U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

U.S. Chemical Safety Board

Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2015 and 2014 Financial Statements

Report No. 16-F-0041 **November 16, 2015**

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U.S. Environmental Protection Agency
Office of Inspector General

16-F-0041
November 16, 2015

At a Glance

Why We Did This Review

We performed this audit in accordance with the Accountability of Tax Dollars Act of 2002, which requires the U.S. Chemical Safety and Hazard Investigation Board (CSB) to prepare, and the Office of Inspector General (OIG) to audit, the board's financial statements each year.

The U.S. Environmental Protection Agency's OIG, which also serves as the Inspector General for CSB, contracted with Walker and Company, LLP, to perform the audit of the CSB's fiscal year 2015 financial statements. CSB's fiscal year 2014 statements had previously been audited by Brown and Company CPAs, PLLC.

This report addresses the following CSB goal:

- *Preserve the public trust by maintaining and improving organizational excellence.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit www.epa.gov/oig.

Listing of OIG reports.

Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2015 and 2014 Financial Statements

What Walker and Company Found

The CSB received an unmodified opinion on its fiscal year 2015 financial statements.

Walker and Company rendered an unmodified opinion on the CSB's financial statements for fiscal year 2015, meaning that the statements were fairly presented and free of material misstatements. Brown and Company had previously rendered an unmodified opinion on the CSB's financial statements for fiscal year 2014.

In planning and performing its audit, Walker and Company considered the CSB's internal control over financial reporting. Walker and Company noted no matters involving the internal control and the CSB operation that it considered to be a material weakness. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

As part of obtaining reasonable assurance about whether the CSB's financial statements are free of material misstatement, Walker and Company performed tests of the CSB's compliance with certain provisions of laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Walker and Company's fiscal year 2015 audit disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or Office of Management and Budget Bulletin No. 15-02.

Walker and Company is responsible for the enclosed auditor's report and the conclusions expressed in the report. We do not express any opinion or conclusions on the CSB's financial statements, internal control, or compliance with laws and regulations.

CSB Comments

The CSB agreed with Walker and Company's report.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
INSPECTOR GENERAL

November 16, 2015

The Honorable Vanessa Allen Sutherland
Chairperson and Board Member
U.S. Chemical Safety and Hazard Investigation Board
1750 Pennsylvania Avenue NW, Suite 910
Washington, D.C. 20006

Subject: Report No. 16-F-0041, Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2015 and 2014 Financial Statements

Dear Ms. Sutherland:

This letter transmits the audit report on the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) fiscal year 2015 financial statements. The audit is required by Public Law 107-289, the Accountability of Tax Dollars Act of 2002. The fiscal year 2014 financial statement had previously been audited.

The independent public accounting firm of Walker and Company, LLP, performed the audit of the CSB financial statements as of and for the fiscal year ended September 30, 2015. The audit was required to be done in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*; and the Financial Audit Manual of the Government Accountability Office/ President's Council on Integrity and Efficiency. The fiscal year 2014 financial statements as of and for the fiscal year ended September 30, 2014, had previously been audited by the independent public accounting firm of Brown and Company CPAs, PLLC.

Walker and Company is responsible for the enclosed auditor's report dated November 16, 2015, and the opinions and conclusions expressed in the report. We do not express any opinion or conclusions on the CSB's financial statements, internal control or compliance with laws and regulations.

We will post this report to our website at www.epa.gov/oig.

Sincerely,

Paul C. Curtis
Director, Financial Statement Audits

Enclosure

Walker & Co., LLP
Assurance, Business and Advisory Services

REPORT OF INDEPENDENT AUDITORS

Office of Inspector General
and
Chairman and CEO
United States Chemical Safety and Hazard Investigation Board
Washington, D.C.

We have audited the accompanying balance sheet of the United States Chemical Safety and Hazard Investigation Board (CSB) as of September 30, 2015 and the related statements of net cost, changes in net position and budgetary resources for the years then ended and the related notes. The balance sheet of the CSB as of September 30, 2014, and the related statements of net cost, changes in net position and budgetary resources for the year then ended were audited by other auditors. Those auditors expressed an unmodified opinion on the statements in their report dated November 14, 2014.

Management's Responsibilities

Management of the CSB is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. Management of the CSB is also responsible for effective internal control over compliance with laws, regulations, contracts, and grant agreements applicable to the CSB.

