U.S. COMMODITY FUTURES TRADING COMMISSION
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TO: Heath P. Tarbert, Chairman
Brian D. Quintenz, Commissioner
Rostin Behnam, Commissioner
Dawn Stump, Commissioner
Dan Berkovitz, Commissioner

FROM: Miguel A. Castillo, *CPA, CRMA*
Assistant Inspector General for Auditing

DATE: November 13, 2020

SUBJECT: CFTC Financial Statements Audit: Fiscal Year (FY) 2020

Annually the Office of the Inspector General (OIG) engages an independent public accountant (IPA) to perform a required audit of the Commodity Futures Trading Commission's (CFTC) financial statements. We contracted Allmond & Company, LLC (Allmond & Co.) to audit the financial statements of the CFTC as of September 30, 2020, and for the year then ended, to provide negative assurance on internal control and compliance with laws and regulations for financial reporting. We required that the audit be done in accordance with U.S. Generally Accepted Government Auditing Standards (GAGAS).

In its audit, Allmond & Co. found:

- The financial statements were fairly presented, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles;

- No deficiencies in internal control over financial reporting that are considered to be material or significant; and

- One reportable instance of noncompliance (and potential Anti-Deficiency) pending completion of an internal management review. CFTC did not freeze the pay of certain senior official pursuant to an FY 2014 government wide appropriation provision that has remained in each subsequent appropriation including its FY 2018 appropriation. During FY 2020, there were no employees who fell into this category.

In a separate management letter, Allmond & Co. also highlighted improvements needed in maintaining time and attendance records and made several recommendations. The matter was informative and not considered to be a material weakness or significant deficiency. Management did not concur with the recommendations.

In connection with the contract, we reviewed Allmond & Company's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with GAGAS, was not intended to enable us to express, and we do not express, opinions on CFTC's financial statements or internal control over financial reporting, or conclusions on whether CFTC's financial management systems substantially complied with FFMIA requirements, or on compliance with laws and other matters. Allmond & Co. is responsible for the attached auditor's report dated November 6, 2020 and the conclusions expressed therein. However, our review disclosed no instances where Allmond & Co. did not comply, in all material respects, with GAGAS.

Attached is a copy of Allmond & Co.'s unmodified (clean) opinion and management letter, and the financial statements of the CFTC. Please call me if any questions at (202) 418-5084.

Cc:

Jamie Klima, Chief of Staff
Kevin S. Webb, Chief of Staff
John Dunfee, Chief of Staff
Daniel Bucsa, Chief of Staff
Erik Remmler, Chief of Staff
Anthony C. Thompson, Chief Management Officer
Joel Mattingley, Chief Financial Officer
Keith A. Ingram, Accounting Officer
John Rogers, Senior Advisor
A. Roy Lavik, Inspector General
Judith A. Ringle, Deputy Inspector General and Chief Counsel

A/C

ALLMOND & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

Chairman and Inspector General of
U.S. Commodity Futures Trading Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the U. S. Commodity Futures Trading Commission (CFTC), which comprise the balance sheets as of September 30, 2020 and 2019; the related statements of net cost, changes in net position, custodial activity, and budgetary resources for the fiscal years then ended, and the related notes to the financial statements (hereinafter referred to as the financial statements).

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the fiscal years 2020 and 2019 financial statements of CFTC based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Commodity Futures Trading Commission as of September 30, 2020 and 2019, and its net costs of operations, changes in net position, custodial activity, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the *Message from the Chairman*, *Management and Discussion Analysis* section, and *Other Accompanying Information* section of this report is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of CFTC's financial statements. However, we did not audit this information and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

Internal Control over Financial Reporting

In planning and performing our audit of CFTC's financial statements as of and for the year ended September 30, 2020, in accordance with generally accepted government auditing standards, we considered CFTC's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CFTC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CFTC's internal control over financial reporting. We limited internal control testing to those necessary to achieve the objectives described in OMB Bulletin No. 19-03. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

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

Our consideration of internal control over financial reporting was for the limited purpose as described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our fiscal year 2020 audit we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CFTC's fiscal year 2020 financial statements are free of material misstatements, we performed tests of CFTC's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, which noncompliance could have a direct and material effect on the determination of material amounts and disclosures in CFTC's financial statements, and certain provisions of other laws specified in OMB Bulletin No. 19-03. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance as described in the preceding paragraph, disclosed an instance of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 19-03 and which is described in Exhibit I.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by Government Auditing Standards section is solely to describe the scope of our testing of internal control and compliance with selected provision of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of CFTC's internal control or on compliance. This communication is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal controls and compliance with laws, regulations, contracts, and grant agreements which could have a material effect on CFTC's financial statements. Accordingly, this communication is not suitable for any other purpose.

Allmond & Company, LLC

November 6, 2020
Lanham, MD

Potential Anti-deficiency Act (ADA) violation

One management review is ongoing within the agency, which has or may identify an ADA violation, as follows:

- In FY 2014, CFTC did not freeze the pay of certain senior officials pursuant to an FY 2014 government wide appropriation provision that has remained in each subsequent appropriation through FY 2018 appropriation. This issue is under management review.

Title 31 U.S. Code (U.S.C.) Section 1517 *Prohibited Obligations and Expenditures* states:

(a) An officer or employee of the United States Government or of the District of Columbia government may not make or authorize an expenditure or obligation exceeding –

(1) An apportionment; or
(2) The amount permitted by regulations prescribed under section 1514(a) of this title.

(b) If an officer or employee of an executive agency or of the District of Columbia government violates subsection (a) of this section, the head of the executive agency or the Mayor of the District of Columbia, as the case may be, shall report immediately to the President and Congress all relevant facts and a statement of actions taken. A copy of each report shall also be transmitted to the Comptroller General on the same date the report is transmitted to the President and Congress.

Recommendation: We recommend that CFTC's management complete the investigation into the potential ADA violation noted and report to the appropriate parties, as necessary.

MANAGEMENT'S RESPONSE

Management concurs with the recommendation.

The following table provides the fiscal year (FY) 2019 status of all recommendations included in the Independent Auditors' Report on the Commodity Futures Trading Commission's FY 2019 Financial Statements (November 7, 2019).

FY 2020 Finding	FY 2020 Recommendation	FY 2020 Status
Potential Anti-Deficiency Act Violation	**Recommendation:** Complete the investigation into the potential ADA violation noted and report to the appropriate parties, as necessary.	Open

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MANAGEMENT LETTER REPORT

Chairman and Inspector General of
U.S. Commodity Futures Trading Commission:

We audited the U.S. Commodity Futures Trading Commission (CFTC) financial statement as of September 30, 2020 and 2019 and issued our report dated November 6, 2020 to CFTC under separate cover.

In planning and performing our audit, we considered CFTC's internal controls to determine auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls. Though not considered to be a material weakness or significant deficiency, we noted additional matters involving internal control that is presented in this letter for CFTC's management's attention and consideration.

The purpose of this report is solely for the information and use of CFTC management. We appreciate your assistance and cooperation during the audit and look forward to serving you in the near future.

Sincerely,

Allmond & Company, LLC

Lanham, MD
November 6, 2020

Allmond & Company audited the balance sheet of the U.S. Commodity Futures Trading Commission (CFTC) as of September 30, 2020 and 2019, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements (the consolidated financial statements). We noted one matter involving internal control in CFTC's operations that we think warrant management's attention; however, this issue was not considered either a significant deficiency or a material weakness.

Under standards issued by the American Institute of Certified Public Accountants, 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 misstatement on a timely basis. A material weakness is a deficiency, or combination of deficiencies, 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 the attention by those charged with governance. However, we noted the following deficiency during our audit:

1. Improvements needed in maintaining Time and Attendance records. This condition is discussed in detail in the finding outlined below:

FINDING 1: Improvements Needed in Maintaining Time and Attendance Records

CONDITION

Improvements are needed in CFTC's procedures for submitting and approving Time and Attendance records. During our review of eighty-nine Time and Attendance (T&A) records for the period October 01, 2019 to September 30, 2020, we identified the following test-work exception:

One instance where 40 hours of vacation leave was taken without written Requests for Leave and Approval to support the leave taken on the employee T&A report.

