243,794	455,430
Total Entity Assets	151,698,839	160,158,640
Total Assets	$ 151,942,633	$ 160,614,070

Note 10. Debt

FY 2024			
Loan Program	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
Direct Loan Program			
Fisheries Finance, Financing Account	$ 356,011	$ 90,178	$ 446,189

Maturity dates range from September 2026 to September 2053, and interest rates range from 0.76 to 6.13 percent.

FY 2023			
Loan Program	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
Direct Loan Program			
Fisheries Finance, Financing Account	$ 372,482	$ (16,471)	$ 356,011

Note 11. Other Liabilities

FY 2024			
	Current Portion	Non-current Portion	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable	$ 97,474	$ 9	$ 97,483
Other	53,366	10,631	63,997
Total	$ 150,840	$ 10,640	$ 161,480
Other than Intragovernmental			
Contingent Liabilities (Note 16)	$ $28,250	$ 2,496	$ 30,746
Other Liabilities Without Related Budgetary Obligations			
Lease Liabilities (Note 14)	14,021	109,612	123,633
Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Service Contracts Liability	3,930	55,582	59,512
Other	2	–	2
Other Liabilities With Related Budgetary Obligations			
Lease Liabilities (Note 14)	2,286	–	2,286
Other	67	–	67
Total	$ 48,556	$ 167,690	$ 216,246
Total Other Liabilities	$ 199,396	$ 178,330	$ 377,726

FY 2023	Current Portion	Non-current Portion	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable	$ 110,768	$ –	$ 110,768
Other	46,587	8,530	55,117
Total	$ 157,355	$ 8,530	$ 165,885
Other than Intragovernmental			
Contingent Liabilities (Note 16)	$ 29,996	$ –	$ 29,996
Other Liabilities Without Related Budgetary Obligations			
Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Service Contracts Liability	3,828	59,512	63,340
Other	2	–	2
Other Liabilities With Related Budgetary Obligations	595	–	595
Total	$ 34,421	$ 59,512	$ 93,933
Total Other Liabilities	$ 191,776	$ 68,042	$ 259,818

As of September 30, 2024 and 2023, the Current Portion represents liabilities expected to be paid by September 30, 2025 and 2024, respectively, while the Non-current Portion represents liabilities expected to be paid after September 30, 2025 and 2024, respectively.

Note 12. Federal Employee Salary, Leave, and Benefits Payable and Pensions and Other Post-employment Benefits Payable

	FY 2024	FY 2023
Federal Employee Salary, Leave, and Benefits Payable		
Unfunded Leave	$ 464,036	$ 431,267
Other Unfunded Employment-related Liability[1]	118,264	89,263
Employer Contributions and Payroll Taxes Payable	17,083	9,893
Accrued Funded Payroll and Leave	279,991	370,843
Total Federal Employee Salary, Leave and Benefits Payable	$ 879,374	$ 901,266
Pensions and Other Post-employment Benefits Payable		
Actuarial FECA Liability	$ 135,213	$ 135,857
NOAA Corps Retirement System and NOAA Corps Blended Retirement System Liabilities	1,095,000	1,055,000
NOAA Corps Post-retirement Health Benefits Liability	62,200	57,600
Total Pensions and Other Post-employment Benefits Payable	$ 1,292,413	$ 1,248,457

[1] *Amounts reported for this table line include $106.6 million and $79.1 million of accrued unfunded payroll as of September 30, 2024 and 2023, respectively.*

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, 2024 and 2023 actuarial calculations are as follows:

	FY 2024	FY 2023
For Wage Benefits: Year 1 and Thereafter	2.65%	2.32%
For Medical Benefits: Year 1 and Thereafter	2.40%	2.11%

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, are as follows:

FY 2024		
Fiscal Year	Cost of Living Adjustment	Consumer Price Index – Medical
2025	4.27%	2.55%
2026	4.42%	2.85%
2027	4.17%	3.21%
2028	3.17%	3.37%
2029	2.57%	3.98%
2030	2.39%	3.93%
2031 and Thereafter	2.30%	3.93%

FY 2023		
Fiscal Year	Cost of Living Adjustment	Consumer Price Index – Medical
2024	4.04%	3.25%
2025	4.29%	3.21%
2026	4.38%	3.51%
2027	4.13%	3.87%
2028 and Thereafter	3.13%	4.03%

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, 2024 and 2023 actuarial calculations used the following economic assumptions:

	FY 2024	FY 2023
Discount Rate	2.95%	2.87%
Annual Basic Pay Scale Increases	2.79%	2.37%
Annual Inflation	2.76%	2.67%
Cost of Living Adjustment	2.76%	2.67%

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 2024	FY 2023
Beginning Balance	$ 1,055,000	$ 988,800
Add Pension Costs:		
Normal Cost	24,100	22,600
Interest on the Unfunded Liability	29,800	27,100
Actuarial (Gains)/Losses, Net		
From Experience	17,200	52,600
From Discount Rate Assumption Change	(15,100)	(14,500)
From Long-term Assumption Changes		
Annual Inflation	16,600	10,800
Annual Basic Pay Scale Increases	2,000	1,100
Total Pension Costs	74,600	99,700
Subtract Benefit Payments	(34,600)	(33,500)
Ending Balance	$ 1,095,000	$ 1,055,000

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, 2024 and 2023 actuarial calculations used the following economic assumptions:

	FY 2024	FY 2023
Discount Rate	2.87%	2.77%
Ultimate Medical Trend Rate	4.60%	4.30%
Single Equivalent Medical Trend Rate	4.42%	4.16%

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 Cost*, follows:

	FY 2024	FY 2023
Beginning Balance – NOAA Corps Post-retirement Health Benefits Liability	$ 57,600	$ 51,100
Add Health Benefits Costs:		
Normal Cost	2,900	2,500
Interest on the Unfunded Liability	1,700	1,400
Actuarial (Gains)/Losses, Net		
From Experience	1,100	500
From Discount Rate Assumption Change	(800)	(700)
From Long-term Assumption Changes		
Medical Trends	2,900	4,300
Medical Claims	200	1,300
Other	(1,100)	(600)
Total Health Benefits Costs	6,900	8,700
Subtract Benefit Payments	(2,300)	(2,200)
Ending Balance – NOAA Corps Post-retirement Health Benefits Liability	$ 62,200	$ 57,600

Note 13. 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 2024	FY 2023
Asbestos-related Cleanup Costs	$ 80,632	$ 69,140
Nuclear Reactor	112,502	110,562
Non-reactor Radiological Facilities	10,211	7,596
Pribilof Islands	449	521
Other	2,129	2,076
Total	$ 205,923	$ 189,895

Note 14. Leases

The Department's right-to-use lease assets with non-federal entities and related lease liabilities and financial activity are primarily for facilities for NOAA for sites across the United States and overseas/international residential housing space for ITA through the Department of State.

Other than Intragovernmental Lease Liabilities as Lessee – Future Payments as of September 30, 2024:

FY 2024			
Fiscal Year	Principal	Interest	Total Future Payments
FY 2025	$ 16,307	$ 5,449	$ 21,756
FY 2026	16,519	4,812	21,331
FY 2027	15,924	3,990	19,914
FY 2028	15,064	3,259	18,323
FY 2029	11,775	2,707	14,482
FY 2030 – FY 2034	29,027	8,184	37,211
FY 2035 – FY 2039	14,175	3,270	17,445
FY 2040 – FY 2044	5,997	767	6,764
FY 2045 – FY 2049	783	183	966
FY 2050 – FY 2054	348	30	378
Total	$ 125,919	$ 32,651	$ 158,570

The range of discount rates utilized to discount the Department's lease liabilities to present value is 3.65 percent to 5.08 percent.

Other than Intragovernmental Leases Data as Lessee – Right-to-Use Lease Expenses:

FY 2024			
	Amortization Expense of the Right-to-use Lease Assets	Interest Expense on the Lease Liabilities	Total
Total	$ 15,549	$ 5,369	$ 20,918

Lease expenses recognized for variable lease payments not previously included in the lease liabilities is $5.8 million for FY 2024.

Intragovernmental Leases as Lessee – Lease Expenses:

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.

FY 2024	
Major Underlying Asset Category:	
Structures and Facilities	$ 251,474
Vehicles	1,059
Total Intragovernmental Lease Expenses as Lessee	$ 252,533

Intragovernmental Leases as Lessee – Estimated Real Property Rent Payments to GSA for Next Five Fiscal Years as of September 30, 2024:

FY 2024	
FY 2025	$ 249,127
FY 2026	$ 256,220
FY 2027	$ 260,331
FY 2028	$ 264,824
FY 2029	$ 269,409

Note 15. 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 2024	FY 2023
Intragovernmental		
Advances from Others and Deferred Revenue	$ 31,395	$ 17,530
Accrued FECA Liability	26,140	24,431
Other	13,762	12,338
Total Intragovernmental	71,297	54,299
Other than Intragovernmental		
Federal Employee Salary, Leave, and Benefits Payable	582,299	520,530
Pensions and Other Post-employment Benefits Payable	1,292,413	1,248,457
Environmental and Disposal Liabilities	205,923	189,895
Advances from Others and Deferred Revenue	421,760	425,864
Contingent Liabilities (Note 16)	30,746	29,996
Lease Liabilities	123,633	–
Unfunded Portion of Energy Savings Performance Contracts/Utility Energy Service Contracts Liability	59,512	63,340
Other	296	301
Total Other than Intragovernmental	2,716,582	2,478,383
Total Liabilities Not Covered by Budgetary Resources	2,787,879	2,532,682
Total Liabilities Covered by Budgetary Resources	4,557,317	4,172,291
Total Liabilities Not Requiring Budgetary Resources	212,575	404,133
Total Liabilities	$ 7,557,771	$ 7,109,106

Note 16. Commitments and Contingencies

Commitments:

In addition to leases disclosed in Note 14, *Leases*, the Department is committed under obligations for goods and services which have been ordered but not yet received as of September 30, 2024 (see Note 18, *Combined Statements of Budgetary Resources*), as well as material Public-Private Partnerships (see Note 25, *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 it is probable that an adverse outcome will result. Since some of the potential liabilities represent claims with no stated or estimable amount, the exact amount of potential liabilities is unknown, but the Department believes these claims could result in probable estimable losses of $30.7 million as of September 30, 2024 and $30.0 million as of September 30, 2023 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, 2024 of $149.3 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, 2024 of $46.8 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 tables below summarize the Department's probable and reasonably possible contingent liabilities by type as of September 30, 2024 and 2023.

FY 2024			
		Estimated Range of Loss	
	Accrued Liabilities	Lower End	Upper End
Legal Contingencies:			
Probable	$ 26,550	$ 26,100	$ 26,850
Reasonably Possible	N/A	46,800	46,800
Legal Environmental Contingencies:			
Probable	4,196	4,196	4,996
Reasonably Possible	N/A	149,289	149,289
Total	**$ 30,746**	**$ 226,385**	**$ 227,935**

FY 2023			
		Estimated Range of Loss	
	Accrued Liabilities	Lower End	Upper End
Legal Contingencies:			
Probable	$ 25,800	$ 25,800	$ 25,800
Reasonably Possible	N/A	94,598	94,598
Legal Environmental Contingencies:			
Probable	4,196	4,196	4,196
Reasonably Possible	N/A	149,289	149,289
Total	**$ 29,996**	**$ 273,883**	**$ 273,883**

Note 17. Consolidated Statements of Net Cost by Major Budgetary Function

United States Department of Commerce Consolidating Statement of Net Cost by Major Budgetary Function
For the Year Ended September 30, 2024

	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	$ 8,138,404	$ 12,471,545	$ 1,227,640	$ 106,343	$ 21,943,932	$ (508,173)	$ 21,435,759
Less: Earned Revenue	(256,681)	(5,775,167)	(6,884)	–	(6,038,732)	508,173	(5,530,559)
NET COST OF OPERATIONS	$ 7,881,723	$ 6,696,378	$ 1,220,756	$ 106,343	$ 15,905,200	$ –	$ 15,905,200

United States Department of Commerce Consolidating Statement of Net Cost by Major Budgetary Function
For the Year Ended September 30, 2023

	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	$ 7,525,088	$ 10,428,193	$ 968,614	$ 101,548	$ 19,023,443	$ (437,033)	$ 18,586,410
Less: Earned Revenue	(257,846)	(5,350,583)	(6,359)	–	(5,614,788)	437,033	(5,177,755)
NET COST OF OPERATIONS	$ **7,267,242**	**$ 5,077,610**	**$ 962,255**	**$ 101,548**	**$ 13,408,655**	**$ –**	**$ 13,408,655**

Note 18. 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, cancellations of annual or multi-year appropriations, nonexpenditure transfers of prior year unobligated balances, and other changes including refunds collected for downward adjustments of prior year paid delivered obligations, and borrowing authority withdrawn. The table below displays the FY 2024 and FY 2023 composition of this line.

