

UNITED STATES DEPARTMENT OF DEFENSE



AGENCY FINANCIAL REPORT

FISCAL YEAR 2021

DEPARTMENT OF DEFENSE AT A GLANCE

Brief History

In 1775, the Continental Congress established three Military Services—the Army, Navy, and Marine Corps—to wage the Revolutionary War. Following ratification of the Constitution of the United States, Congress formed the Department of War in 1789, to administer the Army, and the Department of the Navy in 1790. Also in 1790, Congress established the Revenue-Marine, the predecessor of today's Coast Guard (which is now part of the Department of Homeland Security during peacetime). The National Security Act of 1947 split the Department of War into the Department of the Army and the Department of the Air Force. Further, the law unified the leadership of all three Military Departments under the National Military Establishment (NME), led by a Secretary of Defense who would be advised by the Joint Chiefs of Staff (JCS). The JCS, in turn, received the statutory authority to establish what today are known as Combatant Commands.

The National Security Act Amendments of 1949 transformed the NME into the Department of Defense and created the position of the Chairman of the Joint Chiefs of Staff. Over time, the Department has consolidated certain common functions into Defense Agencies and Department of Defense Field Activities. In 2019, Congress established the newest Military Service, the Space Force, under the Department of the Air Force.



Gen. Bipin Rawat, Chief of Defence Staff of the Indian Armed Forces Participates in an Armed Forces Full Honors Wreath-Laying Ceremony at the Tomb of the Unknown Soldier. Photo by Elizabeth Frase

Headquarters

The Department of Defense is headquartered at the Pentagon, located in Arlington, Virginia. The Pentagon is one of the world's largest office buildings – it has 17.5 miles of hallways, three times the floor space of the Empire State Building, and houses about 26,000 employees.

Mission

To provide the military forces needed to deter war and protect the Nation's security.

Employees

The Department of Defense is the country's largest employer, with more than 2.1 million Military Service members and over 780 thousand civilian employees.

For Pentagon Tour information, click [here](#) | For information on the armed forces, click [here](#) | For information on military rank insignia, click [here](#)

The estimated cost of this report or study for the Department of Defense is approximately \$460,000 in Fiscal Years 2021 – 2022. This includes \$210,000 in expenses and \$249,000 in DoD labor.

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ABOUT THE DEPARTMENT OF DEFENSE AGENCY FINANCIAL REPORT

The United States Department of Defense (DoD) Agency Financial Report (AFR) for Fiscal Year (FY) 2021 provides an overview of the Department's financial information as well as preliminary summary-level performance results. The AFR demonstrates to Congress, the President, and the public the Department's commitment to its mission and to accountability and stewardship over the resources entrusted to it. This report satisfies the reporting requirements contained in the following legislation:

- Federal Managers' Financial Integrity Act (FMFIA) of 1982 – requires ongoing evaluations and reports of the adequacy of internal accounting and administrative controls, and whether financial management systems comply with federal financial management systems requirements;
- Chief Financial Officers (CFO) Act of 1990, as amended – established the position of Chief Financial Officer, requires audited financial statements for each major executive agency, and requires the Director of the Office of Management and Budget to prescribe the form and content of the financial statements;
- Federal Financial Management Improvement Act (FFMIA) of 1996 – requires financial statement audits to assess the compliance of an agency's financial management systems with Federal requirements, Federal accounting standards, and the United States Government General Ledger;
- Reports Consolidation Act of 2000 – permits agencies to consolidate certain statutorily required reports into a single annual report and requires certain information be contained in the consolidated report; and
- Payment Integrity Information Act (PIIA) of 2019 – requires agencies to improve their efforts to identify and reduce government-wide improper payments.

Pursuant to Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements, the Department produces two separate annual reports in lieu of a combined Performance and Accountability Report (PAR):

- An AFR, published in November 2021, which focuses primarily on financial results and a high-level discussion of performance results, and
- An Annual Performance Report (APR), published in February 2022, which details DoD strategic goals and performance measures and results.