CRITERIA

1. Section IV. D, Responsibility of Employees, of the Commodity Futures Trading Commission (CFTC) Instruction 461-1, Revision 3, Absence Leave Directive, states:

> Employees who wish to take annual leave are required to obtain approval from their immediate supervisor in advance:
>
> 1. For substantial amounts of leave, the notification should be well in advance of the desired period of leave in order that the supervisor may make proper arrangements to cover the employee's work.
> 2. In emergency situations when it is not possible to get advance permission, employees must notify their supervisors as soon as possible.
> 3. The supervisor will determine whether the absence is justified and either approve or disapprove the leave.

.

2. The Office of Personnel and Management (OPM) Fact Sheet: Annual Leave (General Information) states:

> “Employees should request annual leave in a timely manner, and supervisors should provide timely responses to employees' requests.
>
> When an employee makes a timely request for leave, the supervisor must either approve the request or schedule the leave at the time requested by the employee or, if that is not possible because of project related deadlines or the agency's workload, must schedule it at some other time.”:

3. The FY 2020 CFTC Human Resources Cycle Memo in Section E. iv. states: “In advance of their sick or annual leave, employees may submit a leave request electronically in webTA. There are many different means an employee can request and a supervisor can approve a request for leave given today’s technology (e.g., phone call, text message, e-mail, forms). Every pay period, employees attest that the timecard is accurate when validating and supervisors certify that the timecard is accurate and both are accountable for their attestation and certification.

   For each sick or annual leave request, the employee’s supervisor approves the requests in a variety of formats and certifies that the timecard is accurate.

4. The Government Accountability Office (GAO) Internal Control Standards GAO-*03-352G T&A Guidance (Maintaining Effective Control over Employee Time and Attendance Reporting)* states: The supervisor has primary responsibility for authorizing and approving T&A transactions. Supervisors and timekeepers should be aware of the work time and absence of employees for whom they are responsible. To help ensure proper recording of T&A information, completed T&A records should be reviewed and approved on an appropriate basis by the supervisor (or other equivalent official). It further states that the nature and extent of T&A approvals should be such that management has assurance that supervisors or other authorized officials know they are accountable for the approval of an employee’s work time and absences. Supervisory authorization and approval is a key part of ensuring the propriety of T&A information. The supervisor or other authorized official should review and authorize employee’s planned work schedules and applications for leave, and review and approve employee submissions of actual time worked and leave taken, as well as information in T&A reports, and any adjustments or corrections to T&A records. Approval of leave should be made by the employee’s supervisor, or other designated approving official, before the leave is taken.

5. The Government Accountability Office (GAO) *14-704G*, *Standards for Internal Control in the Federal Government*, states: “Internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination. The documentation should appear in management directives, administrative policies, or operating manuals and may be in paper or electronic form. All documentation and records should be properly managed and maintained.

CAUSE

Supporting documentation was not provided that evidenced the employee submitted a Leave Request in any format that is required by CFTC and obtained supervisor approval before proceeding on the leave.

EFFECT

Failure to properly record time and attendance increases the risk of misstatements in payroll expense and related liabilities.

RECOMMENDATION

We recommend that CFTC's management:

1. Review its current policies and procedures related to preparation, submission and approval of Requests for Leave to ensure that they are aligned with OPM's and GAO's requirements.

2. Provide training to employees and supervisors on the process of preparing and approving Requests for Leave and how to verify that the leave that appears on the Time and Attendance Report has an accompanying approved leave request prior to approving employees' T&A's in webTA.

3. Coordinate with the service provider to enable the Time and Attendance system to prevent the supervisors from being able to approve T&A's when a Validation Warning appears on the T&A report

MANAGEMENT RESPONSE

Management does not concur with the recommendation.

AUDITORS' RESPONSE

We will conduct follow-up procedures in FY 2021 to determine whether corrective actions have been developed and implemented.

COMMODITY FUTURES TRADING COMMISSION

FY 2020

Financial Statements and Notes as of and for the Years Ended September 30, 2020 and 2019

Statement Run Date: 10/22/2020 9:07:28 AM

Version - 02

Prepared by:
CFTC Accounting Office

Financial Highlights

The following chart is an overview of the Commission's financial position, preceding a discussion of the agency's financial highlights for fiscal year 2020:

		2020		2019
CONDENSED BALANCE SHEETS				
Fund Balance with Treasury	$	103,929,404	$	86,407,483
Investments		117,000,000		141,300,000
Accounts Receivable, Net		52,632		54,582
Prepayments		5,347,975		5,693,295
Custodial Receivables, Net		623,333,958		51,364,449
General Property, Plant and Equipment, Net		25,096,671		29,738,196
TOTAL ASSETS	$	874,760,640	$	314,558,005
Accounts Payable	$	8,202,137	$	21,419,590
FECA Liabilities		597,032		564,109
Accrued Payroll and Annual Leave		26,182,754		19,885,383
Custodial Liabilities		623,333,958		51,364,449
Deposit Fund Liabilities		514,025		445,754
Deferred Lease Liabilities		18,650,707		21,494,054
Liability for Whistleblower Awards		3,627,027		20,280,146
Total Liabilities	$	681,107,640	$	135,453,485
Unexpended Appropriations - All Other Funds	$	86,262,124	$	58,465,701
Cumulative Results of Operations - Funds from Dedicated Collections		117,027,972		125,439,162
Cumulative Results of Operations - All Other Funds		(9,637,096)		(4,800,343)
Total Net Position	$	193,653,000	$	179,104,520
TOTAL LIABILITIES AND NET POSITION	$	874,760,640	$	314,558,005
CONDENSED STATEMENTS OF NET COST				
Gross Costs	$	301,322,839	$	301,553,671
Earned Revenue		(37,373)		(248,915)
TOTAL NET COST OF OPERATIONS	$	301,285,466	$	301,304,756
NET COST BY STRATEGIC GOAL				
Goal One - Market Integrity and Transparency	$	71,313,241	$	67,476,123
Goal Two - Financial Integrity and Avoidance of Systemic Risk		96,045,472		90,364,976
Goal Three - Comprehensive Enforcement		119,182,541		129,854,799
Goal Four - Domestic and International Cooperation and Coordination		14,744,212		13,608,858
TOTAL NET COST OF OPERATIONS	$	301,285,466	$	301,304,756

Figure 1: Financial Summary

PRINCIPAL FINANCIAL STATEMENTS
Commodity Futures Trading Commission
BALANCE SHEETS
As of September 30, 2020 and 2019

		2020		2019
ASSETS				
Intragovernmental:				
Fund Balance With Treasury (Note 2)	$	103,929,404	$	86,407,483
Investments (Note 3)		117,000,000		141,300,000
Accounts Receivable, Net (Note 4)		-		1,167
Prepayments (Note 1H)		3,150,153		2,663,914
Total Intragovernmental		224,079,557		230,372,564
Custodial Receivables, Net (Note 4)		623,333,958		51,364,449
Accounts Receivable, Net (Note 4)		52,632		53,415
General Property, Plant and Equipment, Net (Note 5)		25,096,671		29,738,196
Prepayments (Note 1H)		2,197,822		3,029,381
TOTAL ASSETS	$	874,760,640	$	314,558,005
LIABILITIES				
Intragovernmental:				
Accounts Payable	$	532,641	$	436,014
Custodial Liabilities		623,333,958		51,364,449
Employer Contributions and Payroll Taxes Payable		2,091,621		1,432,636
FECA Liabilities (Note 1N)		88,501		85,660
Total Intragovernmental		626,046,721		53,318,759
Accounts Payable		7,669,496		20,983,576
Actuarial FECA Liabilities (Note 1N)		508,531		478,449
Accrued Payroll		8,299,576		5,779,774
Annual Leave		15,791,557		12,672,973
Deferred Lease Liabilities (Note 7)		18,650,707		21,494,054
Liability for Whistleblower Awards (Note 8)		3,627,027		20,280,146
Deposit Fund Liabilities		514,025		445,754
Total Liabilities	$	681,107,640	$	135,453,485
Contingent Liabilities (Note 9)				
NET POSITION				
Unexpended Appropriations - All Other Funds	$	86,262,124	$	58,465,701
Cumulative Results of Operations - Funds from Dedicated Collections		117,027,972		125,439,162
Cumulative Results of Operations - All Other Funds		(9,637,096)		(4,800,343)
Total Net Position - Funds from Dedicated Collections (Note 12)		117,027,972		125,439,162
Total Net Position - All Other Funds		76,625,028		53,665,358
Total Net Position	$	193,653,000	$	179,104,520
TOTAL LIABILITIES AND NET POSITION	$	874,760,640	$	314,558,005