	FY 2024	FY 2023
Unobligated Balance, Brought Forward, October 1	$ 108,533,921	$ 78,778,779
Actual Recoveries of Prior Year Unpaid Obligations	480,371	506,287
Canceled Authority	(76,426)	(69,687)
Actual Nonexpenditure Transfers of Prior Year Unobligated Balances	42,589	96,198
Other Changes in Unobligated Balance, Net	16,819	19,583
Unobligated Balance From Prior Year Budget Authority, Net	$ 108,997,274	$ 79,331,160

Appropriations:

- Appropriations reported on the *SBR Budgetary Resources* subsection will not necessarily agree with *Appropriations Received* as reported on the *Consolidated Statement of Changes in Net Position (SCNP)*. This is due to differences in budgetary and proprietary accounting concepts and reporting requirements. Some receipts are recorded as appropriations on the *SBR*, but are recognized as exchange or non-exchange revenue and reported on the *SCNP* in accordance with SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*.
- Appropriations for FY 2024 includes negative appropriations of $12.44 billion for a permanent rescission for DM/Nonrecurring Expenses Fund (NEF) no-year budget account, which is related to DM/NEF appropriations of $22.00 billion that was received in FY 2023 as discussed directly below.
- Appropriations for FY 2023 includes new funding of $22.00 billion received in DM/NEF budget account under Public Law 118-5, *Fiscal Responsibility Act of 2023*, to remain available until expended, to be used to carry out programs related to government efficiencies in FY 2024 and FY 2025.

Borrowing Authority: Total borrowing authority available for NOAA's loan programs amounted to $235.5 million and $286.4 million as of September 30, 2024 and 2023, 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.N, *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 118-42, *Consolidated Appropriations Act, 2024* amounted to $12.51 billion for FY 2024, including a permanent rescission for DM/NEF no-year budget account of $12.44 billion. Permanent reductions to the Department's budgetary resources primarily under Public Law 117-328, *Consolidated Appropriations Act, 2023* and Public Law 118-5, *Fiscal Responsibility Act of 2023* amounted to $84.7 million for FY 2023. These permanent reductions are included in the *SBR Budgetary Resources* subsection and are also included in the *SCNP*.

Legal arrangements affecting the Department's use of Unobligated Balances of Budget Authority, and/or Fund Balance with Treasury:

- The Department's *Unobligated Balance, End of Year, Unapportioned, Unexpired Accounts* shown on the FY 2024 and FY 2023 *SBR* represents the portion of budgetary resources that were not apportioned by OMB and were not available for obligation or otherwise during FY 2024 nor FY 2023.

- The Department's *Unobligated Balance, End of Year, Apportioned, Unexpired Accounts*, Budgetary column shown on the FY 2024 and FY 2023 *SBR* includes amounts apportioned by OMB for subsequent fiscal years totaling $13.05 billion and $65.44 billion, respectively. The amounts apportioned in FY 2024 for subsequent fiscal years includes $9.56 billion of budgetary resources for DM/NEF no-year budget account (apportioned in FY 2025), $897.4 million for NTIA's Public Wireless Supply Chain Innovation Fund 2023/2032 budget account (apportioned in FY 2025), and $736.6 million for NTIA's Digital Equity no-year budget account (apportioned in FY 2025).

- The Department's Fund Balance with Treasury includes for NTIA's Digital Television Transition and Public Safety Fund, as of September 30, 2024 and 2023, $8.81 billion of funds that are not available for obligation (reduction of budgetary resources). For more information on the Digital Television Transition and Public Safety Trust Fund, see Note 21, *Funds from Dedicated Collections*.

- The Department's Fund Balance with Treasury as of September 30, 2024 and 2023 includes $790.1 million of USPTO offsetting collections exceeding the current and prior fiscal year appropriations that is temporarily precluded from obligation (reduction of budgetary resources), included in USPTO's Salaries and Expenses Fund. USPTO may use these funds only as authorized by Congress, and only as made available by the issuance of a Treasury warrant. Furthermore, the Department's Fund Balance with Treasury as of September 30, 2024 and 2023 includes $147.7 million of USPTO sequestered funds (temporary reduction of budgetary resources), also included in USPTO's Salaries and Expenses Fund. For more information on USPTO's Salaries and Expenses Fund, see Note 21, *Funds from Dedicated Collections*.

- 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, 2024 and 2023, $233.5 million of Fund Balance with Treasury is held in the Patent and Trademark Surcharge Fund. For more information on the Patent and Trademark Surcharge Fund, see Note 21, *Funds from Dedicated Collections*.

- The Department's Fund Balance with Treasury for Deposit Funds and for General Fund Receipt Accounts, totaling $18.3 million and $154.4 million as of September 30, 2024 and 2023, respectively, are not available to finance operating activities.

- 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 2023 *SBR* and the actual FY 2023 amounts reported in the FY 2025 Budget of the U.S. government for *SBR* lines *Total Budgetary Resources*; *New Obligations and Upward Adjustments*; *Distributed Offsetting Receipts*, and the aggregate of *Outlays, Net, and Disbursements, Net*. The FY 2023 differences are explained in the Summary of FY 2023 Reconciling Items table below. The President's Budget that will report actual amounts for FY 2024 has not yet been published, and will be made available on OMB's President's Budget web page.

Summary of FY 2023 Reconciling Items:

(In Millions)

	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Aggregate of Outlays, Net, and Disbursements, Net
Combined Statement of Budgetary Resources	$ 130,909	$ 22,375	$ 14	$ 12,014
Included in FY 2025 Budget of the U.S. government	130,189	22,375	18	12,016
Difference	$ 720	$ –	$ (4)	$ (2)
Explanation	Expired budgetary resources included in *SBR*, are not included in the Budget of the U.S. government		(a) The President's Budget for All Other General Fund Proprietary Receipts Including Budget Clearing Accounts of $12 million does not match the Department's and Treasury's records of $(3) million; and (b) Certain receipt accounts included in *SBR*, are not included in the Budget of the U.S. government.	Rounding

Undelivered Orders:

The following table summarizes the amount of budgetary resources obligated for Undelivered Orders as of September 30, 2024 and 2023:

Undelivered Orders	FY 2024	FY 2023
Undelivered Orders, Federal Paid	$ 597,446	$ 377,074
Undelivered Orders, Federal Unpaid	2,218,263	2,259,373
Undelivered Orders, Non-federal Paid	194,071	161,077
Undelivered Orders, Non-federal Unpaid	43,298,725	16,715,650
Total	$ 46,308,505	$ 19,513,174

Note 19. Custodial Non-exchange Activity

	FY 2024	FY 2023
Custodial Non-exchange Revenue		
Fines and Penalties	$ 65	$ 303,791
Other	2,771	4,492
Subtotal	2,836	308,283
Less: Amounts for Non-federal Entities Total	–	(21)
Total Custodial Revenue for Federal Entities	$ 2,836	$ 308,262

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 revenue and disposition of custodial non-exchange revenue activity is not included in the Department's financial statements The Department's payables for custodial non-exchange revenue are included in the Department's *Consolidated Balance Sheets*. The above table summarizes the custodial non-exchange revenue that was collected on behalf of other federal entities.

The majority of the Department's custodial non-exchange revenue is received by BIS, EDA, and NOAA. BIS receives custodial revenue from civil monetary penalties assessed to private entities that violate the Export Administration Act. In FY 2023, BIS recorded $300.0 million in civil monetary penalties from Seagate Technology following a settlement regarding a violation of the Export Administration Regulations. Payments will be received quarterly by the Department on behalf of the General Fund of the U.S. government through July 31, 2028. EDA receives custodial revenue from the collection of interest, fines and penalties, and miscellaneous receipts. NOAA receives custodial revenue from interest on its loan portfolio and collection of fines and penalties.

The Department's payable to the General Fund of the U.S. government for custodial non-exchange revenue was $240.1 million and $300.1 million as of September 30, 2024 and 2023, respectively.

Note 20. 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, Intellectual Property Office of the Philippines, 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, 2024:

FY 2024			
	Patent Cooperation Treaty	**Madrid Protocol**	**Total**
Fiduciary Net Assets, Beginning Balance	$ 16,693	$ 1,080	$ 17,773
Contributions	159,928	39,308	199,236
Disbursements to and on Behalf of Beneficiaries	(160,724)	(39,386)	(200,110)
Increase/(Decrease) in Fiduciary Net Assets	(796)	(78)	(874)
Fiduciary Net Assets, Ending Balance	$ 15,897	$ 1,002	$ 16,899

Fiduciary Net Assets as of September 30, 2024:

FY 2024			
	Patent Cooperation Treaty	**Madrid Protocol**	**Total**
Cash and Cash Equivalents	$ 15,897	$ 1,002	$ 16,899
Total Fiduciary Net Assets	$ 15,897	$ 1,002	$ 16,899

Schedule of Fiduciary Activities for the Year Ended September 30, 2023:

FY 2023			
	Patent Cooperation Treaty	**Madrid Protocol**	**Total**
Fiduciary Net Assets, Beginning Balance	$ 16,622	$ 790	$ 17,412
Contributions	152,371	41,645	194,016
Disbursements to and on Behalf of Beneficiaries	(152,300)	(41,355)	(193,655)
Increase/(Decrease) in Fiduciary Net Assets	71	290	361
Fiduciary Net Assets, Ending Balance	$ 16,693	$ 1,080	$ 17,773

Fiduciary Net Assets as of September 30, 2023:

FY 2023			
	Patent Cooperation Treaty	**Madrid Protocol**	**Total**
Cash and Cash Equivalents	$ 16,693	$ 1,080	$ 17,773
Total Fiduciary Net Assets	$ 16,693	$ 1,080	$ 17,773

Note 21. 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 financial statements.

The individual Funds from Dedicated Collections that are included in the Other Funds from Dedicated Collections columns in these tables for both FY 2024 and FY 2023, unless as otherwise noted below, are as follows:

- NIST Wireless Innovation Fund
- 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
- NOAA Seafood Inspection Program Fund
- NTIA First Responder Network Authority, Gifts, Donations, and Bequests Trust Fund
- NTIA Public Safety Trust Fund (FY 2024 only)
- NTIA State and Local Implementation Fund

United States Department of Commerce Consolidating Balance Sheet – Funds from Dedicated Collections
As of September 30, 2024

	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	USPTO Funds from Dedicated Collections	Other Funds from Dedicated Collections	Combined Total Funds from Dedicated Collections	Eliminations between Dedicated Collection Funds	Consolidated Totals
ASSETS									
Intragovernmental:									
Fund Balance with Treasury	$ 316,151	$ 8,811,749	$ 954,422	$ 38,528	$ 3,046,661	$ 104,206	$ 13,271,717	$ –	$ 13,271,717
Accounts Receivable	–	–	64	–	1,061	–	1,125	–	1,125
Advances and Prepayments	–	–	2	94	6,169	14	6,279	–	6,279
Total Intragovernmental	**316,151**	**8,811,749**	**954,488**	**38,622**	**3,053,891**	**104,220**	**13,279,121**	**–**	**13,279,121**
Other than Intragovernmental:									
Cash and Other Monetary Assets	–	–	–	–	8,032	–	8,032	–	8,032
Accounts Receivable, Net	–	–	5	–	390	5,179	5,574	–	5,574
General Property, Plant, and Equipment, Net	–	–	3,060	969	337,318	20	341,367	–	341,367
Advances and Prepayments	118	–	–	–	30,524	–	30,642	–	30,642
Cost Contribution to Buildout/ Continuing Enhancement of Nationwide Public Safety Broadband Network	–	–	218,650	5,144,871	–	–	5,363,521	–	5,363,521
Other Assets	–	–	2,084	3,560	–	–	5,644	–	5,644
Total Other than Intragovernmental	**118**	**–**	**223,799**	**5,149,400**	**376,264**	**5,199**	**5,754,780**	**–**	**5,754,780**
TOTAL ASSETS	**$ 316,269**	**$ 8,811,749**	**$ 1,178,287**	**$ 5,188,022**	**$ 3,430,155**	**$ 109,419**	**$ 19,033,901**	**$ –**	**$ 19,033,901**
LIABILITIES									
Intragovernmental:									
Accounts Payable	$ 2	$ –	$ 810	$ –	$ 11,532	$ 10	$ 12,354	$ –	$ 12,354
Other Liabilities – Other	111	–	1,077	–	17,276	358	18,822	–	18,822
Total Intragovernmental	**113**	**–**	**1,887**	**–**	**28,808**	**368**	**31,176**	**–**	**31,176**
Other than Intragovernmental:									
Accounts Payable	40	–	37,222	–	91,431	44	128,737	–	128,737
Federal Employee, Salary, Leave, and Benefits Payable	358	–	4,235	–	338,785	1,063	344,441	–	344,441
Pensions and Other Post-employment Benefits Payable	–	–	–	–	7,168	–	7,168	–	7,168
Advances from Others and Deferred Revenue	–	–	277,819	–	1,499,417	–	1,777,236	–	1,777,236
Other Liabilities									
Accrued Grant Liabilities	1,559	–	–	–	–	604	2,163	–	2,163
Other	–	–	–	–	23,551	–	23,551	–	23,551
Total Other than Intragovernmental	**1,957**	**–**	**319,276**	**–**	**1,960,352**	**1,711**	**2,283,296**	**–**	**2,283,296**
TOTAL LIABILITIES	**$ 2,070**	**$ –**	**$ 321,163**	**$ –**	**$ 1,989,160**	**$ 2,079**	**$ 2,314,472**	**$ –**	**$ 2,314,472**
NET POSITION									
Cumulative Results of Operations	$ 314,199	$ 8,811,749	$ 857,124	$ 5,188,022	$ 1,440,995	$ 107,340	$ 16,719,429	$ –	$ 16,719,429
TOTAL NET POSITION	**$ 314,199**	**$ 8,811,749**	**$ 857,124**	**$ 5,188,022**	**$ 1,440,995**	**$ 107,340**	**$ 16,719,429**	**$ –**	**$ 16,719,429**
TOTAL LIABILITIES AND NET POSITION	**$ 316,269**	**$ 8,811,749**	**$ 1,178,287**	**$ 5,188,022**	**$ 3,430,155**	**$ 109,419**	**$ 19,033,901**	**$ –**	**$ 19,033,901**