Auditors' Responsibilities

Our responsibility is to express an opinion on the financial statements of the CSB as of and for the year ended September 30, 2015 based on our audit. We conducted our audit 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 OMB Bulletin No. 15-02, as amended. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In planning and performing our audit as of and for the year ended September 30, 2015, we considered the CSB's internal control over financial reporting by obtaining an understanding of the CSB's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CSB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the CSB's internal control over financial reporting. We did not test all controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

As part of obtaining reasonable assurance about whether the CSB's financial statements as of and for the year ended September 30, 2015 are free of material misstatement, we performed tests of the CSB's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 15-02, as amended. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the CSB. However, providing an opinion on compliance with laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

Our responsibilities also included expressing an opinion on the CSB's compliance with FFMIA section 803(a) requirements as of and for the year ended September 30, 2015, based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence about the CSB's compliance with the requirements of FFMIA section 803(a) and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the CSB's compliance with specified requirements.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CSB as of September 30, 2015, and its net costs, changes in net position, and budgetary resources for the year then ended, in conformity with U.S. generally accepted accounting principles.

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the information in the Management's Discussion and Analysis (MD&A) and Required Supplementary Information (RSI) sections be 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

The information in the supplementary section is not a required part of the financial statements, but is supplementary information required by OMB Circular A-136, *Financial Reporting Requirements*. We have applied certain limited procedures to such information, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. We also reviewed such information for consistency with the related information presented in the CSB's financial statements. We did not audit this information, however and, accordingly, express no opinion on it.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CSB's internal control over financial reporting (internal control) to determine the 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 the CSB's internal control. Accordingly, we do not express an opinion on the effectiveness of the CSB's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

The results of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in the FFMIA, disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 15-02.

Opinion on Compliance with FFMIA

The CSB represented that, in accordance with the provisions and requirements of FFMIA, the Chairman determined that CSB' financial management systems were in substantial compliance with FFMIA as of September 30, 2015.

We have examined the CSB's compliance with section 803(a) of the *Federal Financial Management Improvement Act of 1996* as of September 30, 2015. Under section 803(a) of FFMIA, the CSB financial management systems are required to substantially comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger (USSGL) at the transaction level. We used OMB's *Implementation Guidance for the Federal Financial Management Improvement Act*, dated January 9, 2009, to determine compliance.

We issued a draft of this report to the CSB's management and requested its comments. Management replied by indicating its general agreement with the audit results.

The purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters sections of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the CSB's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CSB's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

This report is intended solely for the information and use of the CSB's Board, its management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

Walker & Co., LLP

Washington, D.C.
November 16, 2015

U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD
BALANCE SHEET
AS OF SEPTEMBER 30, 2015 AND 2014
(In Dollars)

		2015		2014
Assets:				
Intragovernmental				
Fund Balance With Treasury (Note 2)	$	3,254,350	$	4,019,604
Total Intragovernmental		3,254,350		4,019,604
Accounts Receivable, Net (Note 3)		59,000		59,133
Property, Equipment, and Software, Net (Note 4)		437,879		21,095
Total Assets	$	3,751,229	$	4,099,832
Liabilities:				
Intragovernmental				
Accounts Payable	$	15,459	$	78,721
Other		103,703		52,970
Total Intragovernmental		119,162		131,691
Accounts Payable		389,128		350,201
Federal Employee and Veterans' Benefits (Note 5)		3,908		-
Other (Note 6)		690,389		671,679
Total Liabilities (Note 5)	$	1,202,587	$	1,153,571
Net Position:				
Unexpended Appropriations - Other Funds	$	2,571,752	$	3,365,173
Cumulative Results of Operations - Other Funds		(23,110)		(418,912)
Total Net Position	$	2,548,642	$	2,946,261
Total Liabilities and Net Position	$	3,751,229	$	4,099,832

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

U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD
STATEMENT OF NET COST
FOR THE YEARS ENDING SEPTEMBER 30, 2015 AND 2014
(In Dollars)

		2015		2014
Program Costs:				
Gross Costs (Note 8)	$	11,130,123	$	10,936,110
Net Cost of Operations	$	11,130,123	$	10,936,110

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

U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDING SEPTEMBER 30, 2015 AND 2014
(In Dollars)