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

Commodity Futures Trading Commission
STATEMENTS OF NET COST
For the Years Ended September 30, 2020 and 2019

		2020		2019
NET COST BY GOAL				
GOAL ONE: MARKET INTEGRITY AND TRANSPARENCY				
Gross Costs	$	71,322,207	$	67,538,202
Less: Earned Revenue		(8,966)		(62,079)
NET COST OF OPERATIONS -- GOAL ONE	$	71,313,241	$	67,476,123
GOAL TWO: FINANCIAL INTEGRITY AND AVOIDANCE OF SYSTEMIC RISK				
Gross Costs	$	96,057,547	$	90,448,114
Less: Earned Revenue		(12,075)		(83,138)
NET COST OF OPERATIONS -- GOAL TWO	$	96,045,472	$	90,364,976
GOAL THREE: COMPREHENSIVE ENFORCEMENT				
Gross Costs	$	119,197,019	$	129,945,977
Less: Earned Revenue		(14,478)		(91,178)
NET COST OF OPERATIONS -- GOAL THREE	$	119,182,541	$	129,854,799
GOAL FOUR: DOMESTIC AND INTERNATIONAL COOPERATION AND COORDINATION				
Gross Costs	$	14,746,066	$	13,621,378
Less: Earned Revenue		(1,854)		(12,520)
NET COST OF OPERATIONS -- GOAL FOUR	$	14,744,212	$	13,608,858
GRAND TOTAL				
Gross Costs	$	301,322,839	$	301,553,671
Less: Earned Revenue		(37,373)		(248,915)
TOTAL NET COST OF OPERATIONS	$	301,285,466	$	301,304,756

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

Commodity Futures Trading Commission
STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2020 and 2019

2020	Dedicated Collections	All Other Funds	Consolidated Total
UNEXPENDED APPROPRIATIONS:			
BEGINNING BALANCES, OCTOBER 1 (Note 1X)	$ -	$ 61,509,442	$ 61,509,442
BUDGETARY FINANCING SOURCES:			
Appropriations Received	-	315,000,000	315,000,000
Other Adjustments (+/-)	-	(8,956,084)	(8,956,084)
Appropriations Used	-	(281,291,234)	(281,291,234)
Total Budgetary Financing Sources	-	24,752,682	24,752,682
TOTAL UNEXPENDED APPROPRIATIONS, SEPTEMBER 30	$ -	$ 86,262,124	$ 86,262,124
CUMULATIVE RESULTS OF OPERATIONS:			
BEGINNING BALANCES, OCTOBER 1	$ 125,439,162	$ (4,800,343)	$ 120,638,819
BUDGETARY FINANCING SOURCES:			
Appropriations Used	-	281,291,234	281,291,234
Nonexchange Interest Revenue (Note 3)	1,082,980	-	1,082,980
OTHER FINANCING SOURCES:			
Imputed Financing Sources (Note 1M)	-	5,663,309	5,663,309
Total Financing Sources	1,082,980	286,954,543	288,037,523
Net Cost of Operations	(9,494,170)	(291,791,296)	(301,285,466)
Net Change	(8,411,190)	(4,836,753)	(13,247,943)
TOTAL CUMULATIVE RESULTS OF OPERATIONS, SEPTEMBER 30	$ 117,027,972	$ (9,637,096)	$ 107,390,876
NET POSITION	$ 117,027,972	$ 76,625,028	$ 193,653,000

2019	Dedicated Collections	All Other Funds	Consolidated Total
UNEXPENDED APPROPRIATIONS:			
BEGINNING BALANCES, OCTOBER 1	$ -	$ 47,626,826	$ 47,626,826
BUDGETARY FINANCING SOURCES:			
Appropriations Received	-	268,000,000	268,000,000
Other Adjustments (+/-)	-	(4,032,357)	(4,032,357)
Appropriations Used	-	(253,128,768)	(253,128,768)
Total Budgetary Financing Sources	-	10,838,875	10,838,875
TOTAL UNEXPENDED APPROPRIATIONS, SEPTEMBER 30	$ -	$ 58,465,701	$ 58,465,701
CUMULATIVE RESULTS OF OPERATIONS:			
BEGINNING BALANCES, OCTOBER 1	$ 158,337,598	$ (783,772)	$ 157,553,826
BUDGETARY FINANCING SOURCES:			
Appropriations Used	-	253,128,768	253,128,768
Nonexchange Interest Revenue (Note 3)	3,206,457	-	3,206,457
OTHER FINANCING SOURCES:			
Imputed Financing Sources (Note 1M)	-	8,054,524	8,054,524
Total Financing Sources	3,206,457	261,183,292	264,389,749
Net Cost of Operations	(36,104,893)	(265,199,863)	(301,304,756)
Net Change	(32,898,436)	(4,016,571)	(36,915,007)
TOTAL CUMULATIVE RESULTS OF OPERATIONS, SEPTEMBER 30	$ 125,439,162	$ (4,800,343)	$ 120,638,819
NET POSITION	$ 125,439,162	$ 53,665,358	$ 179,104,520

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

Commodity Futures Trading Commission
STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2020 and 2019

	2020	2019
BUDGETARY RESOURCES		
Unobligated Balance from Prior Year Budget Authority, Net (Note 10A)	$ 28,143,967	$ 23,928,531
Appropriations	315,000,000	268,000,000
Spending Authority from Offsetting Collections	1,031,801	3,216,362
TOTAL BUDGETARY RESOURCES	$ 344,175,768	$ 295,144,893
STATUS OF BUDGETARY RESOURCES		
New Obligations and Upward Adjustments	$ 296,591,524	$ 268,029,495
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	143,318,572	142,982,838
Unapportioned, Unexpired Accounts	(103,626,536)	(126,714,806)
Unexpired Unobligated Balance, End of Year	39,692,036	16,268,032
Expired Unobligated Balance, End of Year	7,892,208	10,847,366
Unobligated Balance, End of Year (Total)	47,584,244	27,115,398
TOTAL BUDGETARY RESOURCES	$ 344,175,768	$ 295,144,893
OUTLAYS, NET		
Outlays, Net	$ 315,934,006	$ 260,156,840
Distributed Offsetting Receipts	(5,106)	(14,569)
AGENCY OUTLAYS, NET	$ 315,928,900	$ 260,142,271

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

Commodity Futures Trading Commission
STATEMENTS OF CUSTODIAL ACTIVITY
For the Years Ended September 30, 2020 and 2019

	2020	2019
TOTAL CUSTODIAL REVENUE		
SOURCES OF CASH COLLECTIONS:		
Registration and Filing Fees	$ 1,165,011	$ 2,243,849
Fines, Penalties, and Forfeitures	192,204,742	47,229,052
General Proprietary Receipts	5,106	14,569
Total Cash Collections	193,374,859	49,487,470
Change in Custodial Receivables	571,969,509	39,867,274
TOTAL CUSTODIAL REVENUE	$ 765,344,368	$ 89,354,744
DISPOSITION OF COLLECTIONS		
AMOUNTS TRANSFERRED TO:		
Department of the Treasury	$ (193,374,859)	$ (49,487,470)
Total Disposition of Collections	(193,374,859)	(49,487,470)
Change in Custodial Liabilities	(571,969,509)	(39,867,274)
NET CUSTODIAL ACTIVITY	$ -	$ -

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

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Fiscal Years Ended September 30, 2020 and 2019

Note 1 Summary of Significant Accounting Policies

A. Reporting Entity

The Commodity Futures Trading Commission (CFTC or Commission) is an independent agency of the executive branch of the Federal Government. Congress created the CFTC in 1974 under the authorization of the Commodity Exchange Act (CEA) with the mandate to regulate commodity futures and option markets in the United States. The agency's mandate was renewed and expanded under the Futures Trading Acts of 1978, 1982, and 1986; under the Futures Trading Practices Act of 1992; under the CFTC Reauthorization Act of 1995; under the Commodity Futures Modernization Act of 2000; and under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act, or the Act). Congress passed the Food, Conservation, and Energy Act of 2008, which reauthorized the Commission through FY 2013. In the absence of formal reauthorization, the CFTC has continued to operate through annual appropriations.