United States Department of Commerce Consolidating Balance Sheet – Funds from Dedicated Collections
As of September 30, 2023

	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	Eliminations between Dedicated Collection Funds	Consolidated Totals
ASSETS										
Intragovernmental:										
Fund Balance with Treasury	$ 328,158	$ 8,811,749	$ 503,626	$ 379,261	$ 517	$ 3,158,182	$ 114,061	$ 13,295,554	$ –	$ 13,295,554
Accounts Receivable	–	–	57	–	–	576	–	633	–	633
Advances and Prepayments	–	–	1	94	–	5,618	14	5,727	–	5,727
Total Intragovernmental	**328,158**	**8,811,749**	**503,684**	**379,355**	**517**	**3,164,376**	**114,075**	**13,301,914**	**–**	**13,301,914**
Other than Intragovernmental:										
Cash and Other Monetary Assets	–	–	–	–	–	6,788	–	6,788	–	6,788
Accounts Receivable, Net	–	–	–	–	–	280	1,025	1,305	–	1,305
General Property, Plant, and Equipment, Net	–	–	2,112	1,421	27	361,196	–	364,756	–	364,756
Advances and Prepayments	88	–	–	–	–	28,427	87	28,602	–	28,602
Cost Contribution to Buildout/ Continuing Enhancement of Nationwide Public Safety Broadband Network	–	–	195,273	5,438,671	–	–	–	5,633,944	–	5,633,944
Other Assets	–	–	–	4,176	–	–	–	4,176	–	4,176
Total Other than Intragovernmental	**88**	**–**	**197,385**	**5,444,268**	**27**	**396,691**	**1,112**	**6,039,571**	**–**	**6,039,571**
TOTAL ASSETS	**$ 328,246**	**$ 8,811,749**	**$ 701,069**	**$ 5,823,623**	**$ 544**	**$ 3,561,067**	**$ 115,187**	**$ 19,341,485**	**$ –**	**$ 19,341,485**
LIABILITIES										
Intragovernmental:										
Accounts Payable	$ 2	$ –	$ 317	$ –	$ –	$ 9,692	$ 9	$ 10,020	$ –	$ 10,020
Other Liabilities – Other	124	–	1,027	–	–	36,401	294	37,846	–	37,846
Total Intragovernmental	**126**	**–**	**1,344**	**–**	**–**	**46,093**	**303**	**47,866**	**–**	**47,866**
Other than Intragovernmental:										
Accounts Payable	–	–	22,666	343,302	1	87,973	767	454,709	–	454,709
Federal Employee Salary, Leave, and Benefits Payable	396	–	5,575	–	–	356,343	881	363,195	–	363,195
Pensions and Other Post-employment Benefits Payable	–	–	–	–	–	6,415	–	6,415	–	6,415
Advances from Others and Deferred Revenue	–	–	195,000	–	–	1,490,122	–	1,685,122	–	1,685,122
Other Liabilities										
Accrued Grant Liabilities	2,053	–	–	–	–	–	3,288	5,341	–	5,341
Other	–	–	–	–	–	300	–	300	–	300
Total Other than Intragovernmental	**2,449**	**–**	**223,241**	**343,302**	**1**	**1,941,153**	**4,936**	**2,515,082**	**–**	**2,515,082**
TOTAL LIABILITIES	**$ 2,575**	**$ –**	**$ 224,585**	**$ 343,302**	**$ 1**	**$ 1,987,246**	**$ 5,239**	**$ 2,562,948**	**$ –**	**$ 2,562,948**
NET POSITION										
Cumulative Results of Operations	$ 325,671	$ 8,811,749	$ 476,484	$ 5,480,321	$ 543	$ 1,573,821	$ 109,948	$ 16,778,537	$ –	$ 16,778,537
TOTAL NET POSITION	**$ 325,671**	**$ 8,811,749**	**$ 476,484**	**$ 5,480,321**	**$ 543**	**$ 1,573,821**	**$ 109,948**	**$ 16,778,537**	**$ –**	**$ 16,778,537**
TOTAL LIABILITIES AND NET POSITION	**$ 328,246**	**$ 8,811,749**	**$ 701,069**	**$ 5,823,623**	**$ 544**	**$ 3,561,067**	**$ 115,187**	**$ 19,341,485**	**$ –**	**$ 19,341,485**

United States Department of Commerce Consolidating Statement of Net Cost – Funds from Dedicated Collections
For the Year Ended September 30, 2024

	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	USPTO Funds from Dedicated Collections	Other Funds from Dedicated Collections	Combined Total Funds from Dedicated Collections	Eliminations between Dedicated Collection Funds	Consolidated Totals
Gross Costs	$ 64,718	$ –	$ 101,547	$ 292,299	$ 4,418,603	$ 55,265	$ 4,932,432	$ –	$ 4,932,432
Less: Earned Revenue	–	–	(478,517)	–	(4,119,659)	–	(4,598,176)	–	(4,598,176)
NET COST (SURPLUS) OF OPERATIONS	**$ 64,718**	**$ –**	**$ (376,970)**	**$ 292,299**	**$ 298,944**	**$ 55,265**	**$ 334,256**	**$ –**	**$ 334,256**

United States Department of Commerce Consolidating Statement of Net Cost – Funds from Dedicated Collections
For the Year Ended September 30, 2023

	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	Eliminations between Dedicated Collection Funds	Consolidated Totals
Gross Costs	$ 145,212	$ (1)	$ 116,723	$ 276,030	$ 114	$ 4,038,712	$ 56,198	$ 4,632,988	$ –	$ 4,632,988
Less: Earned Revenue	–	–	(195,215)	8	–	(3,944,727)	–	(4,139,934)	–	(4,139,934)
NET COST (SURPLUS) OF OPERATIONS	**$ 145,212**	**$ (1)**	**$ (78,492)**	**$ 276,038**	**$ 114**	**$ 93,985**	**$ 56,198**	**$ 493,054**	**$ –**	**$ 493,054**

United States Department of Commerce Consolidating Statement of Changes in Net Position – Funds from Dedicated Collections
For the Year Ended September 30, 2024

	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	USPTO Funds from Dedicated Collections	Other Funds from Dedicated Collections	Combined Total Funds from Dedicated Collections	Eliminations between Dedicated Collection Funds	Consolidated Totals
Cumulative Results of Operations:									
Beginning Balance	$ 325,671	$ 8,811,749	$ 476,484	$ 5,480,321	$ 1,573,821	$ 110,491	$ 16,778,537	$ –	$ 16,778,537
Non-exchange Revenue									
Intragovernmental	–	–	–	–	–	80	80	–	80
Other than Intragovernmental: Miscellaneous Taxes and Receipts	–	–	–	–	–	35,610	35,610	–	35,610
Transfers In/Out Without Reimbursement	53,246	–	–	–	(2,460)	16,424	67,210	–	67,210
Imputed Financing	–	–	3,377	–	168,578	–	171,955	–	171,955
Other	–	–	293	–	–	–	293	–	293
Net (Cost) Surplus of Operations	(64,718)	–	376,970	(292,299)	(298,944)	(55,265)	(334,256)	–	(334,256)
Net Change in Cumulative Results of Operations	(11,472)	–	380,640	(292,299)	(132,826)	(3,151)	(59,108)	–	(59,108)
Cumulative Results of Operations: Ending	**314,199**	**8,811,749**	**857,124**	**5,188,022**	**1,440,995**	**107,340**	**16,719,429**	**–**	**16,719,429**
NET POSITION	**$ 314,199**	**$ 8,811,749**	**$ 857,124**	**$ 5,188,022**	**$ 1,440,995**	**$ 107,340**	**$ 16,719,429**	**$ –**	**$ 16,719,429**

United States Department of Commerce Consolidating Statement of Changes in Net Position – Funds from Dedicated Collections
For the Year Ended September 30, 2023

	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	Eliminations between Dedicated Collection Funds	Consolidated Totals
Cumulative Results of Operations:										
Beginning Balance	$ 370,162	$ 8,811,748	$ 395,592	$ 5,756,426	$ 1,219	$ 1,554,999	$ 120,991	$ 17,011,137	$ –	$ 17,011,137
Non-exchange Revenue										
Intragovernmental	31,328	–	–	–	–	–	69	31,397	–	31,397
Other than Intragovernmental: Miscellaneous Taxes and Receipts	(7,357)	–	–	–	–	–	30,819	23,462	–	23,462
Transfers In/Out Without Reimbursement	76,750	–	(7)	(44)	–	(2,450)	14,267	88,516	–	88,516
Imputed Financing	–	–	2,389	–	–	115,257	–	117,646	–	117,646
Other	–	–	18	(23)	(562)	–	–	(567)	–	(567)
Net (Cost) Surplus of Operations	(145,212)	1	78,492	(276,038)	(114)	(93,985)	(56,198)	(493,054)	–	(493,054)
Net Change in Cumulative Results of Operations	(44,491)	1	80,892	(276,105)	(676)	18,822	(11,043)	(232,600)	–	(232,600)
Cumulative Results of Operations: Ending	**325,671**	**8,811,749**	**476,484**	**5,480,321**	**543**	**1,573,821**	**109,948**	**16,778,537**	**–**	**16,778,537**
NET POSITION	**$ 325,671**	**$ 8,811,749**	**$ 476,484**	**$ 5,480,321**	**$ 543**	**$ 1,573,821**	**$ 109,948**	**$ 16,778,537**	**$ –**	**$ 16,778,537**

Below is a description of major Funds from Dedicated Collections shown in the tables on this page and the previous pages:

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 are retained by the trustee and are 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, *Natural resources*.

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. The law establishing programs under this fund can be found in the Deficit Reduction Act of 2005, Sections 3001-3014.

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 25, *Disclosure Public-Private Partnerships*.

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). See Note 1.M, *Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network*, for information regarding the classification of these cost contributions as an asset.

Network Construction Fund

The Network Construction Fund received transfers in from NTIA's Public Safety Trust Fund through FY 2022 in accordance with Public Safety Trust Fund priority 3 of transferring up to $7.00 billion to the Network Construction Fund for buildout of the NPSBN. The law establishing the Network Construction Fund can be found under Section 6206, *Powers, Duties, and Responsibilities of the First Responder Network Authority* of the Middle Class Tax Relief and Job Creation Act of 2012.

First Responder Network Authority Fund

FirstNet is authorized to assess and annually collect fees, and 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, *Permanent Self-Funding; Duty to Assess and Collect Fees for Network Use* 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, *Public Safety Trust Fund* of the Middle Class Tax Relief and Job Creation Act of 2012 (Act). The Act provided funding for specified programs and activities derived from the proceeds of FCC auctions of spectrum licenses that was deposited into the Public Safety Trust Fund.

The Federal Communications Commission (FCC) carried out auctions in accordance with the Act for which certain earned net auction proceeds (earned auction proceeds less any FCC administrative fees) were transferred from FCC to the Public Safety Trust Fund. Transfers in of auction proceeds from FCC totaling $39.82 billion through FY 2021 were previously received.

The Act directed the use of auction proceeds received by the Public Safety Trust Fund in an order of priority after the repayment of borrowings from Treasury. All priorities have been completed as of September 30, 2023. Priority 3, which related to the Public Safety Trust Fund transferring up to $7.00 billion for the buildout of the NPSBN to the Network Construction Fund, was completed as of September 30, 2023. Priority 8 was completed when the Public Safety Trust Fund paid $12.19 billion to the General Fund of the U.S. government on September 30, 2023.

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. See 35 U.S.C. 42, *Patent and Trademark Office funding* for more information on this fund; and for FY 2024 budgetary financial information, see the *Combining Statement 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 18, *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. The law establishing the Patent and Trademark Surcharge Fund is the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508), Title X, Subtitle B, Section 10101, *Patent and Trademark Office User Fees*.

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. The law establishing the Patent and Trademark Fee Reserve Fund can be found in 35 U.S.C. Section 42.