	2015 All Other Funds	2014 All Other Funds
Cumulative Results of Operations:		
Beginning Balances	$ (418,912)	$ (476,454)
Budgetary Financing Sources:		
Appropriations Used	$ 11,167,085	$ 10,617,782
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources (Note 9)	358,840	375,870
Total Financing Sources	11,525,925	10,993,652
Net Cost of Operations (Note 8)	(11,130,123)	(10,936,110)
Net Change	395,802	57,542
Cumulative Results of Operations	$ (23,110)	$ (418,912)
Unexpended Appropriations:		
Beginning Balances	$ 3,365,173	$ 4,050,887
Budgetary Financing Sources:		
Appropriations Received	$ 11,000,000	$ 11,000,000
Other Adjustments	(626,336)	(1,067,932)
Appropriations Used	(11,167,085)	(10,617,782)
Total Budgetary Financing Sources	$ (793,421)	$ (685,714)
Total Unexpended Appropriations	$ 2,571,752	$ 3,365,173
Net Position	$ 2,548,642	$ 2,946,261

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

U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDING SEPTEMBER 30, 2015 AND 2014
(In Dollars)

		2015		2014
Budgetary Resources:				
Unobligated Balance Brought Forward, October 1	$	1,891,083	$	2,732,717
Recoveries of Prior Year Unpaid Obligations		186,967		185,059
Other changes in unobligated balance		(626,336)		(1,067,931)
Unobligated balance from prior year budget authority, net		1,451,714		1,849,845
Appropriations		11,000,000		11,000,000
Spending authority from offsetting collections		7,384		4,247
Total Budgetary Resources	$	12,459,098	$	12,854,092
Status of Budgetary Resources:				
Obligations Incurred (Note 11)	$	10,967,382	$	10,963,009
Unobligated balance, end of year:				
Apportioned		986,126		905,161
Unapportioned		505,590		985,922
Total unobligated balance, end of year		1,491,716		1,891,083
Total Budgetary Resources	$	12,459,098	$	12,854,092
Change in Obligated Balance				
Unpaid Obligations:				
Unpaid Obligations, Brought Forward, October 1	$	2,128,521	$	1,828,535
Obligations Incurred (Note 11)		10,967,382		10,963,009
Outlays (gross)		(11,146,302)		(10,477,964)
Recoveries of Prior Year Unpaid Obligations		(186,967)		(185,059)
Unpaid Obligations, End of Year (Gross)	$	1,762,634	$	2,128,521
Obligated Balance, End of Year	$	1,762,634	$	2,128,521
Budget Authority and Outlays, Net:				
Budget authority, gross	$	11,007,384	$	11,004,247
Actual offsetting collections		(7,384)		(4,247)
Budget Authority, net, (total)	$	11,000,000	$	11,000,000
Outlays, gross	$	11,146,302	$	10,477,964
Actual offsetting collections		(7,384)		(4,247)
Agency outlays, net	$	11,138,918	$	10,473,717

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

CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The United States Chemical Safety and Hazard Investigation Board (CSB) is an independent Federal agency with the mission of ensuring the safety of workers and the public by promoting chemical safety and accident prevention. The CSB was established by the Clean Air Act Amendments of 1990 and is responsible for advising the President and Congress on key issues related to chemical safety and evaluating the effectiveness of other Government agencies on safety requirements. The CSB receives all of its funding through appropriations. The CSB reporting entity is comprised of General Funds and General Miscellaneous Receipts.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. The CSB manages Operations and Facilities, Engineering and Development General Fund accounts.

General Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

The CSB has rights and ownership of all assets reported in these financial statements. The CSB does not possess any non-entity assets.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the CSB. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. They have been prepared from, and are fully supported by, the books and records of the CSB in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and the CSB accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the CSB's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the CSB's funds with Treasury in expenditure and receipt fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The CSB 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. Foreign currency payments are made either by Treasury or the Department of State and are reported by the CSB in the U.S. dollar equivalents.

E. Accounts Receivable

Accounts receivable can consist of amounts owed to the CSB by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees and a security deposit prior to 2003 which was reclassified to a receivable. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

F. Property, Equipment, and Software

Property, equipment and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The CSB's capitalization threshold is $10,000 for individual purchases and $50,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

Description	Useful Life (years)
Leasehold Improvements	Lease Term
Office Furniture	7
Office Equipment	5
Computer Equipment	3
Software	3

G. Liabilities

Liabilities represent the amount of funds likely to be paid by the CSB as a result of transactions or events that have already occurred.

