



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 2014 and 2013 Financial Statements

Report No. 15-1-0022

November 17, 2014



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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 Brown and Company CPAs, PLLC, to perform the audit of the CSB's fiscal years 2014 and 2013 financial statements.

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.

The full report is at:
www.epa.gov/oig/reports/2014/20141117-15-1-0022.pdf

Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2014 and 2013 Financial Statements

What Brown and Company Found

Brown and Company rendered an unmodified opinion on the CSB's financial statements for fiscal years 2014 and 2013, meaning that the statements were fairly presented and free of material misstatements.

The CSB received an unmodified opinion for its fiscal years 2014 and 2013 financial statements.

In planning and performing its audit, Brown and Company considered the CSB's internal control over financial reporting. Brown 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. A significant deficiency is a deficiency in internal control, 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.

As part of obtaining reasonable assurance about whether the CSB's financial statements are free of material misstatement, Brown 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. Brown and Company's fiscal year 2014 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. 14-02.

Brown and Company is responsible for the attached 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's Comments

The CSB agreed with Brown and Company's report.



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

OFFICE OF
INSPECTOR GENERAL

November 17, 2014

The Honorable Rafael Moure-Eraso, Ph.D.
Chairperson and Chief Executive Officer
U.S. Chemical Safety and Hazard Investigation Board
2175 K Street, NW, Suite 400
Washington, DC 20037-1809

Subject: Report No. 15-1-0022, Audit of the U.S. Chemical Safety and Hazard Investigation Board's
Fiscal Years 2014 and 2013 Financial Statements

Dear Dr. Moure-Eraso:

This letter transmits the audit report on the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) fiscal years 2014 and 2013 financial statements. The audit is required by Public Law 107-289, the Accountability of Tax Dollars Act of 2002.

The independent public accounting firm of Brown and Company CPAs, PLLC, performed the audit of the CSB financial statements as of and for the fiscal years ended September 30, 2014 and 2013. 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. 14-02, *Audit Requirements for Federal Financial Statements*; and the Financial Audit Manual of the Government Accountability Office/President's Council on Integrity and Efficiency.

Brown and Company CPAs, PLLC, is responsible for the enclosed auditor's report dated November 14, 2014, 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.

This report will be available at <http://www.epa.gov/oig>.

Sincerely,

A handwritten signature in black ink that reads "Paul C. Curtis".

Paul C. Curtis
Director, Financial Statement Audits

Enclosure

cc: Daniel Horowitz, Ph.D., Managing Director, CSB
Elizabeth A. Robinson, Finance Director, CSB
Anna Brown, Director of Administration and Audit Coordinator, CSB
Richard Loeb, General Counsel, CSB
Kimberly Penn, Audit Manager, Brown and Company CPAs, PLLC
Gail Jenifer, Managing Partner, Brown and Company CPAs, PLLC



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets of the U.S. Chemical Safety and Hazard Investigation Board (CSB) as of September 30, 2014 and 2013, and the related statements of net cost, changes in net position, and budgetary resources, for the years then ended (collectively referred to as the financial statements), and the related notes to 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating 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 on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CSB as of September 30, 2014 and 2013, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CSB's internal control over financial reporting (internal control) to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CSB's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 the 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 deficiencies, significant deficiencies or material weaknesses. Given these limitations, during the audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CSB's financial statements are free from material misstatement, we performed tests of its compliance with applicable provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express

such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 14-02.

Management's Responsibility for Internal Control and Compliance

CSB's management is responsible for (1) evaluating effectiveness of internal control based on criteria established under the Federal Managers Financial Integrity Act (FMFIA), (2) providing a statement of assurance on the overall effectiveness of internal control, (3) ensuring CSB's financial management systems are in substantial compliance with FMFIA requirements, and (4) ensuring compliance with other applicable laws and regulations.

Auditor's Responsibilities

We are responsible for: (1) obtaining a sufficient understanding of internal controls to plan the audit, (2) testing compliance with certain provisions of laws and regulations that have a direct and material effect on the financial statements and applicable laws for which OMB Bulletin No. 14-02 requires testing, and (3) applying certain limited procedures with respect to the MD&A and other RSI.

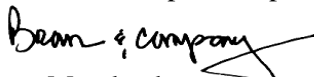
We did not evaluate all internal controls relevant to operating objectives as broadly established by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to CSB. We limited our tests of compliance to certain provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB Bulletin No. 14-02 that we deemed applicable to CSB's financial statements for the fiscal year ended September 30, 2014. We caution that noncompliance with laws and regulations may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

Purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters

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 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 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 Office of Inspector General, the management of CSB, OMB, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.