Note 22. Reconciliation of Net Cost to Net Outlays

The *Reconciliation of Net Cost to Net Outlays* 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 to Net Outlays* for FY 2024 and FY 2023 are as follows:

FY 2024	Intragovernmental	Other than Intragovernmental	Total
Net Cost of Operations			**$ 15,905,200**
Components of Net Cost of Operations that are Not Part of Agency Outlays, Net			
Depreciation Expense of General Property, Plant, and Equipment	$ –	$ (1,696,874)	$ (1,696,874)
Cost of Goods Sold	–	(10,296)	(10,296)
Expense Recognition of Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network	–	(302,883)	(302,883)
Amortization Expense of Right-to-use Lease Assets	–	(15,549)	(15,549)
Amortization Expense – Other	–	(7,525)	(7,525)
Imputed Costs from Cost Absorbed by Others	(603,346)	–	(603,346)
Other Expenses	2,422	(25,319)	(22,897)
Gains/(Losses) on Disposition of Assets, Net	–	(13,711)	(13,711)
Other Gains/(Losses), Net	–	(1,449)	(1,449)
Net Cost of Operations for Non-budgetary Credit Reform Financing Accounts	(11,395)	21,180	9,785
Receivables, Net – Increases	91,356	7,304	98,660
Undeposited Collections – Increases	–	1,501	1,501
Accounts Payable – Increases	(7,995)	(5,478)	(13,473)
Federal Employee Salary, Leave, and Benefits Payable – Increases	–	(68,960)	(68,960)
Pensions and Other Post-employment Benefits Payable – Increases	–	(44,600)	(44,600)
Environmental and Disposal Liabilities – Increases	–	(16,028)	(16,028)
Accrued Grant Liabilities - Increases	–	(510,120)	(510,120)
Various Other Liabilities – Increases	(1,927)	(750)	(2,677)
Total Components of Net Cost of Operations that are Not Part of Agency Outlays, Net			**(3,220,442)**
Components of Agency Outlays, Net that are Not Part of Net Cost of Operations			
Adjustment for Pre-credit Reform Direct Loans: Pre-credit Reform Loans and Interest Receivables, Gross – Increase/(Decrease)	–	(1,609)	(1,609)
Undeposited Collections – Decreases	–	(256)	(256)
Advances and Prepayments – Increases	231,319	32,994	264,313
Accounts Payable – Decreases	–	210,004	210,004
Advances from Others and Deferred Revenue – Increases	(2,222)	(83,784)	(86,006)
Federal Employee Salary, Leave, and Benefits Payable – Decreases	–	90,852	90,852
Pensions and Other Post-employment Benefits Payable – Decreases	–	644	644
Various Other Liabilities – Decreases	7,581	4,356	11,937
Principal Payments on Lease Liabilities	–	13,156	13,156
Capitalized Purchases of Property, Plant, and Equipment	(287)	1,437,553	1,437,266
Capitalized Purchases of Inventory and Related Property	–	66,423	66,423
Capitalized Purchases of Other Assets	–	16,699	16,699
Capitalized Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network	–	32,460	32,460
Other Outlays, Gross Not Part of Net Cost of Operations	1,724	–	1,724
Other Actual Offsetting Collections Not Part of Net Cost of Operations	(10,391)	(20,057)	(30,448)
Distributed Offsetting Receipts			114,224
Total Components of Agency Outlays, Net that are Not Part of Net Cost of Operations			**2,141,383**
Agency Outlays, Net			**$ 14,826,141**

FY 2023	Intragovernmental	Other than Intragovernmental	Total
Net Cost of Operations			**$ 13,408,655**
Components of Net Cost of Operations that are Not Part of Agency Outlays, Net			
Depreciation Expense of General Property, Plant, and Equipment	$ –	$ (1,657,205)	(1,657,205)
Cost of Goods Sold	–	(8,445)	(8,445)
Expense Recognition of Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network	–	(282,887)	(282,887)
Amortization Expense	–	(4,042)	(4,042)
Imputed Costs from Cost Absorbed by Others	(454,702)	–	(454,702)
Other Expenses	486	(37,885)	(37,399)
Gains/(Losses) on Disposition of Assets, Net	–	(18,455)	(18,455)
Other Gains/(Losses), Net	–	(16,067)	(16,067)
Net Cost of Operations for Non-budgetary Credit Reform Financing Accounts	(9,154)	10,308	1,154
Receivables, Net – Increases	52,975	2,840	55,815
Advances and Prepayments – Decreases	(5,789)	–	(5,789)
Accounts Payable – Increases	(16,056)	(118,412)	(134,468)
Advances from Others and Deferred Revenue – Decreases	94,940	544	95,484
Federal Employee Salary, Leave, and Benefits Payable – Increases	–	(53,336)	(53,336)
Pensions and Other Post-employment Benefits Payable – Increases	–	(72,700)	(72,700)
Environmental and Disposal Liabilities – Increases	–	(37,372)	(37,372)
Various Other Liabilities – Increases	(4,846)	(250,582)	(255,428)
Total Components of Net Cost of Operations that are Not Part of Agency Outlays, Net			**(2,885,842)**
Components of Agency Outlays, Net that are Not Part of Net Cost of Operations			
Receivables, Net – Decreases	5,564	(887)	4,677
Advances and Prepayments – Increases	–	27,565	27,565
Accounts Payable – Decreases	–	5,913	5,913
Advances from Others and Deferred Revenue – Increases	–	(87,994)	(87,994)
Pensions and Other Post-employment Benefits Payable – Decreases	–	8,522	8,522
Various Other Liabilities – Decreases	1,800	4,431	6,231
Capitalized Purchases of Property, Plant, and Equipment	5,552	1,350,871	1,356,423
Capitalized Purchases of Inventory and Related Property	–	32,933	32,933
Capitalized Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network	–	189,446	189,446
Capitalized Purchases of Other Assets	–	15,293	15,293
Other Outlays, Gross Not Part of Net Cost of Operations	–	14,300	14,300
Other Actual Offsetting Collections Not Part of Net Cost of Operations	(38,477)	(26,331)	(64,808)
Other	182	(450)	(268)
Distributed Offsetting Receipts			14,048
Total Components of Agency Outlays, Net that are Not Part of Net Cost of Operations			**1,522,281**
Agency Outlays, Net			**$ 12,045,094**

Note 23. 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. To ensure that these resources are preserved and sustained for the benefit and enjoyment of future generations, Congress has enacted legislation to assist in asset management. Additionally, the Department conducts its mission in ways that minimize environmental impacts, conserve natural and cultural resources, and provide effective stewardship of the environment.

Information regarding estimated land acreage for the Department's stewardship land and information regarding deferred maintenance and repairs for the Department's multi-use heritage assets is included in the *Required Supplementary Information (Unaudited)* section.

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

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.

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, 2024, 16 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 Islands Humpback Whale National Marine Sanctuary
- Lake Ontario National Marine Sanctuary[1]
- 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] *The final rule to designate this sanctuary became effective July 22, 2024.*

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

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.

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 11 Habitat Focus Areas, as follows:

- Biscayne Bay, FL
- Choptank River Watershed, MD/DE
- Kachemak Bay, AK
- Manell-Geus Watershed, GU
- Middle Peninsula, VA
- 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

Stewardship Land and Permanent Land Rights:

Per federal accounting standards, stewardship land is land and land rights owned by the federal government but not acquired for or in connection with items of General PP&E. Land is the solid part of the surface of the Earth. Excluded from the definition of land are the natural resources (that is, depletable resources such as mineral deposits and petroleum; renewable resources such as timber, and the outer-continental shelf resources) related to land.

NOAA's stewardship land supports its mission by serving as sites for NOAA's operations, including for facilities and offices, observatories, laboratories, and rookeries.

The site for the National Environmental Satellite, Data, and Information Service's (NESDIS) Office of Satellite and Product Operations Gilmore Creek in Fairbanks AK, which is the site of the Fairbanks Command and Data Acquisition (CDA) Station (campus) is NOAA's primary satellite ground station for downloading data from and sending commands to polar orbiting satellites. The CDA Station houses a number of buildings and has nine antennas in active use. It is one of the busiest and most capable satellite ground stations in the world. In addition to being the Nation's premier civilian ground station in support of polar orbiting satellites, the CDA Station also acts as a backup in support of NOAA's primary geostationary satellite ground station, the Wallops CDA Station on Wallops Island on the Eastern Shore of Virginia. The CDA Station provides backup support for the Geostationary Operational Environmental Satellites orbiting in the West position.

There are five rookeries in St. Paul, AK along with the site for the National Weather Service (NWS) offices in St. Paul along with various land easements to access the rookeries and the St. Paul Airport.

In addition, in St. George, AK, there is land housing the National Marine Fisheries support buildings, known as the Cottage and the Seal Skin Processing Plant (due to their uses prior to NOAA's operational uses), and eight rookeries along with various land easements to access the rookeries.

The following sites are additional stewardship land items:

- National Marine Fisheries Service (NMFS) Auke Bay Laboratory site in Juneau (Auke Bay/Cake), AK
- National Ocean Service Laboratory site in Seldovia (Kasitsna Bay), AK
- NWS offices in Utqiaġvik (Barrow), AK
- NWS Tsunami Warning Center site and housing site in Palmer, AK
- Office of Oceanic and Atmospheric Research (OAR) Lava Diversion Barrier site and OAR Observatory site in Volcano, HI
- OAR Observatory in Utqiaġvik (Barrow), AK

NOAA's real property community is responsible for reporting stewardship land and non-collection type heritage assets (including multi-use heritage assets). 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 stewardship land and non-collection type heritage assets;
- Ensure that stewardship land and non-collection type heritage assets are listed as such in the real property inventory system;
- Include a requirement for confirmation of stewardship land or non-collection type heritage asset status and whether any Line/Staff Office(s) believes that a real property item should be a stewardship land or heritage asset in its annual real property inventory testing; and
- Consult with the NOAA Federal Preservation Officer and the relevant Line/Staff Office(s) regarding any additions to the real property inventory to ensure that the stewardship land or heritage or non-heritage asset status is correctly identified, including if a National Historic Preservation Act compliant evaluation is required.

NOAA utilizes 41 U.S.C., *Public Contracts*, Section 6301, *Authorization Requirement*, which states that the federal government may not acquire land unless the contract or purchase is authorized by law or is under an appropriation adequate to its fulfillment. NOAA also follows the requirements under 41 CFR, *Public Contracts and Property Management*, Subtitle C, Part 102-73, *Real Estate Acquisition*, including for acquiring land via purchase or condemnation (Subpart C, *Acquisition by Purchase or Condemnation*). NOAA acquires land only for specific mission needs that cannot be met by its existing inventory and only if properly authorized. For acquiring land via transfer in from other federal entities, including from GSA, NOAA follows the federal procedures in 41 CFR *Public Contracts and Property Management*, Subtitle C, Part 102-75, *Real Property Disposal*, Transfers subsection (102-75.175 through 102-75.235).

NOAA maintains and uses its land in support of the mission that land serves. Its maintenance, such as landscaping, snow removal, and pest control are dependent on the use and location of the particular parcel of land. NOAA's policy is for all personnel and affiliates to conduct their activities in a manner that complies with all applicable environmental requirements and to cooperate with federal agencies (including the Environmental Protection Agency, as well as state, interstate, and local agencies in the prevention, control, and abatement of environmental pollution. (NOAA Administrative Order 216-17A, *NOAA Environmental Compliance Program*). NOAA disposes of land based on 41 CFR, Subtitle C, Part 102-75, *Real Property Disposal*. In special cases, specific legislation may also provide disposal authority for and direct the disposal of a particular location/site.

In FY 2024, NOAA disposed of the NMFS Subport Operations Base Facility site in Juneau, AK.

NIST:

Stewardship Land and Permanent Land Rights: The site for the Boulder campus in Boulder, CO and the related permanent land rights are stewardship items. The related permanent land rights include shares and water rights to the privately-owned Anderson Ditch which crosses through the Boulder campus and has been listed in the National Register of Historic Places (NRHP). The Boulder campus consists of the land housing the Boulder laboratories and support facilities and the land comprised of protected area. The protected area is in accordance with an agreement between NIST and the city of Boulder whereby agreements with the City of Boulder and Native American Tribes have been respected and the designated protected area continues to be preserved. NIST utilizes NIST P 2100.00, *Facilities and Site Management* for maintaining and preserving the Boulder campus and the related permanent land rights. For any sites listed or eligible to be listed in the NRHP, all proposed changes 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. NIST utilizes NIST S 2103.05, *Acquisition and Disposal of Real Property* for the acquisition and disposal of stewardship land in support of NIST's mission.

Heritage Assets

Per federal accounting standards, 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; all of which are multi-use heritage assets:

- NESDIS Buildings (6) in Gilmore Creek, Fairbanks, AK
- NMFS Buildings (2) in St. George, AK which uses include research and housing, known as the Cottage and the Seal Skin Processing Plant (due to their uses prior to NOAA's operational uses)
- NMFS Galveston Laboratory Buildings (5) in Galveston, TX
- Northwest Fisheries Science Center in Seattle, WA (building)
- OAR Air Resources Lab in Oak Ridge, TN (building)
- OAR Great Lakes Environmental Research Laboratory/Lake Michigan Field Station (building) in Muskegon, MI
- OAR Observatory Campus in Mauna Loa, HI (building)
- Western Regional Center Hangars (2) at the Water Resource Center in Seattle, WA (buildings)

For FY 2024, 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.