The CSB reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave and the amounts due to Treasury for collection and accounts receivable of civil penalties and Freedom of Information Act (FOIA) request fees.

H. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Non-vested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 50% for the 1st quarter of FY 2014 and 100% thereafter.

I. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the CSB employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the CSB terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

J. Retirement Plans

The CSB employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the CSB matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the CSB matches any employee contribution up to an additional four percent of pay. For FERS participants, the CSB also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the CSB remits the employer's share of the required contribution.

The CSB recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the CSB for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The CSB recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The CSB does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

K. Other Post-Employment Benefits

The CSB employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The OPM has provided the CSB with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The CSB recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the CSB through the recognition of an imputed financing source.

L. Use of Estimates

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

M. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. The CSB recognized imputed costs and financing sources in fiscal years 2015 and 2014 to the extent directed by accounting standards.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2015 and 2014 were as follows:

		2015		2014
Fund Balances:				
Appropriated Funds	$	3,254,350	$	4,019,604
Total	$	3,254,350	$	4,019,604
Status of Fund Balance with Treasury:				
Unobligated Balance				
Available	$	986,126	$	905,161
Unavailable		505,590		985,922
Obligated Balance Not Yet Disbursed		1,762,634		2,128,521
Total	$	3,254,350	$	4,019,604

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (see Note 13).

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2015 and 2014 were as follows:

		2015		2014
With the Public				
Accounts Receivable	$	59,000	$	59,133
Total Accounts Receivable	$	59,000	$	59,133

The accounts receivable is primarily made up of a security deposit of $59,000 made prior to 2003, which was reclassified to a receivable. The remaining accounts receivable balance is reimbursements due from employees.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2015 and 2014.

NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2015:

Major Class		Acquisition Cost		Accumulated Amortization/ Depreciation		Net Book Value
Leasehold Improvements	$	983,356	$	756,814	$	226,542
Furniture & Equipment		1,669,364		1,458,027		211,337
Software		131,270		131,270		-
Total	$	2,783,990	$	2,346,111	$	437,879

Schedule of Property, Equipment, and Software as of September 30, 2014:

Major Class		Acquisition Cost		Accumulated Amortization/ Depreciation		Net Book Value
Leasehold Improvements	$	711,505	$	711,505	$	-
Furniture & Equipment		1,649,613		1,649,613		-
Software		131,270		117,499		13,771
Construction-in-Progress		7,324		N/A		7,324
Total	$	2,499,712	$	2,478,617	$	21,095

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the CSB as of September 30, 2015 and 2014 include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

		2015		2014
Intragovernmental – FECA	$	1,020	$	-
Unfunded Leave		456,061		440,141
Actuarial FECA		3,908		-
Total Liabilities Not Covered by Budgetary Resources	$	460,989	$	440,141
Total Liabilities Covered by Budgetary Resources		741,598		713,430
Total Liabilities	$	1,202,587	$	1,153,571

FECA represents the unfunded liability for actual workers compensation claims and unemployment benefits paid on CSB's behalf and payable to the DOL. CSB also records an actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 6. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2015 were as follows:

	Current		Non Current		Total	
Intragovernmental						
FECA Liability	$	1,020	$	-	$	1,020
Payroll Taxes Payable		43,683		-		43,683
Custodial Liability		59,000		-		59,000
Total Intragovernmental Other Liabilities	$	103,703	$	-	$	103,703
With the Public						
Payroll Taxes Payable	$	30,854	$	-	$	30,854
Accrued Funded Payroll and Leave		203,474		-		203,474
Unfunded Leave		456,061		-		456,061
Total Public Other Liabilities	$	690,389	$	-	$	690,389

Other liabilities account balances as of September 30, 2014 were as follows:

	Current		Non Current		Total	
Intragovernmental						
Payroll Taxes Payable	$	52,970	$	-	$	52,970
Total Intragovernmental Other Liabilities	$	52,970	$	-	$	52,970
With the Public						
Payroll Taxes Payable	$	5,105	$	-	$	5,105
Accrued Funded Payroll and Leave		167,433		-		167,433
Unfunded Leave		440,141		-		440,141
Custodial Liability		59,000		-		59,000
Total Public Other Liabilities	$	671,679	$	-	$	671,679

NOTE 7. LEASES

Operating Leases

The CSB occupies offices in Washington, DC and Denver, CO under lease agreements. The total operating lease expenses for the years ended September 30, 2015 and 2014 were $1,199,842 and $1,064,570, respectively. The CSB began sub-leasing a portion of the DC office space in October 2012 for $8,333 per month, ending in August 2014. Therefore, these collections have reduced their rent expense by $91,667 as of September 30, 2014.