WEBSITES AND MEDIA PLATFORMS

Media Platforms



-  @DeptofDefense (Twitter)
-  @DeptofDefense (Facebook)
-  @DeptofDefense (Instagram)
-  @DeptofDefense (YouTube)
-  @DeptofDefense (LinkedIn)

Subscribe to DoD RSS Feeds at <https://www.defense.gov/news/rss/>

Access DoD photos, videos, podcasts, and more at <https://www.dvidshub.net/>

News Services

DoD News is a news service provided by the Defense Media Activity, part of the Department of Defense. It delivers news stories, photos, video products and live broadcasts pertaining to the activities of senior defense leaders and U.S. military forces around the world via <https://www.defense.gov/News/>

American Forces Network (*AFN*) is Defense Media Activity's broadcast information service. It provides command information from all DoD levels to the authorized audience stationed outside of the U.S. and its territories and possessions. AFN is available through a variety of satellite-delivered and audio streaming services. Additionally, AFN directly serves 24 military communities in 11 countries with over-the-air radio service and is available to more than 200 U.S. Navy, Military Sealift Command, and U.S. Coast Guard vessels when they are underway outside the range of terrestrial U.S. broadcast signals.

Stars and Stripes is a DoD-authorized daily news and information media organization servicing the U.S. military community. Independent of interference from any outside chain of command, Stars and Stripes provides commercially available U.S. and world news and objective staff-produced stories relevant to the military community in a balanced, fair and accurate manner. Stars and Stripes is congressionally mandated to be governed by First Amendment principles, but it is part of the Defense Media Activity, retains its editorial independence and is congressionally mandated to be governed by First Amendment principles, but it is part of the Pentagon's Defense Media Activity.

Resources

<https://www.militaryonesource.mil/>

Provides robust online information and resources to connect Military Service members, their families, survivors, and the military community to a wide range of programs, services, and products developed for military life.

<https://nrd.gov/>

Provides a database of validated resources that supports recovery, rehabilitation, and reintegration for Military Service members, veterans, family members, and caregivers.

Opportunities

Join the Military
(<https://www.todaysmilitary.com/>)

DoD Civilian Careers
(<https://www.dodciviliancareers.com/>)

Contract Opportunities for Small Business
(<https://business.defense.gov/>)



COST BENEFIT OVERVIEW

DEPARTMENT OF THE ARMY

FY 2021 NET COST OF OPERATIONS (\$ IN THOUSANDS)

ARMY GENERAL FUND:	\$178,879,831
ARMY WORKING CAPITAL FUND:	\$774,706
U.S. ARMY CORPS OF ENGINEERS – CIVIL WORKS:	\$9,185,575

EXAMPLE ACTIVITIES SUPPORTING THE DOD MISSION:

- The U.S. Army participated in the 40th iteration of Exercise Cobra Gold, co-sponsored by the United States and the Kingdom of Thailand, to advance regional security in the Indo-Pacific and ensure effective responses to regional crises by emphasizing joint military training, civic action, humanitarian assistance, and disaster relief. Cobra Gold, which is one of the world's longest running international exercises, involved seven full participating nations—the United States, Thailand, South Korea, Malaysia, Japan, Indonesia, and Singapore—as well as observers and additional participants from other nations and organizations across the region.
- Almost 5,300 National Guard service members from 11 states provided humanitarian relief in Louisiana in response to Hurricane Ida. Guardsmen assisted first responders with generators, engineers, as well as 36 aircraft, 74 boats, and 198 high-water vehicles. They also opened more than 17 food and water distribution sites for hurricane victims, assisted with search and rescue efforts across 30 parishes, rescued over 400 people and pets, and cleared nearly 300 miles of routes littered with debris.
- The U.S. Army Operational Test Command - Airborne and Special Operations Test Directorate began operational testing on the Army's newest generation sniper system—the Mk 22 Precision Sniper Rifle (PSR). The PSR's modular nature allows it to be tailored to meet multiple mission requirements, as it can be configured for multiple calibers in the field without a high level of maintenance required to reconfigure. This will extend engagement ranges for both anti-material and anti-personnel target engagement, thereby keeping snipers safer, and provide airborne snipers with a more compact load during airborne infiltration operations without reducing their lethality.