For policies and procedures for NOAA's real property community regarding non-collection type heritage assets, see the *Stewardship Land and Permanent Land Rights* subsection.

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 Boulder Laboratories Building 1, also known as the Central Radio Propagation Laboratory, is 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 is listed as a Historic District 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 are 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. The land at the Kehaka NIST campus is leased from the U.S. Navy and NIST owns and maintains the structures.

For policies and procedures for NIST's real property community regarding non-collection type heritage assets, see the *Stewardship Land and Permanent Land Rights* subsection.

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 2024, there were 40 withdrawals of NOAA's collection-type heritage assets. Typically, the methods of withdrawal may include items being destroyed, lost, missing, stolen, donated/transferred to an entity outside of NOAA, and items that no longer meet current requirements for classification as a collection-type heritage asset.

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 artifacts, documents, and other items.

Thunder Bay Sanctuary Research Collection: The Thunder Bay National Marine Sanctuary 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.

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, 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.

The NIST Museum has policies in place for acquisitions and loans. Objects are either on display or in storage and are not used by visitors. When considering artifacts for accession, the following criteria are considered:

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

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

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 table summarizes the Department's collection-type heritage assets activity and balances.

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

Category	Description of Assets	Quantity of Items Held September 30, 2023	FY 2024 Additions	FY 2024 Withdrawals	Quantity of Items Held September 30, 2024
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	Artifacts, documents, and other items	27	–	–	27
NOAA Florida Keys National Marine Sanctuary Collection	Artifacts	253	–	–	253
NOAA – Other	Artifacts, artwork, books, films, instruments, maps, and records	3,162	–	40	3,122
NIST Artifacts and Scientific Measures	National Bureau of Standards[1]/NIST scientific instruments, equipment, and objects	1,542	–	1,516[2]	26
Census Bureau Artwork and Gifts	Artifacts, artwork, books, films, instruments, and records	84	–	–	84
Census Bureau Collectable Assets	Publications, books, manuscripts, photographs, and maps	33	–	–	33
Total		111,355	-	1,556	109,799

[1] *National Bureau of Standards is the former name of NIST.*

[2] *These artifacts and scientific measure items were determined by the Department to no longer meet current requirements for classification as collection-type heritage assets and are reported as FY 2024 withdrawals.*

Note 24. 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, adjusted for sequestrations. TPA's current matching requirement, in effect since the Brand USA Extension Act further amended TPA in December 2019, is that CTP shall provide matching amounts from non-federal sources that in the aggregate are equal to 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.

Furthermore, Public Law 117-103, *Consolidated Appropriations Act, 2022* (March 15, 2022), Division FF, Section 101, *Restoring Brand USA Act*, made available to CTP one-time funding from the Travel Promotion Fund of $250.0 million. Of the $250.0 million made available to CTP, $200.0 million was not subject to TPA's current matching requirements and has been received by CTP in FY 2023. The remaining $50.0 million is subject to TPA's current matching requirements.

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 25. Disclosure Public-Private Partnerships

SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, helps the Department achieve the operating performance and budgetary integrity objectives outlined in Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, by making public-private partnerships (P3s) more understandable. This statement establishes principles to ensure that any necessary disclosures about P3s are presented in the agency's AFR. SFFAS 49 mandates that when arrangements with private entities meet certain characteristics, these arrangements must be disclosed in the AFR.

The Department's evaluations of SFFAS 49 requirements identified two public-private partnerships for disclosure. Below are summary tables and detailed information for the partnerships.

FY 2024				
Public-Private Partnerships Agreements/Contracts	Actual Amount Received in Fiscal Year	Actual Amount Paid in Fiscal Year	Estimated Amount to be Received over Expected Life	Estimated Amount to be Paid over Expected Life
FirstNet and AT&T	$ 561,075	$ 360,223	$ 18,000,000	Cannot be Estimated
NOAA and 11 Regional Associations	–	33,247	–	$ 330,205
Total	$ 561,075	$ 393,470	$ 18,000,000	

FY 2023				
Public-Private Partnerships Agreements/Contracts	Actual Amount Received in Fiscal Year	Actual Amount Paid in Fiscal Year	Estimated Amount to be Received over Expected Life	Estimated Amount to be Paid over Expected Life
FirstNet and AT&T	$ 195,000	$ 149,954	$ 18,000,000	Cannot be Estimated
NOAA and 11 Regional Associations	–	32,869	–	$ 256,298
Total	$ 195,000	$ 182,823	$ 18,000,000	

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. 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 21, *Funds from Dedicated Collections*, for more information on FirstNet.

The Nationwide Public Safety Broadband Network (NPSBN) is being built out, deployed, operated, and maintained as a partnership 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 partnership. AT&T has publicly indicated that it will invest about $40.0 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.

Payments are made by FirstNet to AT&T for success-based payment milestones under the firm fixed price (FFP) buildout and continuing enhancement Task Orders in conformity with the contractual terms. Payments made by FirstNet for the buildout and continuing enhancement of the NPSBN are recorded as an asset. See Note 1.M, *Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network*, for information regarding the classification of these cost contributions as an asset.

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.

Contractual risks of loss to the federal government primarily relate to (a) AT&T's unsatisfactory 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.

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. All 11 RAs are currently voluntarily certified by NOAA as a Regional Coastal Observing System (RCOS) for which an RA, in order to be RCOS 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).

As of September 30, 2024, NOAA has separate cooperative agreements for each of the 11 RAs. Ten of the agreements have performance periods of July 1, 2021 through June 30, 2026, and one of the agreements has a performance period of August 1, 2021 through July 31, 2026. Additionally as of September 30, 2024, NOAA has 12 separate cooperative agreements for each of the 11 RAs regarding funding provided under the Inflation Reduction Act of 2022. Eleven of the agreements have performance periods of August 1, 2024 through July 31, 2029, and one of the agreements has a performance period of September 1, 2024 through August 31, 2029. 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. 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 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.

The risk of loss under the partnerships with the 11 RAs primarily relates to NOAA being subject to 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.

Note 26. Reclassification of Financial Statement Line Items for Financial Report Compilation Process

To prepare the *Financial Report of the U.S. Government* (*Financial Report*), 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 Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to prepare government-wide reclassified financial statements.

Treasury's Reclassified Balance Sheet resembles the Department's financial presentation; therefore a separate reconciliation is not required.

Treasury eliminates intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the *Financial Report* (FR) statements. This Note shows the Department's Financial Statements and the Department's reclassified line items prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items as of September 30, 2024. A copy of the 2023 *Financial Report* can be found at the Services for General Public page within the Bureau of the Fiscal Service website and a copy of the 2024 *Financial Report* will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this Note to refer to amounts that result from other components of the federal government. 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.

Reclassification of Consolidated Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost For the Year Ended September 30, 2024

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**	**Other than Dedicated Collections Amounts (with Eliminations)**	**Eliminations Between Dedicated and Other than Dedicated**	**Total**	**Reclassified Financial Statement Line**
								Non-federal Costs
			$ 3,815,533	$ –	$ 12,582,457	$ –	$ 16,397,990	Non-federal Gross Cost
			–	–	4,700	–	4,700	Gains/Losses from Changes in Actuarial Assumptions
			3,815,533	**–**	**12,587,157**	**–**	**16,402,690**	***Total Non-federal Costs***
								Intragovernmental Costs
			614,234	–	905,703	(682)	1,519,255	Benefit Program Costs
			171,955	–	431,391	–	603,346	Imputed Costs
			158,505	–	2,367,464	(40,461)	2,485,508	Buy/Sell Costs
			(425)	–	425	–	–	Purchase of Assets
			–	–	11,715	–	11,715	Borrowing and Other Interest Expense
			152,761	–	260,484	–	413,245	Other Expenses (without Reciprocals)
			1,097,030	**–**	**3,977,182**	**(41,143)**	**5,033,069**	***Total Intragovernmental Costs***
Total Gross Departmental Costs	**$ 21,435,759**	**$ –**	**$ 4,912,563**	**$ –**	**$ 16,564,339**	**$ (41,143)**	**$ 21,435,759**	***Total Reclassified Gross Costs***
Earned Revenue			(4,587,619)	–	(158,895)	–	(4,746,514)	Non-federal Earned Revenue
								Intragovernmental Revenue
			–	–	(587)	587	–	Benefit Program Revenue
			(10,557)	–	(814,117)	40,949	(783,725)	Buy/Sell Revenue
			425	–	(425)	–	–	Purchase of Assets Offset
			–	–	(320)	–	(320)	Borrowing and Other Interest Revenue
			(10,132)	**–**	**(815,449)**	**41,536**	**(784,045)**	***Total Intragovernmental Earned Revenue***
Total Earned Revenue	**(5,530,559)**	**–**	**$ (4,597,751)**	**$ –**	**$ (974,344)**	**$ 41,536**	**(5,530,559)**	***Total Reclassified Earned Revenue***
NET COST OF OPERATIONS	**$ 15,905,200**	**$ –**					**$ 15,905,200**	**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 Ended September 30, 2024

Department of Commerce Consolidated Statement of Changes in Net Position		Difference	Line Items Used to Prepare Government-wide Statement of Changes in Net Position	
Financial Statement Line	**Amount**		**Amount**	**Reclassified Financial Statement Line**
Unexpended Appropriations: Beginning Balance	$ 122,674,043			
Cumulative Results of Operations: Beginning Balance	30,830,921			
Total Net Position: Beginning Balances	**153,504,964**		**$ 153,504,965**	**Net Position, Beginning of Period**
Unexpended Appropriations:				
Appropriations Received	18,301,112		5,743,131	Appropriations Received as Adjusted (Rescissions and Other Adjustments)
Other Adjustments	(12,557,976)			
Appropriations Transferred In/Out	(8,619)		(21,969)	Non-expenditure Transfers Out of Unexpended Appropriations and Financing Sources
Appropriations Used	(14,320,208)		(14,320,091)	Appropriations Used
Net Change in Unexpended Appropriations	**(8,585,691)**			
Unexpended Appropriations: Ending	**114,088,352**			
Cumulative Results of Operations:				
Appropriations Used	14,320,208		14,320,091	Appropriations Expended
Non-exchange Revenue	42,984		43,674	Other Taxes and Receipts
Donations and Forfeitures of Cash and Cash Equivalents	162			
			43,674	**Total Non-federal Non-exchange Revenue**
			130	Federal Securities Interest Revenue Including Associated Gains and Losses
			12,885	Borrowings and Other Interest Revenue
			13,015	**Total Intragovernmental Non-exchange Revenue**
Transfers In/Out Without Reimbursement	445,124		451,185	Non-expenditure Transfers In of Unexpended Appropriations and Financing Sources
			10,391	Expenditure Transfers In of Financing Sources
			(1,724)	Expenditure Transfers Out of Financing Sources
Donations and Forfeitures of Property	210		349	Transfers In Without Reimbursement
Other Adjustments	4		4	Other Budgetary Financing Sources
			(9,800)	Collections for Others Transferred to the General Fund of the U.S. Government
Imputed Financing	603,346		603,346	Imputed Financing Sources
Other	(41,249)		(479)	Other Non-budgetary Financing Sources
			(92,813)	Non-entity Collections Transferred to the General Fund of the U.S. Government
			46,786	Accrual for Non-entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
			6,728,407	**Total Financing Sources (excludes non-exchange revenue lines)**
Net Cost of Operations	**(15,905,200)**	–	**(15,905,200)**	**Net Cost of Operations**
Net Change in Cumulative Results of Operations	**(534,411)**			
Cumulative Results of Operations: Ending	**30,296,510**			
NET POSITION	**$ 144,384,862**	**$ 1**	**$ 144,384,861**	**Net Position, End of Period**

[1] *Rounding.*

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FINANCIAL SECTION

Required Supplementary Information (Unaudited)

Required Supplementary Information
(Unaudited)

A Deferred Maintenance and Repairs

Deferred Maintenance and Repairs (DM&R) are maintenance and repairs that were not performed when they should have been, that were scheduled and not performed, or that were delayed for a future period. Maintenance and Repairs are activities directed toward keeping Property, Plant, and Equipment (PP&E) in acceptable operating condition. These activities include preventive maintenance, replacement of parts and structural components, and other activities needed to preserve the asset so that it can deliver acceptable performance and achieve its expected life. Maintenance and Repairs exclude activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater, than those originally intended. The significant portions of Departmental DM&R relate to PP&E of both the National Oceanic and Atmospheric Administration (NOAA) and the National Institute of Standards and Technology (NIST). NOAA and NIST represent 84 percent and 9 percent of the Department's General PP&E, Net balance as of September 30, 2024, respectively.