The CFTC is responsible for ensuring the economic utility of futures markets by encouraging their competitiveness and efficiency, ensuring their integrity, and protecting market participants against manipulation, abusive trade practices, and fraud.

On July 21, 2010, the Dodd-Frank Act was signed into law, significantly expanding the powers and responsibilities of the CFTC. According to Section 748 of the Act, there is established in the U.S. Department of the Treasury (Treasury) a revolving fund known as the CFTC Customer Protection Fund. The Customer Protection Fund shall be available to the Commission, without further appropriation or fiscal year limitation, for a) the payment of awards to whistleblowers; and b) the funding of customer education initiatives designed to help customers protect themselves against fraud or other violations of this Act or the rules and regulations thereunder.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations for the CFTC, as required by the Accountability of Tax Dollars Act of 2002. They are presented in accordance with the form and content requirements contained in OMB Circular A-136, *Financial Reporting Requirements,* as amended.

The principal financial statements have been prepared in all material respects from the agency's books and records in conformity with U.S. generally accepted accounting principles (GAAP), as prescribed for the Federal government by the Federal Accounting Standards Advisory Board (FASAB). The application and methods for applying these principles are appropriate for fairly presenting the entity's assets, liabilities, financial position, net cost of operations, changes in net position, budgetary resources, and custodial activities. Accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

The books and records of the agency served as the source of information for preparing the financial statements in the prescribed formats. All agency financial statements and reports used to monitor and control budgetary resources are prepared from the same books and records. The statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity.

The Balance Sheets present the financial position of the agency. The Statements of Net Cost present the agency's operating results; the Statements of Changes in Net Position display the changes in the agency's equity accounts. The Statements of Budgetary Resources present the sources, status, and uses of the agency's resources and follow the rules for the Budget of the U.S. Government. The Statements of Custodial Activity present the sources and disposition of collections for which the CFTC is the fiscal agent, or custodian, for the Treasury General Fund Miscellaneous Receipt accounts.

Throughout these financial statements, assets, liabilities, revenues and costs have been classified according to the type of entity with whom the transactions were made. Intragovernmental assets and liabilities are those from or to other federal entities. Intragovernmental earned revenues are collections or accruals of revenue from other federal entities, and intragovernmental costs are payments or accruals to other federal entities. The CFTC does not transact business among its own operating units, and therefore, intra-entity eliminations were not needed.

C. Budgetary Resources and Status

The CFTC is funded through congressionally approved appropriations. The CFTC is responsible for administering the salaries and expenses of the agency through the execution of these appropriations.

Congress annually enacts appropriations that provide the CFTC with the authority to obligate funds within the respective fiscal year for necessary expenses to carry out mandated program activities. All appropriations are subject to quarterly apportionment as well as Congressional restrictions.

The CFTC's budgetary resources for FY 2020 consist of:

- Unobligated balances of resources brought forward from the prior year,
- Recoveries of obligations made in prior years, and
- New resources in the form of appropriations and spending authority from offsetting collections.

Unobligated balances associated with resources expiring at the end of the fiscal year remain available for five years after expiration only for upward adjustments of prior year obligations, after which they are canceled and may not be used. All unused monies related to canceled appropriations are returned to Treasury and the canceled authority is reported on the Statements of Budgetary Resources and the Statements of Changes in Net Position.

D. Entity and Non-Entity Assets

Assets consist of entity and non-entity assets. Entity assets are those assets that the CFTC has authority to use for its operations. Non-entity assets are those held by the CFTC that are not available for use in its operations. Non-entity assets held by the CFTC include deposit fund balances, custodial fines, interest, penalties, and administrative fees receivable.

E. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the CFTC's funds with Treasury in general, receipt, revolving, and deposit fund accounts. Appropriated funds recorded in general fund expenditure accounts are available to pay current liabilities and finance authorized purchases. Custodial collections recorded in the deposit fund and miscellaneous receipts accounts of the Treasury are not available for agency use. At fiscal year-end, receipt account balances are returned to Treasury or transferred to the Customer Protection Fund.

The CFTC does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand. Spending authority from offsetting collections is recorded in the agency's expenditure account and is available for agency use subject to certain limitations.

F. Investments

The CFTC has the authority to invest amounts deposited in the Customer Protection Fund in short-term market-based Treasury securities. Market-based Treasury securities are debt securities that the Treasury issues to Federal entities without statutorily determined interest rates. Although the securities are not marketable, the terms (prices and interest rates) mirror the terms of marketable

Treasury securities. Investments are carried at their historical cost basis which approximates fair value due to their short-term nature.

Interest earned on the investments is a component of the Fund and is available to be used for expenses of the Customer Protection Fund. Additional details regarding Customer Protection Fund investments are provided in Note 3.

G. Accounts Receivable, Net

Accounts receivable consists of amounts owed by other federal agencies and the public to the CFTC and is valued net of an allowance for uncollectible amounts. The allowance is based on past experience in the collection of receivables and analysis of the outstanding balances. Accounts receivable primarily arise from the Civil Monetary Sanctions program, reimbursable operations, and earned refunds.

H. Prepayments

Payments to federal and non-federal sources in advance of the receipt of goods and services are recorded as prepayments and recognized as expenses when the related goods and services are received. Intragovernmental prepayments reported on the Balance Sheet were made primarily to the U.S. Department of Interior for contract support. Prepayments to the public were primarily for software maintenance and subscription services.

I. General Property, Plant and Equipment, Net

Furniture, fixtures, equipment, information technology hardware and software, and leasehold improvements are capitalized and depreciated or amortized over their useful lives.

The CFTC capitalizes assets annually if they have useful lives of at least two years and an individual value of $25,000 or more. Bulk or aggregate purchases are capitalized when the individual useful lives are at least two years and the purchase is a value of $25,000 or more. Property, plant and equipment that do not meet the capitalization criteria are expensed when acquired. Depreciation for equipment and amortization for software is computed on a straight-line basis using a 5-year life. Leasehold improvements are amortized over the remaining life of the lease. The Commission's assets are valued net of accumulated depreciation or amortization.

J. Liabilities

The CFTC's liabilities consist of actual and estimated amounts that are likely to be paid as a result of transactions covered by budgetary resources for which Congress has appropriated funds or funding, or are otherwise available from reimbursable transactions to pay amounts due.

Liabilities include those covered by budgetary resources in existing legislation, those not requiring budgetary resources, and those not yet covered by budgetary resources. The CFTC liabilities not requiring budgetary resources include deferred lease liabilities, deposit funds, and custodial revenue deemed collectible but not yet collected at fiscal year-end. Liabilities that are not yet covered by budgetary resources but will require budgetary resources in the future include:

- Intragovernmental Federal Employees' Compensation Act (FECA) liabilities,
- Annual leave benefits that will be funded by annual appropriations as leave is taken,
- Actuarial FECA liabilities,
- Liability for whistleblower awards,
- Contingent liabilities, and
- Advances received for reimbursable services yet to be provided.

K. Accounts Payable

Accounts payable consists primarily of contracts for goods or services, such as operating leases, leasehold improvements, software development, information technology, telecommunications, and consulting and support services.