Soldiers from 176th Engineer Brigade's 836th Sapper Company, Texas Army National Guard, under Task Force CHAOS, clear debris at Washington Elementary School in Thibodaux, La., during Hurricane Ida response Sept. 11, 2021. Air National Guard photo by Tech. Sgt. Agustin G. Salazar.



DEPARTMENT OF THE NAVY

FY 2021 NET COST OF OPERATIONS (\$ IN THOUSANDS)

NAVY GENERAL FUND:	\$164,879,952
NAVY WORKING CAPITAL FUND:	\$1,637,029
U.S. MARINE CORPS GENERAL FUND:	\$30,877,334

EXAMPLE ACTIVITIES SUPPORTING THE DOD MISSION:

- The Department of the Navy conducted numerous successful tests of their missile capabilities:
 - Launched the Naval Strike Missile from USS Gabrielle Giffords on March 19, 2021. The Naval Strike Missile is a long-range, precision strike weapon that flies at sea-skimming altitude, has terrain-following capability, and uses an advanced seeker for precise targeting. The successful launch demonstrates the value for long-range anti-ship cruise missiles aboard littoral combat ships.
 - Tested both stages of the Solid Rocket Motor—the first stage on May 27, 2021 and the second stage on August 25, 2021. The tests are a vital step in the development of a common hypersonic missile that will be fielded as part of the Navy's Conventional Prompt Strike capability and the Army's Long Range Hypersonic Weapon program.
 - Conducted a scheduled, two-missile test flight of unarmed life-extended Trident II missiles from USS Wyoming on September 17, 2021. The tests were not conducted in response to any ongoing world events or as a show of power, rather they served to evaluate and demonstrate the reliability of the Navy's sea-based strategic nuclear deterrent capabilities.
- USS Arlington deployed Sailors, Marines, and equipment to support the humanitarian assistance and disaster relief operation following a 7.2-magnitude earthquake that struck Haiti on August 14, 2021. The Arlington directly contributed to the U.S. Agency for International Development's distribution of almost 600,000 pounds of cargo to include food, medical supplies, and other critical relief supplies; the transportation of approximately 200 aid workers; and supplied 25,000 gallons of JP-5 aircraft fuel to support flight operations.
- USS Sioux City intercepted a go-fast vessel on September 19, 2021 in the Caribbean Sea, resulting in the detention of three suspected drug traffickers and the seizure of an estimated 497 kilograms of suspected cocaine having an estimated street value of \$20.7 million. This action was in support of the U.S. Southern Command's Enhanced Counter Narcotics Operations to increase the disruption of illegal drug trafficking, counter and degrade the capabilities of transnational criminal organizations, and save lives.



Information System Technician 3rd Class Riley Hightower works together with Haitians to load food into trucks at the Port of Jérémie, Haiti in support of a U.S. Agency for International Development (USAID) and Joint Task Force-Haiti humanitarian aid mission, Aug. 31, 2021. U.S. Navy photo by Mass Communication Specialist 2nd Class Jack D. Aistrup.



DEPARTMENT OF THE AIR FORCE

FY 2021 NET COST OF OPERATIONS (\$ IN THOUSANDS)

AIR FORCE GENERAL FUND:	\$200,477,467
AIR FORCE WORKING CAPITAL FUND:	(\$135,755)

EXAMPLE ACTIVITIES SUPPORTING THE DOD MISSION:

- In the span of 24 hours, the Department of the Air Force transformed Ramstein Air Base, Germany and Al Udeid Air Base, Qatar into the United States' two primary evacuation hubs for Operation Allies Refuge, the most expansive humanitarian airlift in American history. This initiative follows through on America's commitment to Afghan citizens who have helped the United States. The Air Force Office of Special Investigations played a critical role in this successful mission execution by facilitating and conducting the screening and processing of more than 60,000 individuals in the U.S. Air Forces Central Command area of responsibility and more than 35,000 in the U.S. Air Forces Europe-Air Forces Africa area of responsibility.
- The Air Force Global Strike Command concluded its divesture of 17 B-1B Lancer long-range bombers on September 23, 2021, leaving only 45 remaining in the active inventory. Beginning to retire these legacy bombers allows the Air Force to focus maintenance and depot-level manpower on the remaining aircraft and pave the way for the modernization efforts, including the B-21 Raider, to make the overall bomber fleet more lethal and capable.
- During FY 2021, the Department of the Air Force activated the final two commands of the U.S. Space Force:
 - The Space Systems Command, established on August 13, 2021, is responsible for developing and acquiring lethal and resilient space capabilities for warfighters by rapidly identifying, prototyping, fielding and sustaining innovative, space-based solutions to meet the demands of the DoD mission. Its functions include developmental testing, production, launch, on-orbit checkout and maintenance of USSF space systems, as well as oversight of Space Force science and technology activities.
 - The Space Training and Readiness Command, established on August 23, 2021, is responsible for preparing Guardians to prevail in competition and conflict by building the Space Force training enterprise, developing a domain-focused education enterprise, developing space doctrine and tactics, building the test and range infrastructure, and developing and reinforcing Space Force culture.



U.S. Airmen in-process evacuees at Ramstein Air Base, Germany as part of Operation Allies Refuge, Aug. 27, 2021. U.S. Army photo by Sgt. Christopher Brecht.

MESSAGE FROM THE SECRETARY OF DEFENSE

November 15, 2021

I am honored to present the Department of Defense Agency Financial Report for Fiscal Year 2021. This report helps explain to the President, the Congress, and the American people our stewardship of the taxpayer resources entrusted to the Department in fiscal year 2021, as well as helping to assess our management of those resources—and our accomplishments, challenges, and vision for the future.

This Department is focused on the three priorities outlined in my March 4, 2021, Message to the Force: defending the nation, taking care of our people, and succeeding through teamwork. Despite the COVID-19 pandemic, the Department has not wavered in its commitment to its mission. We have supported more than 17 million COVID-19 vaccinations to the American people, on top of four million additional doses to DoD personnel; we are putting into place the strategy, resources and operational concepts needed to address the pacing challenge of the People’s Republic of China; we evacuated more than 124,000 people from Afghanistan; we continue to innovate and explore technological advances that contribute to our vision of integrated deterrence, and our team developed a roadmap for implementing the important recommendations of the Independent Review Commission on Sexual Assault in the Military. These are but a few examples of what we’ve accomplished together. I am grateful to each member of the DoD workforce for remaining steadfast during this difficult time.



The Department also remains committed to its annual financial statement audit regimen. That audit resulted in a Disclaimer of Opinion and identified multiple material weaknesses, and we are moving to do better. The audit findings and recommendations continue to provide us with invaluable information to guide our corrective actions as we strive to improve the quality of our financial-reporting process and data. Our Statement of Assurance in the Management’s Discussion and Analysis section outlines the Department’s assessment of material weaknesses and compliance with relevant laws and regulations. The Financial Section provides the Independent Auditor’s Report, which details the results of this year’s audit.

The audit remediation effort is key to my goal to ensure that the Department’s resources are matched to strategy, strategy is matched to policy, and policy is matched to the will of the American people. Modernizing and reforming our business practices will make us even better guardians of hard-earned taxpayer resources, as we continue to better support our warfighters and free up time, money, and personnel for higher priorities.

The Department of Defense is grateful to Congress for its support and investment in our mission. We remain committed to efficient and accountable management of our resources, and we are confident that this report will underscore the great strides we have made toward stronger fiscal transparency and performance—and help us do even better.

A handwritten signature in black ink, appearing to read "L. Austin III".

Lloyd J. Austin III

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