NOAA:

NOAA reports DM&R based on FASAB's definition of deferred maintenance. To measure DM&R, NOAA uses Facilities Condition Assessment (FCA) surveys, which are periodic physical (i.e. visual) inspections of real property to determine their current condition and estimated repair or replacement cost for building/structural components based on their condition index and remaining useful life. In FY 2015, NOAA started completing a round of FCAs using physical assessments. NOAA completed assessments of the vast majority of the applicable inventory by the end of FY 2022 (assessments were delayed because of COVID-19 concerns which lengthened the projected 5-year cycle). NOAA is in the process of completing the next cycle of condition assessments on a five year cycle for all applicable real property in the inventory. The new assessment cycle began in fiscal year 2023.

NOAA performs Condition Assessment Surveys for capitalized NOAA-owned buildings, structures with acquisition cost of $200 thousand or more, and multi-use 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 include (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 repair or replacement cost.

The fourth quarter FY 2024 balance estimated cost is composed of DM&R for the applicable inventory from the FCA data completed in FY 2015 through FY 2024. 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 Naval Facilities Engineering Systems Command Building Cost Index. BUILDER estimates were not manually escalated because the BUILDER cost database is updated annually based on a number of sources including RS Means data, USACE's Construction Engineering Research Laboratory, and the updated inflation rate.

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 properties are maintained through maintenance contracts.

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, 2024 and September 30, 2023:

(In Thousands)

Asset Category	Deferred Maintenance and Repairs as of September 30, 2024	Deferred Maintenance and Repairs as of September 30, 2023
Buildings	$ 402,703	$ 399,956
Multi-use Heritage Assets	49,010	51,422
Ships	535	1,240
Total	**$ 452,248**	**$ 452,618**

NIST:

NIST measures DM&R (related to capitalized and non-capitalized real property) using FCA surveys, which are periodic visual inspections of PP&E to determine their current condition, and estimates the costs to correct identified deficiencies. NIST accomplishes its FCAs by contract. Both the Boulder, CO and Gaithersburg, MD campuses were surveyed in FY 2023, and the Fort Collins, CO campus was surveyed in FY 2024. NIST elected not to resurvey the Kauai, HI campus, as the construction awarded in FY 2023 immediately reduces DM&R significantly at this property.

The Federal Real Property Council's 2022 *Guidance for Real Property Inventory Reporting* reaffirmed facility assessments for each facility every five years if using condition assessments for reporting DM&R needs. To complete this requirement, NIST uses the BUILDER system.

In FY 2023, NIST awarded a contract call order to recalculate all Plant Replacement Values (PRVs) for all facilities and utilities on each campus. The last time a similar effort was completed was in FY 2017. Every year since then PRVs were manually adjusted by a uniform multiplier. The FY 2023 call order was completed in fourth quarter of FY 2024. The result is all NIST facilities reflect current market pricing. During FY 2024, NIST re-evaluated BUILDER price adjustment factors, which had never been reviewed or adjusted since their establishment in FY 2018. NIST established new adjustment factors to reflect estimated contract execution methods, which in turn affected backlog amounts reported here when compared to amounts reported earlier.

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 four different areas (mission; safety and regulatory compliance; energy, sustainability, and resilience; and economics) 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.

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. Equivalently, the FCI is the cost of replacing less the cost of correcting, divided by the cost to replace, expressing the result as a percentage. 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 following table shows NIST's DM&R as of September 30, 2024 and September 30, 2023:

(In Thousands)

Assets Category	Deferred Maintenance and Repairs as of September 30, 2024	Deferred Maintenance and Repairs as of September 30, 2023
Buildings	$ 1,034,726	$ 860,061
Site Utilities and Infrastructure	586,039	287,911
Total	**$ 1,620,765**	**$ 1,147,972**

B Combining Statement of Budgetary Resources by Major Budget Account

United States Department of Commerce Combining Statement of Budgetary Resources by Major Budget Account
For the Year Ended September 30, 2024 *(In Thousands)*

	Combined Total	Census Bureau Periodic Censuses and Programs	DM/ Nonrecurring Expenses Fund	NIST Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Fund	NIST CHIPS Loan Program Account	NIST Industrial Technology Services	NOAA Operations, Research, and Facilities	NOAA Procurement, Acquisition, and Construction	NTIA's Broadband Equity, Access, and Deployment Program	USPTO Salaries and Expenses Fund	Other Budget Accounts
BUDGETARY RESOURCES:											
Unobligated Balance From Prior Year Budget Authority, Net	$ 108,997,274	$ 568,168	$ 22,148,564	$ 23,355,559	$ 500,000	$ 6,410,361	$ 3,019,428	$ 1,632,774	$ 42,026,391	$ 1,209,202	$ 8,126,827
Appropriations	6,228,311	1,053,999	(12,484,000)	4,990,685	–	1,457,000	5,474,224	1,761,856	(38,300)	–	4,012,847
Borrowing Authority	71,285	–	–	–	–	–	–	–	–	–	71,285
Spending Authority From Offsetting Collections	6,736,016	–	–	–	–	–	285,288	–	–	4,129,279	2,321,449
TOTAL BUDGETARY RESOURCES	**$ 122,032,886**	**$ 1,622,167**	**$ 9,664,564**	**$ 28,346,244**	**$ 500,000**	**$ 7,867,361**	**$ 8,778,940**	**$ 3,394,630**	**$ 41,988,091**	**$ 5,338,481**	**$ 14,532,408**
STATUS OF BUDGETARY RESOURCES:											
New Obligations and Upward Adjustments	$ 48,710,344	$ 1,104,235	$ 81,266	$ 961,020	$ –	$ 440,017	$ 7,318,224	$ 2,502,462	$ 24,524,349	$ 4,196,589	$ 7,582,182
Unobligated Balance, End of Year											
Apportioned, Unexpired Accounts	69,545,071	79,392	9,583,095	24,882,695	–	7,426,655	1,365,997	881,970	17,462,959	1,141,892	6,720,416
Exempt From Apportionment, Unexpired Accounts	717	–	–	–	–	–	–	–	–	–	717
Unapportioned, Unexpired Accounts	3,078,117	–	63	2,502,529	500,000	–	2,389	–	783	–	72,353
Unobligated Balance, End of Year, Unexpired Accounts	72,623,905	79,392	9,583,158	27,385,224	500,000	7,426,655	1,368,386	881,970	17,463,742	1,141,892	6,793,486
Unobligated Balance, End of Year, Expired Accounts	698,637	438,540	140	–	–	689	92,330	10,198	–	–	156,740
Total Unobligated Balance, End of Year	**73,322,542**	**517,932**	**9,583,298**	**27,385,224**	**500,000**	**7,427,344**	**1,460,716**	**892,168**	**17,463,742**	**1,141,892**	**6,950,226**
TOTAL STATUS OF BUDGETARY RESOURCES	**$ 122,032,886**	**$ 1,622,167**	**$ 9,664,564**	**$ 28,346,244**	**$ 500,000**	**$ 7,867,361**	**$ 8,778,940**	**$ 3,394,630**	**$ 41,988,091**	**$ 5,338,481**	**$ 14,532,408**
OUTLAYS, NET, AND DISBURSEMENTS, NET:											
Outlays, Net	$ 14,711,917	$ 1,070,194	$ 94,359	$ 856,471	$ –	$ 260,963	$ 5,612,690	$ 1,791,173	$ 203,348	$ 109,061	$ 4,713,658
Distributed Offsetting Receipts	114,224	–	–	–	–	–	–	–	–	–	114,224
AGENCY OUTLAYS, NET	**$ 14,826,141**	**$ 1,070,194**	**$ 94,359**	**$ 856,471**	**$ –**	**$ 260,963**	**$ 5,612,690**	**$ 1,791,173**	**$ 203,348**	**$ 109,061**	**$ 4,827,882**
DISBURSEMENTS, NET[1]	**$ 91,364**										**$ 91,364**

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

C Land and Land Rights

The Department has complied with the requirements of FASAB SFFAS 59, *Accounting and Reporting of Government Land*. This requirement focuses on ensuring that federal land holding agencies report the consistent accounting treatment and reporting of federal land. This standard has established guidance for federal agencies to follow during the implementation and execution periods. Per federal accounting standards, land is the solid part of the surface of the Earth. Excluded from the definition of land are the natural resources (that is, depletable resources such as mineral deposits and petroleum; renewable resources such as timber, and the outer-continental shelf resources) related to land.

Land rights are interests and privileges held by the entity in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights-of-way, mineral rights, and other like interests in land. Land rights such as easements or rights-of-way, that are for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are those land rights that are for a specified period of time or limited duration.

To improve the comparability of reporting federal land and land rights and the uniformity of disclosures, three subcategories predicated on land use for both General PP&E land and stewardship land are utilized: (1) commercial use land; (2) operational land; and (3) conservation and preservation land. NOAA, NTIA, and NIST are the only entities within the Department that have land held and permanent land rights. These three bureaus report land held and permanent land rights in the General PP&E category, while NOAA additionally reports land held in the Stewardship category. The Department does not have any temporary land rights. Beginning in FY 2026, the disclosures will be reported as basic information in the notes to the financial statements.

The following table summarizes the Department's land and permanent land rights under the General PP&E and Stewardship categories as of October 1, 2022, September 30, 2023, and September 30, 2024:

Estimated Acreage by Predominant Use

	October 1, 2022	September 30, 2023	September 30, 2024
General PP&E Land Held			
Operational	5,039	5,039	5,034
Conservation and Preservation	104	104	104
Total Estimated Number of Acres	5,143	5,143	5,138
General PP&E Land Held for Disposal or Exchange (also included in the balances above)			
Operational	4	7	4
Conservation and Preservation	–	–	–
Total Estimated Number of Acres	4	7	4
General PP&E Permanent Land Rights			
Operational	128	124	124
Conservation and Preservation	–[1]	–[1]	–[1]
Total Estimated Number of Acres	128	124	124
Stewardship Land Held			
Operational	7,961	7,961	7,960
Conservation and Preservation	1,955	1,955	1,955
Total Estimated Number of Acres	9,916	9,916	9,915
Stewardship Permanent Land Rights			
Operational	–	–	–
Conservation and Preservation	75	75	75
Total Estimated Number of Acres	75	75	75

[1] *The Department's General PP&E permanent land rights under the conservation and preservation subcategory are for NIST water rights—6.25 shares and water rights to Anderson Ditch which crosses through NIST's Boulder campus.*

NOAA General PP&E and Stewardship Land:

General PP&E Land

NOAA's General PP&E land and permanent land rights support its mission by serving as sites on which it locates its facilities, including office, research, laboratory, and other facilities. NOAA's General PP&E land also supports NOAA's mission by allowing for equipment and instruments to be located at those sites, including for observation of weather conditions and water levels, transmission of data and weather radio broadcasts, and surveying of fish and other aquatic wildlife. NOAA's permanent land rights are easements and rights-of-way and are usually non-exclusive easements. Many of these permanent land rights provide access to NOAA land sites or allow for utilities for those sites.

NOAA's General PP&E land held primarily consists of operational land for its facilities with the largest parcels located in Platteville, CO; Fairbanks, AK; and Sterling, VA, and includes operational land for facilities in many states in the United States. Many locations house NOAA's Weather Forecast Offices and towers for NOAA weather radar and antennas. The Platteville land is for the Oceanic and Atmospheric Research's (Earth System Research Laboratories), Chemical Sciences Laboratory. The Fairbanks land consists of multiple tracts and parcels for the National Environmental Satellite, Data, and Information Service's operations. The Sterling land is for the National Weather Service Sterling Field Support Center and Weather Forecast Office campus site.

NOAA utilizes 41 U.S.C., *Public Contracts*, Section 6301, *Authorization Requirement*, which states that the federal government may not acquire land unless the contract or purchase is authorized by law or is under an appropriation adequate to its fulfillment. NOAA also follows the requirements under 41 CFR, *Public Contracts and Property Management*, Subtitle C, Part 102-73, *Real Estate Acquisition*, including for acquiring land via purchase or condemnation (Subpart C, *Acquisition by Purchase or Condemnation*). NOAA acquires land only for specific mission needs that cannot be met by its existing inventory and only if properly authorized. For acquiring land via transfer in from other federal entities, including from the U.S. General Services Administration, NOAA follows the federal procedures in 41 CFR, *Public Contracts and Property Management*, Subtitle C, Part 102-75, *Real Property Disposal*, Transfers subsection (102-75.175 through 102-75.235).

NOAA maintains and uses its land in support of the mission that land serves. Its maintenance, such as landscaping, snow removal, and pest control are dependent on the use and location of the particular parcel of land. NOAA conducts its mission in ways that minimize environmental impacts, conserve natural and cultural resources, and provide effective stewardship of the environment.

NOAA's policy is for all personnel and affiliates to conduct their activities in a manner that complies with all applicable environmental requirements and to cooperate with federal, state, and local agencies (NOAA Administrative Order 216-17A, *NOAA Environmental Compliance Program*). NOAA disposes of land based on 41 CFR, Subtitle C, Part 102-75, *Real Property Disposal.* In special cases, specific legislation may also provide disposal authority for and direct the disposal of a particular location/site.