Largo, Maryland
November 14, 2014

U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD
BALANCE SHEET
AS OF SEPTEMBER 30, 2014 AND 2013
(In Dollars)

	2014	2013
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 4,019,604	\$ 4,563,364
Total Intragovernmental	4,019,604	4,563,364
Accounts Receivable, Net (Note 3)	59,133	59,007
Property, Equipment, and Software, Net (Note 4)	21,095	43,094
Total Assets	\$ 4,099,832	\$ 4,665,465
Liabilities:		
Intragovernmental		
Accounts Payable	\$ 78,721	\$ 41,959
Other (Note 6)	52,970	28,429
Total Intragovernmental	131,691	70,388
Accounts Payable	350,201	272,775
Other (Note 6)	671,679	747,869
Total Liabilities (Note 5)	\$ 1,153,571	\$ 1,091,032
Net Position:		
Unexpended Appropriations - Other Funds	\$ 3,365,173	\$ 4,050,887
Cumulative Results of Operations - Other Funds	(418,912)	(476,454)
Total Net Position	\$ 2,946,261	\$ 3,574,433
Total Liabilities and Net Position	\$ 4,099,832	\$ 4,665,465

U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD
STATEMENT OF NET COST
FOR THE YEARS ENDING SEPTEMBER 30, 2014 AND 2013
(In Dollars)

	2014	2013
Program Costs:		
Salaries and Expenses:		
Gross Costs (Note 8)	\$ 10,936,110	\$ 10,776,185
Net Cost of Operations	\$ 10,936,110	\$ 10,776,185

U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDING SEPTEMBER 30, 2014 AND 2013
(In Dollars)

	2014	2013
Cumulative Results of Operations:		
Beginning Balances	\$ (476,454)	\$ (427,198)
Budgetary Financing Sources:		
Appropriations Used	10,617,782	10,367,936
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources (Note 9)	375,870	358,993
Total Financing Sources	10,993,652	10,726,929
Net Cost of Operations (Note 8)	(10,936,110)	(10,776,185)
Net Change	57,542	(49,256)
Cumulative Results of Operations	\$ (418,912)	\$ (476,454)
Unexpended Appropriations:		
Beginning Balances	\$ 4,050,887	\$ 4,406,532
Budgetary Financing Sources:		
Appropriations Received	11,000,000	11,129,165
Other Adjustments	(1,067,932)	(1,116,874)
Appropriations Used	(10,617,782)	(10,367,936)
Total Budgetary Financing Sources	(685,714)	(355,645)
Total Unexpended Appropriations	\$ 3,365,173	\$ 4,050,887
Net Position	\$ 2,946,261	\$ 3,574,433

U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDING SEPTEMBER 30, 2014 AND 2013
(In Dollars)

	2014	2013
Budgetary Resources:		
Unobligated Balance Brought Forward, October 1	\$ 2,732,717	\$ 3,005,148
Recoveries of Prior Year Unpaid Obligations	185,059	243,948
Other changes in unobligated balance	(1,067,931)	(534,755)
Unobligated balance from prior year budget authority, net	1,849,845	2,714,341
Appropriations	11,000,000	10,547,043
Spending authority from offsetting collections	4,247	-
Total Budgetary Resources	\$ 12,854,092	\$ 13,261,384
Status of Budgetary Resources:		
Obligations Incurred (Note 11)	\$ 10,963,009	\$ 10,528,667
Unobligated balance, end of year:		
Apportioned	905,161	884,996
Unapportioned	985,922	1,847,721
Total unobligated balance, end of year	1,891,083	2,732,717
Total Budgetary Resources	\$ 12,854,092	\$ 13,261,384
Change in Obligated Balance		
Unpaid Obligations:		
Unpaid Obligations, Brought Forward, October 1	\$ 1,828,535	\$ 1,847,053
Obligations Incurred (Note 11)	10,963,009	10,528,667
Outlays (gross)	(10,477,964)	(10,303,237)
Recoveries of Prior Year Unpaid Obligations	(185,059)	(243,948)
Unpaid Obligations, End of Year (Gross)	2,128,521	1,828,535
Obligated Balance, End of Year	\$ 2,128,521	\$ 1,828,535
Budget Authority and Outlays, Net:		
Budget authority, gross	\$ 11,004,247	\$ 10,547,043
Actual offsetting collections	(4,247)	-
Budget Authority, net, (total)	\$ 11,000,000	\$ 10,547,043
Outlays, gross	\$ 10,477,964	\$ 10,303,238
Actual offsetting collections	(4,247)	-
Agency outlays, net	\$ 10,473,717	\$ 10,303,238



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, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. 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, receipt, and deposit 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:

<u>Description</u>	<u>Useful Life (years)</u>
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% beginning FY 2010 and 100% in 2014.

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 (FEGSIP) 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 2014 and 2013 to the extent directed by accounting standards.