L. Accrued Payroll and Benefits and Annual Leave Liability

The accrued payroll liability represents amounts for salaries and benefits owed for the time since the payroll was last paid through the end of the reporting period. Total accrued payroll is composed of amounts to be paid to CFTC employees as well as the related intragovernmental payable for employer contributions and payroll taxes. The annual leave liability is the amount owed to employees for unused annual leave as of the end of the reporting period. At the end of each quarter, the balance in the accrued annual leave account is adjusted to reflect current balances and pay rates. Sick leave and other types of non-vested leave are expensed as taken.

The agency's employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect to either join FERS and Social Security or remain in CSRS.

For employees under FERS, the CFTC contributes an amount equal to one percent of the employee's basic pay to the tax deferred Thrift Savings Plan and matches employee contributions up to an additional four percent of pay. FERS and CSRS employees can contribute a portion of their gross earnings to the plan up to Internal Revenue Service limits; however, CSRS employees receive no matching agency contribution.

M. Retirement Plans and Other Employee Benefits

The CFTC imputes costs and the related financing sources for its share of retirement benefits accruing to its past and present employees that are in excess of the amount of contributions from the CFTC and its employees, which are mandated by law. The Office of Personnel Management (OPM), which administers federal civilian retirement programs, provides the cost information to the CFTC. The CFTC recognizes the full cost of providing future pension and Other Retirement Benefits (ORB) for current employees as required by Statement of Federal Financial Accounting Standards (SFFAS) 5, *Accounting for Liabilities of the Federal Government*.

Full costs include pension and ORB contributions paid out of the CFTC's appropriations and costs financed by OPM. The amount financed by OPM is recognized as an imputed financing source. Reporting amounts such as plan assets, accumulated plan benefits, or unfunded liabilities, if any, is the responsibility of OPM.

Liabilities for future pension payments and other future payments for retired employees who participate in the Federal Employees Health Benefits Program and the Federal Employees Group Life Insurance Program are reported by OPM rather than CFTC.

N. FECA Liabilities

FECA provides income and medical cost protections to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (DOL), which pays valid claims against the CFTC and subsequently seeks reimbursement from the CFTC for these paid claims. Accrued FECA liabilities represent amounts due to DOL for claims paid on behalf of the agency.

In addition, the Commission's actuarial FECA liability represents the liability for future workers compensation benefits, which includes the expected liability for death, disability, medical, and miscellaneous costs for approved cases. The Commission records an estimate for the FECA actuarial liability using the DOL's FECA model. The model considers the average amount of benefit payments incurred by the Commission for the past three fiscal years, multiplied by the medical and compensation liability to benefits paid ratio for the whole FECA program.

O. Leases

The CFTC does not have any capital lease liabilities. The operating leases consist of commercial property for the CFTC's headquarters and regional offices. Lease expenses are recognized on a straight-line basis.

P. Deposit Funds

Deposit funds are expenditure accounts used to record monies that do not belong to the Federal government. They are held awaiting distribution based on a legal determination or investigation. The CFTC Deposit Fund is used to collect and later distribute collections of monetary awards to the appropriate victims as restitution. The cash collections recorded in this fund are offset by a Deposit Fund liability. Activities in this fund are not fiduciary in nature because they are not legally enforceable against the government.

Q. Net Position

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations are appropriations that have not yet been used to acquire goods and services or provide benefits. Appropriations are considered expended, or used, when goods and services have been acquired by the CFTC or benefits have been provided using the appropriation authority, regardless of whether monies have been paid or payables for the goods, services, or benefits have been established.

Cumulative results of operations represent the excess of budgetary or other financing sources over expenses since inception. Cumulative results of operations are derived from the net effect of capitalized assets, expenses, exchange revenue, and unfunded liabilities.

R. Revenues

The CFTC receives reimbursement and earns revenue for the following activities:

- Reimbursement for travel, subsistence, and related expenses from non-federal sources for attendance at meetings or similar functions that an employee has been authorized to attend in an official capacity on behalf of the Commission;
- Reimbursement for Intergovernmental Personnel Act Mobility Program assignments from state and local governments, institutions of higher education, and other eligible organizations for basic pay, supplemental pay, fringe benefits, and travel and relocation expenses; and

- Reimbursement from non-federal sources for registration fees to cover the cost of expenses related to the CFTC's annual International Regulators Conference.

S. Net Cost of Operations

Net cost of operations is the difference between the CFTC's expenses and its earned revenue. The presentation of program results by strategic goals is based on the CFTC's current Strategic Plan established pursuant to the Government Performance and Results Act of 1993 (GPRA).

The mission statement of the CFTC is to protect market users and the public from fraud, manipulation, and abusive practices related to the sale of commodity and financial futures and options, and to foster open, competitive, and financially sound futures and option markets. For FY 2020, the mission was accomplished through the following four strategic goals, each focusing on a vital area of regulatory responsibility:

- **Goal 1: Market Integrity and Transparency**. The focus of Market Integrity and Transparency is to recognize that derivatives markets provide a means for market users to offset price risks inherent in their businesses and to serve as a public price discovery mechanism.

- **Goal 2: Financial Integrity and Avoidance of Systemic Risk**. The focus of Financial Integrity and Avoidance of Systemic Risk is to strive to ensure that Commission-registered derivatives clearing organizations, swap dealers, major swap participants, and futures commission merchants have the financial resources, risk management systems and procedures, internal controls, customer protection systems, and other controls necessary to meet their obligations so as to minimize the risk that the financial difficulty of any of these registrants, or any of their customers has systemic implications.

- **Goal 3: Comprehensive Enforcement.** Through the goal of Comprehensive Enforcement, the CFTC enforces the CEA and Commission regulations, and works to promote awareness of and compliance with these laws.

- **Goal 4: Domestic and International Cooperation and Coordination.** Domestic and International Cooperation and Coordination focuses on how the Commission interacts with domestic and international regulatory authorities, market participants, and others affected by the Commission's regulatory policies and practices.

To advance its mission goals and objectives, the CFTC will achieve Commission-wide excellence by empowering strong, enterprise-focused leaders, maintaining a high-performing and engaged workforce, and ensuring effective stewardship of resources.

T. Custodial Activity

The CFTC collects penalties and fines levied against firms for violation of laws as described in the CEA as codified at 7 U.S.C. § 1, *et seq*, and the Commodities Futures Modernization Act of 2000, Appendix E of Public Law 106-554, 114 Stat. 2763. Unpaid fines, penalties and accrued interest are reported as custodial receivables, with an associated custodial liability. The receivables and the liability are reduced by amounts determined to be uncollectible. Revenues earned and the losses from bad debts are reported to Treasury.

Collections made by the CFTC during the year are deposited and reported into designated Treasury miscellaneous receipt accounts for:

- Registration and filing fees,
- Fines, penalties and forfeitures, and
- General proprietary receipts.

At fiscal year-end, custodial collections made by the CFTC are either returned to Treasury or when determined eligible, transferred to the Customer Protection Fund. The CFTC does not retain any amount for custodial activities including reimbursement of the cost of collection.

U. Use of Management Estimates

The preparation of the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, expenses, and custodial activities. Actual results could differ from these estimates.

V. Reconciliation of Net Outlays and Net Cost of Operations

In accordance with OMB Circular A-136, the Commission reconciles its budgetary outlays with its net cost of operations.

W. Funds from Dedicated Collections

The Customer Protection Fund was established to operate a whistleblower program and support customer education initiatives. See Note 1A for a description of the purpose of the Customer Protection Fund and its authority to use revenues and other financing sources. Deposits into the

Customer Protection Fund are credited from monetary sanctions collected by the Commission in a covered judicial or administrative action where the full judgment is in excess of $1,000,000 and the collection is not otherwise distributed to victims of a violation of the Dodd-Frank Act or the underlying rules and regulations, unless the balance of the Customer Protection Fund at the time the monetary judgment is collected exceeds $100 million. No new legislation was enacted as of September 30, 2020, that significantly changed the purpose of the fund or redirected a material portion of the accumulated balance.