Stewardship Land

NOAA's stewardship land supports its mission by serving as sites for NOAA's operations, including for facilities and offices, observatories, laboratories, and rookeries. NOAA's stewardship land held largely consists of operational land in Fairbanks, AK for the site of the National Environmental Satellite, Data, and Information Service's Office of Satellite and Product Operations Gilmore Creek. The Fairbanks Command and Data Acquisition Station (campus) is NOAA's primary satellite ground station for downloading data from and sending commands to polar orbiting satellites. NOAA's stewardship land under the conservation and preservation category largely includes five rookeries in St. Paul, AK, and also includes eight rookeries in St. George, AK.

See the *Stewardship Property, Plant, and Equipment* note to the financial statements (Note 23) for more information on the composition of NOAA's stewardship land and for information on NOAA's real property community policies and procedures for stewardship land.

The following table summarizes NOAA's land and permanent land rights under the General PP&E and Stewardship categories as of October 1, 2022, September 30, 2023, and September 30, 2024:

NOAA Estimated Acreage by Predominant Use

	October 1, 2022	September 30, 2023	September 30, 2024
General PP&E Land Held			
Operational	2,148	2,148	2,143
Conservation and Preservation	–	–	–
Total Estimated Number of Acres	2,148	2,148	2,143
General PP&E Land Held for Disposal or Exchange (also included in the balances above)			
Operational	4	7	4
Conservation and Preservation	–	–	–
Total Estimated Number of Acres	4	7	4
General PP&E Permanent Land Rights			
Operational	128	124	124
Conservation and Preservation	–	–	–
Total Estimated Number of Acres	128	124	124
Stewardship Land Held			
Operational	7,961	7,961	7,960
Conservation and Preservation	1,955	1,955	1,955
Total Estimated Number of Acres	9,916	9,916	9,915
Stewardship Permanent Land Rights			
Operational	–	–	–
Conservation and Preservation	75	75	75
Total Estimated Number of Acres	75	75	75

NTIA General PP&E Land:

NTIA's General PP&E land held consists of operational land for its facilities located north of Boulder, CO. The Department's Table Mountain Field Site and Radio Quiet Zone, located north of Boulder, CO, supports the fundamental research activities of NTIA's Institute for Telecommunication Sciences, NOAA, NIST, NTIA, and the U.S. Geological Survey (U.S. Department of the Interior). The property was originally leased by the Boulder laboratories in 1954 for the purpose of performing radio experiments and was subsequently purchased by the government in 1961.

Essential features of the site include:

- Homogeneous underlying soils
- Special purpose laboratory facilities
- Buried cabling and utilities to minimize radiated noise and interference
- Radio quiet zone protection by both state and federal laws from strong, external signals

These unique characteristics make the site ideal for sensitive radio or electromagnetic experiments, by federal agencies and Cooperative Research and Development Agreement partners as well as for applications needing low vibration and unobstructed views of the sky. Additionally, the measurements collected at the site provide valuable historical data against which new measurements may be compared. Responsibility for the management of the site property resides with NTIA's Director for the Institute for Telecommunication Sciences.

The following table summarizes NTIA's land under the General PP&E category as of October 1, 2022, September 30, 2023, and September 30, 2024:

NTIA Estimated Acreage by Predominant Use

	October 1, 2022	September 30, 2023	September 30, 2024
General PP&E Land Held			
Operational	1,704	1,704	1,704
Total Estimated Number of Acres	1,704	1,704	1,704

NIST General PP&E Land:

NIST is the sole national institute and one of the premier international agencies dedicated to metrological research (measurement science). Having unique and discrete, special purpose research facilities interspersed amid sufficient acreage is critical to ensure the necessary environmental vibration isolation is present and available to conduct increasingly and ever-exacting scientific research that assures authority and traceability of all NIST published standards and data upon which academia, commerce, and industry depend. NIST's ownership of land and facilities has proven essential so that long-term research experiments are not threatened with the need to be coordinated with typical real property lease cycles. The NIST Organic Act allows NIST to acquire land for facilities that are necessary to meet its mission.

NIST's land held and permanent land rights are for the General PP&E category under the operational and conservation and preservation land subcategories. NIST's operational subcategory includes land held for its campuses including the Gaithersburg campus in Gaithersburg, MD for its laboratories and support facilities; Fort Collins campus in Fort Collins, CO for the Fort Collins Active Radio Station and support facilities; Boulder campus in Boulder, CO for the laboratories and support facilities; and the Erie campus in Erie, CO transferred in from NOAA during FY 2022 for future use. NIST's conservation and preservation subcategory includes land held for its Boulder campus for protected area and related permanent land rights consisting of shares and water rights for the privately-owned Anderson Ditch which crosses through the Boulder campus.

NIST utilizes NIST P 2100.00, *Facilities and Site Management* for maintaining and preserving its campuses and the privately-owned Anderson Ditch which crosses through the Boulder campus. The Gaithersburg and Fort Collins campuses and the Anderson Ditch have been either listed (Gaithersburg campus) or are eligible for listing in the National Register of Historic Properties—all proposed changes to grounds 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. NIST utilizes NIST S 2103.05, *Acquisition and Disposal of Real Property*, for the acquisition and disposal of land in support of NIST's mission.

The following table summarizes NIST's land and permanent land rights under the General PP&E category as of October 1, 2022, September 30, 2023, and September 30, 2024:

NIST Estimated Acreage by Predominant Use

	October 1, 2022	September 30, 2023	September 30, 2024
General PP&E Land Held			
Operational	1,187	1,187	1,187
Conservation and Preservation	104	104	104
Total Estimated Number of Acres	1,291	1,291	1,291
General PP&E Permanent Land Rights			
Operational	–	–	–
Conservation and Preservation	–[1]	–[1]	–[1]
Total Estimated Number of Acres	–	–	–

[1] *NIST's permanent land rights under the conservation and preservation subcategory are for water rights—6.25 shares and water rights to Anderson Ditch which crosses through NIST's Boulder campus.*

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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: Jill Baisinger, Acting Inspector General, (202) 794-7788

DATE: October 16, 2024

CC: Don Graves, Deputy Secretary of Commerce
Chris Slevin, Chief of Staff
James Secreto, Deputy Chief of Staff
Tonya Williams, Chief of Staff
Brian Epley, Chief Information Officer
Jeremy Pelter, Deputy Assistant Secretary for Administration, performing the non-exclusive functions and duties of the Chief Financial Officer and Assistant Secretary for Administration
Patrick Sweeney, Commander
Operating Unit Heads
Operating Unit Audit Liaisons

RE: **Statement of the Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2025**
Report No. OIG-25-001

The Office of Inspector General is required to report annually the most serious management and performance challenges facing the U.S. Department of Commerce and to briefly assess progress in addressing those challenges.[1] Pursuant to the same statute, the Inspector General's statement summarizing those challenges is to be included in the Department's *Annual Financial Report*.

In keeping with these requirements, I have attached to this statement the final report on the Department's top management and performance challenges for fiscal year 2025. In summary, the report identifies three overarching challenge areas as well as specific issues associated with those broad topics.

- **Challenge Area 1: Modernizing Technology and Systems**
  - Maximizing Cybersecurity and IT Security
  - Modernizing IT Systems and Operations
  - Integrating AI and Other Emerging Technologies Safely

[1] 31 U.S.C. § 3516(d).

- **Challenge Area 2: Providing Core Services and Data**
    - Ensuring Secure, Fair International Trade
    - Maintaining and Improving NOAA Operations and Services
    - Safeguarding Intellectual Property and Fostering Innovation
    - Ensuring Quality Population Data
- **Challenge Area 3: Managing Spending**
    - Strengthening Oversight in Response to Dramatic Growth
    - Strengthening Oversight of the Hollings MEP Program
    - Managing Major Broadband Grant Programs
    - Managing and Overseeing CHIPS Funding
    - Overseeing the NPSBN Program
    - Overseeing NIST Facility Improvement Project Contracts

We will continue to inform the Department's decision makers of areas for improvement identified through our audits and investigations so that timely corrective actions can be taken. We will also identify, as appropriate, progress made by the Department in these areas.

We appreciate the cooperation we have received from the Department. If you have any questions about this report or wish to discuss our conclusions, please contact me at (202) 794-7788.

The complete OIG Report, *Top Management and Performance Challenges Facing the Department of Commerce in FY 2025* is published and available at: *https://www.oig.doc.gov/reports/?entry=8658*

Summary of Financial Statement Audit and Management Assurances

Presented below is a summary of financial statement audit and management assurances for FY 2024. Table 1 relates to the Department's FY 2024 financial statement audit, which resulted in an unmodified opinion with two material weaknesses. 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
PP&E and Heritage Assets	1	0	1	0	0
Financial Reporting at NOAA	0	1	0	0	1
Manual Journal Entries at NOAA	0	1	0	0	1
Total Material Weaknesses	1	2	1	0	2

Table 2. Summary of Management Assurances

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA § 2)						
Statement of Assurance:	Modified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Financial Reporting and Journal Entries at NOAA	0	1	0	0	0	1
Total Material Weaknesses	0	1	0	0	0	1
EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA § 2)						
Statement of Assurance:	Modified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Financial Reporting and Journal Entries at NOAA	0	1	0	0	0	1
Total Material Weaknesses	0	1	0	0	0	1
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

Payment Integrity Information Act of 2019

The *Payment Integrity Information Act of 2019*, Public Law 116-117 (PIIA) was signed into law on March 2, 2020, with the intention of improving efforts to identify and reduce government-wide improper payments. PIIA repealed prior key improper payment legislation such as: the Improper Payments Information Act of 2002, the Improper Payments Elimination and Recovery Act of 2010, and the Improper Payments Elimination and Recover Improvement Act of 2012, among others. PIIA requires executive agencies to do the following:

1. Publish payment integrity information with the agency's Agency Financial Report (AFR) for the most recent fiscal year and post the AFR and accompanying materials required by the Office of Management and Budget (OMB) on the agency's website.

2. Conduct improper payment risk assessments for each program with annual outlays greater than $10 million at least once in the last three years and adequately conclude whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.[1]

3. Publish improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the AFR.

4. Publish corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the AFR.

5. Publish an improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the AFR, demonstrate payment integrity improvements or reach a tolerable improper payment and unknown payment rate, and develop a plan to meet the improper payment and unknown payment reduction target(s).

6. Report an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the AFR.

Currently, only requirements 1 and 2 are applicable to the Department of Commerce as the Department only has programs/activities in Phase 1 status; none of the Department's programs/activities are in Phase 2 status.

[1] Public Law 116-117, 31 U.S.C. § 3352(a)(3)(A), 134 Stat. 113, 115. Programs are considered to be above the statutory threshold if they are reporting improper payments and unknown payments above (1) $10 million and 1.5 percent of the program's total annual outlays or (2) $100 million.

Improper Payment Risk Assessments

Each of the Department's bureaus/reporting entities periodically completes or updates, over a one to three-year period, improper payments risk assessments covering all of its programs/activities as required by OMB Circular A-123, Appendix C. These improper payments risk assessments of the entity's programs/activities also incorporate improper payment risk assessments every three years of the control, procurement, and grants management environments.

In FY 2024, the Department and its bureaus completed 27 program/activity improper payment risk assessments. None of the risk assessments indicated that the programs/activities were likely to be susceptible to significant improper payments and, therefore, remained in Phase 1 status.

Overpayments Identified and Recaptured

The Department's bureaus report improper payments and related recaptures information (recaptures information for improper payments of $10 thousand or more) to the Department's Office of Financial Management (OFM) on a quarterly basis. OFM then tracks the improper payments of $10 thousand or more that have not been fully recaptured, and periodically requests updates from the responsible bureaus.

In FY 2024, the Department's programs/activities reported $33.6 million in overpayments and $31.5 million in recaptures. $32.1 million, 1.1 million, and $398 thousand of the overpayments stemmed from grants, payroll, and contracts, respectively.

Departmental Payment Integrity Information Included In Paymentaccuracy.gov

The U.S. Department of the Treasury, in coordination with the U.S. Department of Justice and OMB, established the PaymentAccuracy.gov website, located at *https://paymentaccuracy.gov*, to create a centralized location to publish information about U.S. government improper payments. The website 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. PaymentAccuracy.gov also contains the Department's data for overpayments identified in FY 2024 and overpayments verified as recaptured in FY 2024, as discussed above.

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 2024 adjustments for inflation to CMPs and the resulting inflation-adjusted CMP levels (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 December 27, 2023 (Vol. 88, No. 247, *Rules and Regulations*, pages 89300-89303). These adjustments for inflation to CMPs and the resulting inflation-adjusted CMP levels, which became effective on January 15, 2024, are also available at the Department's website at *https://www.commerce.gov/ofm/publications*.

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

To promote the efficient administration of grants programs, OMB requires that significant reporting entities with federal grants programs must submit a brief high-level summary of expired, but not closed, federal grants and cooperative agreements (awards).