The lease agreement for office space in Washington, DC is accounted for as an operating lease. In FY 2014, the CSB signed a new lease agreement for a ten-year term commencing on October 1, 2015 and ending on September 30, 2025. According to Section 1.03 of this agreement, beginning in the 4th year of the lease and continuing through the 10th year of the lease, the first two (2) months of rent in each year (totaling 14 months of free rent) shall be entirely abated.

Below is a schedule of future payments for the term of the lease, including estimated real estate taxes and operating expenses which are subject to annual adjustments.

Washington, DC

Fiscal Year		Building
2016	$	594,398
2017		655,197
2018		655,197
2019		545,997
2020		545,997
Thereafter		2,729,987
Net Future Payments	$	5,726,773

The two lease agreements for office space in Denver, CO are accounted for as operating leases. The first lease term began on February 1, 2013 and was to expire on January 31, 2018. The second lease term began on September 29, 2013 and was to expire on September 28, 2017. However, during 2013 CSB identified the need for a larger space to house all of the CSB's Denver employees contiguously, so a move to a different building was made in November 2014. The new lease agreement is for a period of 60 months commencing on or about 12/1/2014.

Lease payments are increased annually based on the adjustments for operating cost. The CSB may relinquish space upon four (4) months' notice. Thus, at any future time, the CSB's financial obligation can be reduced to four (4) months of rent, plus the unamortized balance of any tenant improvements financed through Public Buildings Service (PBS) plus any rent concessions not yet earned. Below is a schedule of future payments for the Denver lease.

Denver, CO

Fiscal Year		Building
2016	$	88,528
2017		96,693
2018		97,684
2019		98,696
2020 (2 months)		16,511
Total Future Payments	$	398,112

NOTE 8. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and revenue represent exchange transactions between the CSB and other federal government entities, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

		2015		2014
Program Costs				
Intragovernmental Costs	$	2,122,713	$	2,139,620
Public Costs		9,007,410		8,796,490
Net Program Costs		11,130,123		10,936,110

NOTE 9. IMPUTED FINANCING SOURCES

The CSB recognizes as imputed financing the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the fiscal years ended September 30, 2015 and 2014, respectively, imputed financing was as follows:

	2015	2014
Office of Personnel Management	$ 358,840	$ 375,870
Total Imputed Financing Sources	$ 358,840	$ 375,870

NOTE 10. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President's Budget that will include fiscal year 2015 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2016 and can be found at the OMB Web site: *http://www.whitehouse.gov/omb/*. The 2016 Budget of the United States Government, with the "Actual" column completed for 2014, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 11. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources for 2015 and 2014 consisted of the following:

	2015	2014
Direct Obligations, Category B	$ 10,967,382	$ 10,963,009
Total Obligations Incurred	$ 10,967,382	$ 10,963,009

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2015 and 2014, budgetary resources obligated for undelivered orders amounted to $1,080,036 and $1,474,089, respectively.

NOTE 13. CUSTODIAL LIABILITY

The CSB's custodial collection primarily consists of Freedom of Information Act requests. While these collections are considered custodial, they are neither primary to the mission of the CSB nor material to the overall financial statements. The CSB's total custodial collections are $1,237 and $1,556 for the years ended September 30, 2015, and 2014, respectively.

NOTE 14. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

The CSB has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

	2015	2014
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 10,967,382	$ 10,963,009
Spending Authority From Offsetting Collections and Recoveries	(194,351)	(189,306)
Net Obligations	10,773,031	10,773,703
Other Resources		
Imputed Financing From Costs Absorbed By Others	358,840	375,870
Total Resources Used to Finance Activities	11,131,871	11,149,573
Resources Used to Finance Items Not Part of the Net Cost of Operations	(84,354)	(242,659)
Total Resources Used to Finance the Net Cost of Operations	11,047,517	10,906,914
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:	82,606	29,196
Net Cost of Operations	$ 11,130,123	$ 10,936,110

NOTE 15. SUBSEQUENT EVENTS

In preparing these financial statements, the CSB's management has evaluated events and transactions for potential recognition or disclosure through November 16, 2015, which is the date the financial statements were available to be issued.