



Secretary Tillerson poses with the U.S. Marine Security Guard Detachment in Moscow, Russia, April 11, 2017. *Department of State*

Table of Contents

2

Introduction

- 2** About This Report
- 3** How This Report is Organized

4

Message from the Secretary

7

Section I: Management's Discussion and Analysis

- 7** About The Department
- 13** Strategic Goals and Government-wide Management Initiatives
- 16** Performance Summary and Highlights
- 23** Financial Summary and Highlights
- 33** Management Assurances and Other Financial Compliances

39

Section II: Financial Section

- 39** Message from the Comptroller
- 41** OIG Transmittal and Independent Auditor's Report
- 56** Comptroller Response to the OIG
- 57** Principal Financial Statements
 - 58** Consolidated Balance Sheet
 - 59** Consolidated Statement of Net Cost
 - 60** Consolidated Statement of Changes in Net Position
 - 61** Combined Statement of Budgetary Resources
- 62** Notes to the Principal Financial Statements
- 98** Required Supplementary Information

103

Section III: Other Information

- 103** Inspector General's Statement on the Department's Major Management and Performance Challenges
- 121** Management's Response to Inspector General
- 126** Summary of Financial Statement Audit and Management Assurances
- 127** Payment Integrity and Other Laws and Regulations
 - 135** Grants Oversight and New Efficiency Act
- 136** Resource Management Systems Summary
- 142** Heritage Assets
- 145** Reduce the Footprint

151

Appendices

- 151** A: Abbreviations and Acronyms
- 154** B: Department of State Locations