X. Cancellation of Deficient Fund Balance

Following guidance from the U.S. Office of Management and Budget and the U.S. Department of the Treasury, the beginning balances of Unexpended Appropriations and Unobligated Balances differ from the prior year ending balance by $3,043,741 due to the cancellation of the 2013/2014 salaries and expenses fund with a deficient fund balance as of September 30, 2019. This fund was deficient due to a transfer error that occurred in FY 2015.

Note 2 Fund Balance with Treasury

A. Reconciliation to Treasury

There are no differences between the fund balances reflected in the CFTC Balance Sheets and the balances in the Treasury accounts.

B. Fund Balance with Treasury

Fund Balance with Treasury as of September 30, 2020, and 2019, consisted of the following:

	2020	2019
Unobligated Fund Balance		
Available	$ 26,998,826	$ 2,299,197
Unavailable	7,904,486	10,821,543
Obligated Balance Not Yet Disbursed	68,512,067	72,840,989
Non-Budgetary Fund Balance with Treasury	514,025	445,754
TOTAL FUND BALANCE WITH TREASURY	$ 103,929,404	$ 86,407,483

Obligated and unobligated balances reported for the status of Fund Balance with Treasury differ from the amounts reported in the Statement of Budgetary Resources due to the fact that budgetary balances are supported by amounts other than Fund Balance with Treasury. These amounts include Customer Protection Fund investments, uncollected payments from Federal sources, and unfunded lease obligations.

Note 3 Investments

The CFTC invests amounts deposited in the Customer Protection Funds in overnight short-term Treasury securities. Treasury overnight certificates of indebtedness are issued with a stated rate of interest to be applied to their par amount, mature on the business day immediately following their issue date, are redeemed at their par amount at maturity, and have interest payable at maturity.

The overnight certificates are Treasury securities whose interest rates or prices are determined based on the interest rates or prices of Treasury-related financial instruments issued or trading in the market, rather than on the interest rates or prices of outstanding marketable Treasury securities. The Commission may invest in other short-term or long-term Treasury securities at management's discretion.

The Commission's investments as of September 30, 2020, and 2019, were $117,000,000 and $141,300,000, respectively. Related nonexchange interest revenue for the years ended September 30, 2020, and 2019, was $1,082,980 and $3,206,457, respectively.

Intragovernmental Investments in Treasury Securities

The Federal Government does not set aside assets to pay future claims or other expenditures associated with funds from dedicated collections deposited into the Customer Protection Fund. The dedicated cash receipts collected by the Commission as a result of monetary sanctions are deposited in the Treasury, which uses the cash for general Government purposes. As discussed above and in Note 1F, the Commission invests the majority of these funds in Treasury securities. These Treasury securities are an asset of the Commission and a liability of the Treasury. Because the Commission and the Treasury are both components of the Government, these assets and liabilities offset each other from the standpoint of the Government as a whole. For this reason, the investments presented by the Commission do not represent an asset or a liability in the U.S. Government-wide financial statements.

Treasury securities provide the Commission with authority to draw upon the Treasury to pay future claims or other expenditures. When the Commission requires redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same manner in which the Government finances all expenditures.

Note 4 Accounts Receivable, Net

Accounts receivable consist of amounts owed the CFTC by other Federal agencies and the public. Accounts receivable are valued at their net collectible values. Non-custodial accounts receivable are primarily for overpayments of expenses to other agencies, or vendors, and repayment of employee benefits. Historical experience has indicated that most of the non-custodial receivables are collectible and that there are no material uncollectible amounts.

Custodial receivables (non-entity assets) are those for which fines and penalties have been assessed and levied against businesses or individuals for violations of the CEA or Commission regulations. Violators may be subject to a variety of sanctions including fines, injunctive orders, bars or suspensions, rescissions of illegal contracts, and disgorgements.

An allowance for uncollectible accounts has been established and included in accounts receivable on the balance sheets. Although historical experience has indicated that a high percentage of custodial receivables prove uncollectible, the Commission determines the collectability of each individual judgment based on knowledge of the financial profile of the debtor obtained through the course of the investigation and litigation of each case, including efforts to identify and freeze assets at the beginning of cases, when any remaining assets are most likely to be recoverable. Accounts are re-estimated quarterly based on account reviews and the agency's determination that changes to the net realizable value are needed.

Accounts receivable, net consisted of the following as of September 30, 2020, and 2019:

	2020	2019
Custodial Receivables, Net:		
Civil Monetary Penalties, Fines, and Administrative Fees	$ 770,558,920	$ 207,552,850
Civil Monetary Penalty Interest	1,683,400	1,942,550
Registration and Filing Fees	1,539,855	1,346,286
Less: Allowance for Loss on Penalties, Fines, and Administrative Fees	(148,609,005)	(157,522,132)
Less: Allowance for Loss on Interest	(1,676,140)	(1,932,727)
Less Allowance for Loss on Registration and Filing Fees	(163,072)	(22,378)
TOTAL CUSTODIAL RECEIVABLES, NET	$ 623,333,958	$ 51,364,449
Other Accounts Receivable	52,632	54,582
TOTAL ACCOUNTS RECEIVABLE, NET	$ 623,386,590	$ 51,419,031

Note 5 General Property, Plant and Equipment, Net

Property, Plant and Equipment as of September 30, 2020, and 2019, consisted of the following:

2020 Major Class	Service Life and Method	Cost	Accumulated Amortization/ Depreciation	Net Book Value
Equipment	5 Years/Straight Line	$ 42,630,427	$ (35,707,899)	$ 6,922,528
IT Software	5 Years/Straight Line	29,742,235	(27,158,953)	2,583,282
Software in Development	Not Applicable	5,370,715	-	5,370,715
Leasehold Improvements	Remaining Life of Lease/Straight Line	31,292,870	(21,072,724)	10,220,146
TOTAL GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET		$ 109,036,247	$ (83,939,576)	$ 25,096,671

2019 Major Class	Service Life and Method	Cost	Accumulated Amortization/ Depreciation	Net Book Value
Equipment	5 Years/Straight Line	$ 41,114,736	$ (31,499,908)	$ 9,614,828
IT Software	5 Years/Straight Line	29,684,602	(25,290,789)	4,393,813
Software in Development	Not Applicable	3,170,786	-	3,170,786
Leasehold Improvements	Remaining Life of Lease/Straight Line	31,292,870	(18,734,101)	12,558,769
TOTAL GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET		$ 105,262,994	$ (75,524,798)	$ 29,738,196

Note 6 Liabilities not Covered by Budgetary Resources

As of September 30, 2020, and 2019, the following liabilities were not covered by budgetary resources:

	2020	2019
Liabilities Not Requiring Budgetary Resources:		
Intragovernmental - Custodial Liabilities	$ 623,333,958	$ 51,364,449
Deferred Lease Liabilities	18,650,707	21,494,054
Deposit Fund Liabilities	514,025	445,754
Total Liabilities Not Requiring Budgetary Resources	$ 642,498,690	$ 73,304,257
Other Liabilities Not Covered by Budgetary Resources:		
Intragovernmental - FECA Liabilities	$ 88,501	$ 85,660
Annual Leave	15,791,557	12,672,973
Actuarial FECA Liabilities	508,531	478,449
Liability for Whistleblower Awards	3,627,027	20,280,146
TOTAL LIABILITIES NOT COVERED BY BUDGETARY RESOURCES	$ 662,514,306	$ 106,821,485

Liabilities not covered by budgetary resources of $662,514,306 and $106,821,485 represent 97.27 and 78.86 percent of the Commission's total liabilities of $681,107,640 and $135,453,485 as of September 30, 2020, and 2019, respectively.

Note 7 Leases

The CFTC has operating leases in privately-owned buildings for its locations in Washington D.C., Chicago, New York, and Kansas City. The CFTC has no real property. Future estimated minimum lease payments are not accrued as liabilities and are expensed on a straight-line basis.