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).

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, in FY 2024, NOAA was in the process of completing a parallel migration to the National Institutes of Health's grants management system, eRA, and the Department's new core financial management system, Business Application Solution (BAS). Due to technical issues with the automated deobligation process experienced during the migration, NOAA did not deobligate funds or close any awards with remaining balances in FY 2024. The automated deobligation process is expected to be implemented by the end of first quarter FY 2025.

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 meetings for review and analysis.

The table below summarizes the Department's total number of grant and cooperative agreement awards and balances as of September 30, 2024 for which closeout has not yet occurred but for which the period of performance has elapsed by two years or more.

(Numbers of Agreements in Actual Amounts; Dollars in Thousands)

Category	Period of Performance has Expired as of September 30, 2024		
	Closeout Lapse of at Least Two Years and up to Three Years	Closeout Lapse of More Than Three Years and up to Five Years	Closeout Lapse of More Than Five Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	138	13	7
Number of Grants/Cooperative Agreements with Undisbursed Balances	51	2	1
Total Dollar Amount of Undisbursed Balances	$10,081	$174	$18

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 dated July 25, 2024, *Preparation, Submission, and Execution of the Budget)*.

In December 2015, Congress passed the Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016 (Division B of the Consolidated Appropriations Act, 2016, Public Law 114-113), which required the Department to report undisbursed balances in expired grant accounts. OMB Memorandum M-16-18 dated July 15, 2016, *Financial and Performance Reporting on Undisbursed Balances in Expired Grant Accounts*, requires this information to be included each year until instructed otherwise if the requirement is included in subsequent fiscal years' appropriations acts.

The table on the following pages presents, for each applicable budget account as of September 30, 2024, 2023, and 2022, the number of expired grant awards with undisbursed obligations, the number of undisbursed obligations relating to expired grant awards, and the total unobligated balance in the budget account. 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, 2024			As of September 30, 2023			As of September 30, 2022		
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
Census Bureau	0450	Periodic Censuses and Programs	–	$ –	$ 517,933	–	$ –	$ 571,886	1	$ 182	$ 493,366
EDA	2050	Economic Development Assistance Programs	10	668	555,748	16	6,340	1,242,402	–	–	–
ITA	1250	Operations and Administration	6	424	74,214	1	285	88,680	–	–	–
MBDA	0201	Minority Business Development	85	4,925	24,206	15	2,638	13,463	15	3,144	106,565
NIST	0500	Scientific and Technical Research and Services		5,885	556,960		8,543	704,524		3,430	562,971
	0513	Wireless Innovation Fund		–	1,235		1,218	343		1,360	43
	0525	Industrial Technology Services		9,540	7,427,343		52	6,404,142		5,954	4,517,634
	4650	Working Capital Fund		342	214,544		2,400	179,216		1,384	189,322
	Subtotal		102	15,767	8,200,082	185	12,213	7,288,225	210	12,128	5,269,970
NOAA	1450	Operations, Research, and Facilities		87,778	1,460,715		46,468	3,005,696		36,729	3,656,219
	1451	Expenses, Pacific Coastal Salmon Recovery		1,554	657		284	7,828		411	205
	1455	Gulf Coast Ecosystem Restoration Science, Observation, Monitoring and Technology		48	1,334		109	417		135	1,766
	1460	Procurement, Acquisition, and Construction		3,467	892,167		638	1,536,112		284	1,150,438
	2055	Fisheries Disaster Assistance		16,400	126,872		2,072	500,287		99	307,231

(continued on next page)

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(Numbers in Actual Amounts; Dollars in Thousands)

Bureau	Budget Account		As of September 30, 2024			As of September 30, 2023			As of September 30, 2022		
	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		$ 279	$ 212,942		$ 115	$ 214,001		$ 5	$ 202,833
	5139	Promote and Develop Fishery Products and Research Pertaining to American Fisheries		918	6,972		308	392		278	729
	5284	Limited Access System Administration Fund		408	18,490		357	16,691		–	18,946
	5362	Environmental Improvement and Restoration Fund		801	6,829		–	–		600	–
	5598	North Pacific Fishery Observer Fund		1	298		–	–	–	–	–
	Subtotal		2,217	111,654	2,727,276	563	50,351	5,281,424	488	38,541	5,338,367
NTIA	0516	State and Local Implementation Fund		–	18,928		–	18,922		–	18,915
	0551	Public Telecommunication Facilities, Planning and Construction		–	1,199		–	1,199		–	1,199
	0561	Connecting Minority Communities Fund		305	7,157		–	–		–	–
	0563	Digital Equity		2,862	1,536,866		4,315	1,032,420		–	–
	5396	Digital Television Transition and Public Safety Fund		–	–		–	1,349		1,036	124
	Subtotal		25	3,167	1,564,150	6	4,315	1,053,890	1	1,036	20,238
Total			**2,445**	**$ 136,605**	**$13,663,609**	**786**	**$ 76,142**	**$15,539,970**	**715**	**$ 55,031**	**$11,228,506**

Climate-Related Financial Risk

In accordance with the requirements of President Biden's January 28, 2021, Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*, the Department of Commerce was required to develop an adaptation and resilience plan to address the Department's most significant climate risks and vulnerabilities. The Department released its Climate Action Plan for Adaption and Resilience on October 7, 2021, and the plan is published at *https://www.sustainability.gov/pdfs/doc-2021-cap.pdf.* The Department completed a Progress Report to its Climate Action Plan as of June 30, 2022, which was released on October 6, 2022, and is available at *https://www.sustainability.gov/pdfs/doc-2022-cap.pdf*. As discussed in the MD&A portion of this report, the Department completed a new Climate Adaption Plan for FY 2024–2027, which was released on June 20, 2024 and is available at at *https://www.sustainability.gov/pdfs/doc-2024-cap.pdf.*

As a member of the National Climate Task Force (NCTF), designated in Executive Order 14008, the Secretary of Commerce and heads of bureaus are committed to further integrate climate change adaptation and resilience into all aspects of the Department's planning and operations through transparent decision-making and management of resources, both human and capital. Through the NCTF, Department-level town-halls, meetings with Department and bureau leadership, and enhanced training for employees on climate change adaptation and resilience, the Secretary has set a standard for climate literacy within the Department. Bureaus also have additional programs to increase staff literacy and capacity for services delivery. For example, the National Oceanic and Atmospheric Administration's National Weather Service (NWS) hosts the Professional Development Series in Climate Services, which includes online distance learning modules on climate variability and changes, NWS climate data and products, and climate communication and outreach practices.

In the last two years, the Department has submitted internal to the federal government, Strategic Sustainability Plans to the White House Council on Environmental Quality and OMB describing Department-specific annual targets to meet the larger federal sustainability targets for carbon pollution-free electricity use, net-zero emissions buildings, and zero emissions vehicles. In addition, the Department is developing a resilience framework that will provide guidance on resilience assessments and leverage Department capabilities. This guidance will help operating units further invest in adaptation and resilience planning to address the long-term impacts of climate change. This could involve changes in infrastructure, policies, and procedures to ensure the workforce is better prepared for evolving climate hazards. The Resilience Framework will also provide guidance to leverage the Department's expertise, while prioritizing collaboration, literacy, equity, and funding for resilience building. The draft Framework and Departmental Administrative Order were drafted in FY 2024 and will go through the approval process to be implemented in FY 2025.

APPENDIX

(Unaudited)

Glossary of Acronyms

Abbreviation	Title
A **ADA**	Antideficiency Act
AFR	Agency Financial Report
AGA	Association of Government Accountants
AI	Artificial Intelligence
APG	Agency Priority Goal
APPR	Annual Performance Plan and Report
ASR	Annual Strategic Review
B **BAS**	Business Application Solutions
BBBRC	Build Back Better Regional Challenge (EDA)
BEA	Bureau of Economic Analysis
BEAD	Broadband Equity, Access, and Deployment (a NTIA program)
BI	Business Intelligence
BIS	Bureau of Industry and Security
BRS	Blended Retirement System (NOAA Corps)
C **CBS**	Commerce Business Systems
CDA	Command and Data Acquisition (NOAA)
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)
CFR	Code of Federal Regulations
CFO/ASA	Chief Financial Officer/Assistant Secretary for Administration (DM)
CHIPS	Creating Helpful Incentives to Produce Semiconductors
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)
CTP	Corporation for Travel Promotion (Disclosure Entity)
CX	Customer Experience
D **DATA Act**	Digital Accountability and Transparency Act of 2014
DM	Departmental Management
DM&R	Deferred Maintenance and Repairs
DoE	U.S. Department of Energy
DOL	U.S. Department of Labor

	Abbreviation	Title
E	**E2**	Electronic Travel System, version 2 (travel management system)
	EDA	Economic Development Administration
	ERM	Enterprise Risk Management
	ESPC	Energy Savings Performance Contract
	Evidence Act	Foundations for Evidence-Based Policymaking Act of 2018
F	**FAPOD**	Financial Assistance Policy and Oversight Division (OAM)
	FASAB	Federal Accounting Standards Advisory Board
	FBwT	Funds Balance with Treasury
	FCA	Facility Condition Assessment (NIST and NOAA DM&R)
	FCC	Federal Communications Commission
	FCI	Facility Condition Index (NIST DM&R)
	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)
	FFMIA	Federal Financial Management Improvement Act of 1996
	FFP	Firm-Fixed-Price
	FirstNet	First Responder Network Authority (an independent authority within NTIA)
	FITARA	Federal Information Technology Acquisition Reform Act
	FKNMS	Florida Keys National Marine Sanctuary (NOAA)
	FMFIA	Federal Managers' Financial Integrity Act of 1982
	FWC	Future Workers' Compensation (benefits; Actuarial FECA Liability)
	FY	Fiscal Year ended September 30
G	**GAAP**	Generally Accepted Accounting Principles
	GAO	U.S. Government Accountability Office
	GenAI	Generative Artificial Intelligence
	GPRAMA	Government Performance and Results Modernization Act of 2010
	GSA	U.S. General Services Administration
H	**HISP**	High Impact Service Providers
	HUP	Historically Underpopulated Population
I	**ICOOS Act**	Integrated Coastal and Ocean Observation System Act of 2009
	IFQ	Individual Fishing Quota (Fisheries Finance IFQ loans, a NOAA direct loan program)
	IIJA	Infrastructure Investment and Jobs Act
	IOOS	U.S. Integrated Ocean Observing System
	IP	Intellectual Property
	IT	Information Technology
	ITA	International Trade Administration

Abbreviation	Title
K KPI	Key Performance Indicator
M MEP	Manufacturing Extension Partnership (NIST)
MD&A	Minority Business Development Agency
MD&A	Management's Discussion and Analysis
N N/A	Not Applicable
NAPMB	National Advanced Packaging Manufacturing Program (NIST)
NCTF	National Climate Task Force
NEF	Nonrecurring Expenses Fund (DM)
NERR	National Estuarine Research Reserves
NESDIS	National Environmental Satellite, Data, and Information Service (NOAA)
NIST	National Institute of Standards and Technology
NMFS	National Marine Fisheries Service (NOAA)
NOAA	National Oceanic and Atmospheric Administration
NOFO	Notice of Funding Opportunities
NOI	Notice of Intent
NPSBN	Nationwide Public Safety Broadband Network
NRHP	National Register of Historic Places
NTIA	National Telecommunications and Information Administration
NTIS	National Technical Information Service
NWS	National Weather Service (NOAA)
O OAM	Office of Acquisition Management (DM)
OAR	Office of Oceanic and Atmospheric Research (NOAA)
OCIO	Office of Chief Information Officer (DM)
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
P P3	Public–Private Partnership
PIIA	Payment Integrity Information Act of 2019
PMA	President's Management Agenda
PMT	Preliminary Memorandum of Terms
PP&E	Property, Plant, and Equipment
PPA	Prompt Payment Act
PRV	Plant Replacement Value

Abbreviation	Title
R **R&D**	Research and Development
RA	Regional Association (Disclosure P3s – NOAA)
RCOS	Regional Coastal Observing System (Disclosure P3s – NOAA)
RPMD	Real Property Management Division (NOAA)
S **SBIR**	Small Business Innovation Research
SBR	Combined Statement of Budgetary Resources
SCNP	Consolidated Statement of Changes in Net Position
SES	Senior Executive Service
SF 425	Standard Form 425, *Federal Financial Report*
SFFAS	Statement of Federal Financial Accounting Standards (FASAB)
T **TBCP**	Trial Broadband Connectivity Program (NTIA)
Tech Hub	Technology Hub
TPA	Travel Promotion Act of 2009
Treasury	U.S. Department of the Treasury
TSP	Thrift Savings Plan
U **U.S.C.**	United States Code
UESC	Utility Energy Service Contract
USACE	U.S. Army Corps of Engineers
USPTO	U.S. Patent and Trademark Office
W **WIPO**	World Intellectual Property Organization
Z **ZTA**	Zero Trust Architecture

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Certificate of Excellence in Accountability Reporting

In May 2024, 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 2023 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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