N. Reclassification

Certain fiscal year 2013 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2014 and 2013 were as follows:

	2014	2013
Fund Balances:		
Appropriated Funds	\$ 4,019,604	\$ 4,561,252
Other Fund Types	-	2,112
Total	\$ 4,019,604	\$ 4,563,364

Status of Fund Balance with Treasury:

Unobligated Balance		
Available	\$ 905,161	\$ 884,996
Unavailable	985,922	1,847,721
Obligated Balance Not Yet Disbursed	2,128,521	1,828,535
Non-Budgetary FBWT	-	2,112
Total	\$ 4,019,604	\$ 4,563,364

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 12).

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2014 and 2013 were as follows:

	2014	2013
With the Public		
Accounts Receivable	\$ 59,133	\$ 59,007
Total Accounts Receivable	\$ 59,133	\$ 59,007

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, 2014 and 2013.

NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

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

Schedule of Property, Equipment, and Software as of September 30, 2013:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 711,505	\$ 711,505	\$ -
Furniture & Equipment	1,649,613	1,645,073	4,540
Software	131,271	92,717	38,554
Total	\$ 2,492,389	\$ 2,449,295	\$ 43,094

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the CSB as of September 30, 2014 and 2013 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.

	2014	2013
Unfunded Leave	\$ 440,141	\$ 519,551
Total Liabilities Not Covered by Budgetary Resources	\$ 440,141	\$ 519,551
Total Liabilities Covered by Budgetary Resources	713,430	571,481
Total Liabilities	\$ 1,153,571	\$ 1,091,032

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, 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

Other liabilities account balances as of September 30, 2013 were as follows:

	Current	Non Current	Total
Intragovernmental			
Payroll Taxes Payable	\$ 28,429	\$ -	\$ 28,429
Total Intragovernmental Other Liabilities	\$ 28,429	\$ -	\$ 28,429
With the Public			
Payroll Taxes Payable	\$ 52,530	\$ -	\$ 52,530
Accrued Funded Payroll and Leave	114,676	-	114,676
Unfunded Leave	519,551	-	519,551
Custodial Liability	2,112	59,000	61,112
Total Public Other Liabilities	\$ 688,869	\$ 59,000	\$ 747,869

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 twelve months ended September 30, 2014 and 2013 were \$1,064,570 and \$988,875, 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 and \$100,000 as of September 30, 2014 and 2013, respectively.

The lease agreement for office space in Washington, DC is accounted for as an operating lease. In FY 2010, the CSB executed a supplemental lease agreement that amended the lease to renew it for a five-year term commencing on October 1, 2010 and ending on September 30, 2015. 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.

The CSB has plans to relocate its DC offices to a new location when the current lease expires. The commencement date of this lease, along with any applicable termination and renewal rights, shall be more specifically set forth in a lease amendment upon substantial completion and acceptance of the space by the government.

Washington, DC

Fiscal Year	Building
2015	\$ 1,118,027
Total Future Payments	\$ 1,118,027

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 the last will expire on September 30, 2019. In FY 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 planned for January 2014 but has been postponed to mid-November at this point. At that time a new lease will be in effect that will extend five years.

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
2015	\$ 86,878
2016	88,845
2017	96,693
2018	97,684
2019	98,696
Total Future Payments	\$ 468,796

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:

	2014	2013
Intragovernmental Costs	\$ 2,139,620	\$ 2,074,944
Public Costs	8,796,490	8,701,241
Net Program Costs	\$ 10,936,110	\$ 10,776,185

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, 2014 and 2013, respectively, imputed financing was as follows:

	2014	2013
Office of Personnel Management	\$ 375,870	\$ 358,993
Total Imputed Financing Sources	\$ 375,870	\$ 358,993

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

The President's Budget that will include fiscal year 2014 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2015 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2015 Budget of the United States Government, with the "Actual" column completed for 2013, 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 2014 and 2013 consisted of the following:

	2014	2013
Direct Obligations, Category B	\$ 10,963,009	\$ 10,528,667
Total Obligations Incurred	\$ 10,963,009	\$ 10,528,667

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

For the fiscal years ended September 30, 2014 and 2013, budgetary resources obligated for undelivered orders amounted to \$1,474,089 and \$1,318,167, respectively.

NOTE 13. CUSTODIAL ACTIVITY

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 \$1,556 and \$2,112 for the fiscal years ended September 30, 2014, and 2013, 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.

	2014	2013
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 10,963,009	\$ 10,528,667
Spending Authority From Offsetting Collections and Recoveries	(189,306)	(243,948)
Net Obligations	10,773,703	10,284,719
Other Resources		
Imputed Financing From Costs Absorbed By Others	375,870	358,993
Net Other Resources Used to Finance Activities	375,870	358,993
Total Resources Used to Finance Activities	11,149,573	10,643,712
Resources Used to Finance Items Not Part of the Net Cost of Operations	(242,659)	58,781
Total Resources Used to Finance the Net Cost of Operations	10,906,914	10,702,493
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:		
	29,196	73,692
Net Cost of Operations	\$ 10,936,110	\$ 10,776,185