As of September 30, 2020, future estimated minimum lease payments continue through FY 2025 and are as follows:

Fiscal Year		Dollars
2021		21,312,686
2022		20,088,229
2023		17,880,606
2024		18,239,105
2025		18,603,371
Total Future Scheduled Rent Payments	$	96,123,997
Future Lease-Related Operating Costs *(Estimated)*		7,502,539
TOTAL FUTURE MINIMUM LEASE PAYMENTS	$	103,626,536

The amounts in the table above include the future minimum lease payments for the Commission's existing lease arrangements with non-federal parties described by location on the page below. In 2016, the Commission executed a memorandum of understanding with the General Services Administration (GSA) to address all of CFTC's future space needs. In its FY 2020 appropriation, the Commission received an additional $31,000,000 for move, replication, and related costs associated with replacement leases for the Commission's facilities. As these new leases are executed by GSA, the Commission will incorporate these new intragovernmental leases into its future estimated lease payments.

CFTC recognizes leases expenses on a straight-line basis because the Commission's lease payment amounts vary at negotiated times and reflect increases in rental costs, and in some cases, allowances or credits from landlords. Consistent with the utility of its office space, the Commission records deferred lease liabilities representing expense amounts in excess of payments to date. The deferred lease liabilities at September 30, 2020, and 2019, were $18,650,707 and $21,494,054, respectively.

The following table describes the Commission's existing lease arrangements for buildings and multifunction devices, including major asset categories by location and associated lease terms.

BUILDINGS (NON-FEDERAL)	
Location	*Lease Terms*
Washington, D.C.	Lease of office space from October 5, 1995, through September 30, 2025, subject to annual escalation amounts[1] and including allowances for leasehold improvements and rent offsets.
New York	Lease of office space from November 16, 2001, through April 30, 2022, with no escalation clauses or option to renew.
Kansas City	Lease of office space from April 1, 2011, through April 14, 2021, including allowances for leasehold improvements and rent offsets.
Chicago	Lease of office space from March 10, 2002, through June 30, 2022, including proportionate share of operating expenses and taxes for premises and allowances for leasehold improvements and rent offsets.

[1] If market rent were $100 per square foot with a 10 percent annual escalation and a $10 operating expense base, then 98 percent of the applicable market rent would be $98 per square foot with a 10 percent escalation and a $10 operating base.

MULTIFUNCTION DEVICES (FEDERAL)	
Location	*Lease Terms*
Washington, D.C., New York, and Kansas City	Two-year rental of multifunction printers through the U.S. Government Printing Office with three one-year options to renew.

Note 8 Liability for Whistleblower Awards

As mentioned in Note 1A, the Customer Protection Fund will be used to pay awards to whistleblowers if they voluntarily provide original information to the CFTC that leads to the successful enforcement by the CFTC of a covered judicial or administrative action in which monetary sanctions exceeding $1 million are imposed. Whistleblowers are entitled to appeal any decisions by the Commission in regards to claims made against the Fund.

At the time the whistleblower voluntarily provides information to CFTC, they have no guarantee or promise that the Commission will exchange funds in return for that information. In accordance with federal accounting standards, the Commission records liabilities for these nonexchange transactions when they are due and payable. The Commission therefore records a liability for pending whistleblower payment after the whistleblower has been formally notified of an award and the related sanction, or some portion thereof, has been collected. The liability will be paid when the appeal period has ended and the whistleblower has provided necessary banking information. As of September 30, 2020, and September 30, 2019, the Commission recorded liabilities for pending payments to whistleblowers of approximately $3,627,027 and $20,280,146, respectively. During FY 2020, the Commission disbursed $27,262,890 in whistleblower awards, which primarily consisted of approximately $20,261,000 from pending payments and $7,000,000 from accounts payable at the end of FY 2019. Accounts payable as of September 30, 2020, includes approximately $413,000 for awards that have been finalized as of the end of FY 2020.

In addition to the pending payments to whistleblowers, the Commission had 18 additional whistleblower claims currently under review as of September 30, 2020. These additional claims, depending on whether the whistleblowers are determined to be eligible for an award and the related sanctions have been collected, could result in total future payments ranging from $0 to $43,152,147.

Note 9 Contingent Liabilities

The CFTC records contingent liabilities for legal cases in which payment has been deemed probable and for which the amount of potential liability has been estimated, including judgments that have been issued against the agency and which have been appealed. Additionally, the Commission discloses legal matters in which an unfavorable outcome is reasonably possible. In FY 2020, the Commission was involved in one case where an unfavorable outcome is reasonably possible if the complainant proceeds to litigate. The potential loss in this case is estimated to be in excess of $63.0 thousand.

Note 10 Statements of Budgetary Resources

The Commission corrected a violation of the recording statute in FY 2016 by recording its obligations for all future building lease payments in accordance with OMB Circular A-11. The recording of these previously unrecorded obligations resulted in negative unobligated balances in its salaries and expenses general expenditure funds because budgetary resources have not been made available to the Commission to fund these multi-year leases (see the Combining Statements of Budgetary Resources in the Required Supplementary Information section immediately following the notes). The effect on the status of the Commission's budgetary resources and reconciliation to the U.S. Budget is detailed in the note disclosures below.

A. Net Adjustments to Unobligated Balance Brought Forward, October 1

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes such as canceled authority. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2020, and 2019, consisted of the following:

		2020		2019
Unobligated Balance Brought Forward, October 1	$	27,115,398	$	23,072,180
Cancellation of Deficient Fund Balance (Note 1X)		3,043,741		-
Recoveries of Prior Year Obligations		6,940,912		4,888,708
Other Changes in Unobligated Balance		(8,956,084)		(4,032,357)
UNOBLIGATED BALANCE FROM PRIOR YEAR BUDGET AUTHORITY, NET	$	28,143,967	$	23,928,531

B. Undelivered Orders

The amount of budgetary resources obligated for undelivered orders as of September 30, 2020, and 2019, consisted of the following:

		2020		2019
Undelivered Orders - Federal				
Paid	$	3,150,153	$	2,663,914
Unpaid		12,922,345		5,889,053
Total Undelivered Orders - Federal	$	16,072,498	$	8,552,967
Undelivered Orders - Non-Federal				
Paid	$	2,197,822	$	3,029,381
Unpaid		140,635,202		165,034,743
Total Undelivered Orders - Non-Federal	$	142,833,024	$	168,064,124
TOTAL UNDELIVERED ORDERS	$	158,905,522	$	176,617,091

The amount of undelivered orders represents the value of unpaid and paid obligations recorded during the fiscal year, and upward and downward adjustments of obligations that were originally recorded in a prior fiscal year. Non-federal unpaid undelivered orders include the Commission's unfunded future lease payments as of September 30, 2020, and 2019, as follows:

		2020		2019
Unfunded Lease Obligations Brought Forward, October 1	$	126,714,806	$	149,391,066
Change in Unfunded Lease Obligations		(23,088,270)		(22,676,260)
TOTAL REMAINING UNFUNDED LEASE OBLIGATIONS	$	103,626,536	$	126,714,806

C. Explanations of Differences between the Statement of Budgetary Resources and Budget of the United States Government

The CFTC had material differences between the amounts reported in the Statement of Budgetary Resources and the actual amounts reported in the Budget of the U.S. Government for FY 2019 related to unfunded lease obligations that are being funded each fiscal year through annual appropriations (see table below). These unfunded obligations will cease to be a reconciling difference when the last unfunded lease ends in FY 2025.

	Budgetary Resources
CFTC FY 2019 Statement of Budgetary Resources	$ 295,144,893
Less Amounts in Customer Protection Fund	(162,297,815)
Less Amounts in Expired Accounts	(12,042,941)
Less New Budget Authority Used to Liquidate Deficiencies	(22,676,260)
Plus Unfunded Lease Obligations Brought Forward, October 1	149,391,066
Plus Rounding to Nearest Million (+/-)	(518,943)
BUDGET OF THE U.S. GOVERNMENT	$ 247,000,000

The Budget of the U.S. Government with actual numbers for FY 2020 has not yet been published. The expected publish date is February 2021. A copy of the Budget may be obtained from OMB's website.

Note 11 Reconciliation of Total Net Cost of Operations to Net Outlays

The schedule presented in this note reconciles the Total Net Cost of Operations reported in the Statements of Net Cost with Net Outlays reported in the Statements of Budgetary Resources. Differences between net costs and net outlays are primarily the result of timing differences and paying for assets that are used over more than one reporting period.

	2020	2019
TOTAL NET COST OF OPERATIONS	$ 301,285,466	$ 301,304,756
Components of Net Cost That Are Not Part of Net Outlays:		
Depreciation and Amortization	$ (6,031,004)	$ (7,443,442)
Gain/(Loss) on Disposal	(412,170)	(91,859)
Increase/(Decrease) in Assets:		
Accounts Receivable	(1,950)	9,915
Decrease in Prepayments	(345,320)	-
(Increase)/Decrease in Liabilities:		
Accounts Payable	13,217,453	(10,843,948)
Salaries and Benefits	(3,178,787)	(1,138,692)
Liability for Whistleblower Awards	16,653,119	(15,366,271)
Contingent liabilities	-	38,696
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	(3,151,507)	(1,153,452)
Other Financing Sources:		
Federal employee retirement benefit costs paid by OPM and imputed to CFTC	(5,663,309)	(8,054,524)
Total Components of Net Cost That Are Not Part of Net Outlays	$ 11,086,525	$ (44,043,577)
Components of Net Outlays That Are Not Part of Net Cost:		
Acquisition of capital assets	$ 4,644,995	$ 4,572,624
Increase in Prepayments	-	1,547,869
Nonexchange Interest Revenue (excluding interest receivable)	(1,082,980)	(3,224,832)
Total Components of Net Outlays That Are Not Part of Net Cost	$ 3,562,015	$ 2,895,661
Outlays, Net	$ 315,934,006	$ 260,156,840
Distributed Offsetting Receipts	(5,106)	(14,569)
AGENCY OUTLAYS, NET	$ 315,928,900	$ 260,142,271

Note 12 Funds from Dedicated Collections

Funds from dedicated collections arise from disgorgement and penalty collections and are transferred to the Customer Protection Fund, established by the Dodd-Frank Act. The collections are transferred from the custodial receipt account if they are found to be eligible before the end of each fiscal year. In cases where the collection has been returned to Treasury, the Commission can recover the funds directly from Treasury. The collections will fund the Commission's whistleblower awards program and customer education initiatives.

The Dodd-Frank Act provides that whistleblower awards shall be paid under regulations prescribed by the Commission. An important prerequisite to implementation of the whistleblower awards program is the issuance of rules and regulations describing its scope and procedures. The Commission issued revised rules effective July 31, 2017.

No eligible collections have been transferred into the fund since it reached its legislative maximum during FY 2014. The following chart presents the Fund's balance sheets, statements of net costs, and statements of changes in net position as of and for the years ended September 30, 2020, and 2019:

		2020		2019
BALANCE SHEETS				
Fund Balance with Treasury	$	5,351,553	$	13,148,336
Investments		117,000,000		141,300,000
Accounts Receivable, Net		842		-
Prepayments		9,685		221,818
General Property, Plant and Equipment, Net		7,161		50,126
TOTAL ASSETS	$	122,369,241	$	154,720,280
Accounts Payable		1,234,029		8,670,172
Accrued Payroll		219,313		141,492
Accrued Annual Leave		260,900		189,308
Liability for Whistleblower Awards		3,627,027		20,280,146
Total Liabilities	$	5,341,269	$	29,281,118
Cumulative Results of Operations - Funds from Dedicated Collections		117,027,972		125,439,162
Total Net Position	$	117,027,972	$	125,439,162
TOTAL LIABILITIES AND NET POSITION	$	122,369,241	$	154,720,280
STATEMENTS OF NET COST				
Gross Costs	$	9,494,170	$	36,104,893
TOTAL NET COST OF OPERATIONS	$	9,494,170	$	36,104,893
STATEMENTS OF CHANGES IN NET POSITION				
Beginning Cumulative Results of Operations, October 1	$	125,439,162	$	158,337,598
Nonexchange Interest Revenue		1,082,980		3,206,457
Net Cost of Operations		(9,494,170)		(36,104,893)
Net Change		(8,411,190)		(32,898,436)
TOTAL NET POSITION, SEPTEMBER 30, 2020	$	117,027,972	$	125,439,162

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Commodity Futures Trading Commission
COMBINING STATEMENTS OF BUDGETARY RESOURCES BY MAJOR ACCOUNT
For the Years Ended September 30, 2020 and 2019

2020	Customer Protection Fund	Salaries and Expense	Information Technology	Combined
BUDGETARY RESOURCES				
Unobligated Balance from Prior Year Budget Authority, Net (Note 10A)	$ 143,572,792	$ (119,582,735)	$ 4,153,910	$ 28,143,967
Appropriations	-	315,000,000	-	315,000,000
Spending Authority from Offsetting Collections	1,019,085	12,716	-	1,031,801
TOTAL BUDGETARY RESOURCES	$ 144,591,877	$ 195,429,981	$ 4,153,910	$ 344,175,768
STATUS OF BUDGETARY RESOURCES				
New Obligations and Upward Adjustments	$ 26,250,571	$ 268,039,403	$ 2,301,550	$ 296,591,524
Unobligated Balance, End of Year				
Apportioned, Unexpired Accounts	118,341,306	24,972,265	5,001	143,318,572
Unapportioned, Unexpired Accounts	-	(103,626,536)	-	(103,626,536)
Unexpired Unobligated Balance, End of Year	118,341,306	(78,654,271)	5,001	39,692,036
Expired Unobligated Balance, End of Year	-	6,044,849	1,847,359	7,892,208
Unobligated Balance, End of Year (Total)	118,341,306	(72,609,422)	1,852,360	47,584,244
TOTAL BUDGETARY RESOURCES	$ 144,591,877	$ 195,429,981	$ 4,153,910	$ 344,175,768
OUTLAYS, NET				
Outlays, Net	$ 32,096,783	$ 256,483,379	$ 27,353,844	$ 315,934,006
Distributed Offsetting Receipts	-	(5,106)	-	(5,106)
AGENCY OUTLAYS, NET	$ 32,096,783	$ 256,478,273	$ 27,353,844	$ 315,928,900

2019	Customer Protection Fund	Salaries and Expense	Information Technology	Combined
BUDGETARY RESOURCES				
Unobligated Balance from Prior Year Budget Authority, Net (Note 10A)	$ 159,272,922	$ (143,858,784)	$ 8,514,393	$ 23,928,531
Appropriations	-	218,000,000	50,000,000	268,000,000
Spending Authority from Offsetting Collections	3,024,893	191,469	-	3,216,362
TOTAL BUDGETARY RESOURCES	$ 162,297,815	$ 74,332,685	$ 58,514,393	$ 295,144,893
STATUS OF BUDGETARY RESOURCES				
New Obligations and Upward Adjustments	$ 20,862,226	$ 195,322,004	$ 51,845,265	$ 268,029,495
Unobligated Balance, End of Period				
Apportioned, Unexpired Accounts	141,435,589	1,288,578	258,671	142,982,838
Unapportioned, Unexpired Accounts	-	(126,714,806)	-	(126,714,806)
Unexpired Unobligated Balance, End of Period	141,435,589	(125,426,228)	258,671	16,268,032
Expired Unobligated Balance, End of Period	-	4,436,909	6,410,457	10,847,366
Unobligated Balance, End of Period (Total)	141,435,589	(120,989,319)	6,669,128	27,115,398
TOTAL BUDGETARY RESOURCES	$ 162,297,815	$ 74,332,685	$ 58,514,393	$ 295,144,893
OUTLAYS, NET				
Outlays, Net	$ 10,345,063	$ 204,714,251	$ 45,097,526	$ 260,156,840
Distributed Offsetting Receipts	-	(14,569)	-	(14,569)
AGENCY OUTLAYS, NET	$ 10,345,063	$ 204,699,682	$ 45,097,526	$ 260,142,271