



Chemical Safety and Hazard Investigation Board

Office of General Counsel

Memorandum

To: Board Members
From: Christopher Warner *Ch Warner*
Cc: Leadership Team
Subject: Board Action Report – Notation Item 731
Date: January 4, 2010

On December 15, 2009, the Board approved Notation Item 731, thereby adopting the CSB Fiscal Year 2009 Performance and Accountability Report (PAR), and authorizing submission of the PAR to OMB and to the Congress. The Board's approval was conditioned upon the receipt of a final financial auditor's report that did not convey facts or opinions substantively different from those conveyed in the draft report included in the draft PAR. The final auditor's report and transmittal received by the CSB contained no such differences, and the PAR was submitted as approved by the Board.

Voting Summary – Notation Item 731

Disposition: APPROVED

Disposition date: December 15, 2009

	Approve	Disapprove	Calendar	Not Participating	Date
J. Bresland	X				12/15/2009
W. Wark	X				12/16/2009
W. Wright	X				12/15/2009



Chemical Safety and Hazard Investigation Board

Memorandum

To: Board Members

From: John S. Bresland

A handwritten signature in cursive script that reads "J. Bresland".

Cc: Leadership Team

Subject: Notation Item 731

Date: December 15, 2009

Attached for your review and vote is Notation Item 731. This item provides for Board approval of the attached draft performance and accountability report (PAR) for Fiscal Year (FY) 2009. This item also authorizes submission of the approved PAR to the Office of Management and Budget (OMB) and to the Congress.

In accordance with OMB direction, the PAR combines the audited financial statements for FY 2009 and the CSB's annual performance report. Also included in the draft PAR attached to this item are the draft financial auditor's report expressing an unqualified (i.e., clean) opinion on the CSB's financial statements. The final financial auditor's report will be incorporated into the PAR prior to its submission.

The final financial audit report will not be delivered to the CSB until immediately before the PAR submission deadline. Thus, this notation item provides for approval of the PAR, conditioned upon receipt of a final auditor's report that does not convey facts or opinions substantively different from those conveyed in the version attached to this item. Based on consistent prior experience, the CSB Chief Financial Officer (CFO) expects that there will be no such differences in the final auditor's report.

You may direct any questions about this item to Bea Robinson, the CSB CFO. Please return your completed vote sheets to Chris Kirkpatrick as soon as possible. Please note that the PAR submission is due on December 15, 2009. Thank you for your attention to this item.



Chemical Safety and Hazard Investigation Board

John S. Bresland
Chairman

William B. Wark
Board Member

William E. Wright
Board Member

CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD MEMBER VOTING RECORD

Notation No.: 731

Voting Period: Urgent Notation Item, December 15 – December 22, 2009, but votes are requested as soon as possible.

Subject: Fiscal Year 2009 Performance and Accountability Report

Whereas,

1. The Accountability of Tax Dollars Act of 2002 requires that the CSB prepare and submit an annual performance and accountability report (PAR) to the Office of Management and Budget (OMB) and to the Congress;
2. The Government Performance and Results Act requires the CSB to prepare and submit an annual performance report;
3. As directed by OMB Circular No. A-136, and consistent with the Reports Consolidation Act of 2000, the CSB submits its audited financial statements and annual performance report to OMB and to the Congress as a combined PAR;
4. Board Order 028 requires that the Board approve statements to the Congress and the President on behalf of the Board;
5. The attached draft PAR contains the CSB's audited financial statements, the financial auditor's draft report, and the CSB's annual performance report, for Fiscal Year 2009; and
6. A final financial auditor's report will be incorporated into the PAR prior to its submission.

[continues on next page]

Notation No.: 731
Subject: Fiscal Year 2009 Performance and Accountability Report

[continued from preceding page]

Therefore, pursuant to its authority, the Board hereby votes to adopt the attached draft PAR as the CSB Fiscal Year 2009 Performance and Accountability Report, and to authorize submission of this report to OMB and to the Congress, provided that the final financial auditor's report does not convey facts or opinions substantively different from those conveyed in the draft report included in the draft PAR attached to this item.

_____ I **APPROVE** this notation item **AS PRESENTED**.

_____ I **CALENDAR** this notation item for discussion at a Board meeting.

_____ *Some of my concerns are discussed below or on the attached memorandum.*

_____ I **DISAPPROVE** this notation item.

_____ *A dissent is attached.*

_____ *I will not file a dissent.*

_____ I am **NOT PARTICIPATING**.

Note: An urgent notation item is either adopted or disapproved when the affirmative or negative votes of a majority of the participating members are received by the Office of General Counsel.

Date: _____

Member: _____



**U.S. Chemical Safety and
Hazard Investigation Board**

**Performance and
Accountability Report**

Fiscal Year 2009

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Additional copies of this document may be downloaded from the CSB's website www.csb.gov

MESSAGE FROM THE CHAIRMAN

The mission of the Chemical Safety and Hazard Investigation Board (CSB) is to investigate chemical accidents and hazards, as well as recommend actions to protect workers, the public and the environment. Our independent investigative reports and videos bolster efforts by government, industry, labor, and local communities to prevent chemical process accidents.

During fiscal year (FY) 2009, the CSB completed eight safety products, including three full investigation reports, one case study, and four safety videos. CSB investigations included a total of 21 recommendations to improve chemical safety and hazard reduction across a range of industries. In FY 2009 the CSB closed 41 safety recommendations from prior years, demonstrating that past CSB recommendations have been implemented to make real impacts in the American workplaces and communities.

CSB Safety Videos continue to be a way to convey the findings, lessons, and recommendations from CSB investigations and studies in a manner that is popular and effective. For example, in early FY 2009, the CSB released a new 23-minute safety video, *Half An Hour to Tragedy*, with lessons from the Little General Store propane explosion that killed four people and seriously injured five others. The video received a key communication award from a major online learning and teaching organization. The award presented by the Multimedia Educational Resource for Learning and Online Teaching, or MERLOT, was that organization's first-ever Fire Safety Editorial Board Classics Award. It was issued in the category of "Exemplary Materials" in teaching and learning.

Also in FY 2009, the CSB introduced Safety Messages, a new communication tool for the agency, consisting of short videos from the Chairman. During FY 2009 several short messages were released on a variety of current issues in chemical process safety. These messages were released on the CSB's redesigned website (csb.gov), YouTube.com, and Blogger.com

In FY 2009 the CSB also opened a field office in Denver, Colorado. Establishing a presence in the western states allowed the CSB to recruit more effectively, to deploy investigators more quickly to some accident sites, and to maintain important contacts with stakeholders throughout the country. This expansion will help the CSB increase its capacity to investigate more of the serious chemical accidents that occur each year across the U.S.

This Performance and Accountability Report was prepared under the guidance from the Office of Management and Budget (OMB), and contains a selection of performance information; the CSB's financial statements, as required by the Accountability of Tax Dollars Act of 2002; and a report on the Board's material weaknesses, as required by the Federal Managers' Financial Integrity Act (FMFIA).

The information provided serves as a mechanism for fiscal and programmatic accountability and serves as an accounting to the American people on our stewardship of the funds that have been entrusted to us for fulfillment of our mission in FY 2009. The results also summarize our success in achieving the performance goals the CSB established for FY 2009. The CSB continues to aggressively improve performance planning practices to ensure our goals are results driven and oriented toward achieving specific desired outcomes.

Brown & Company CPAs, PLLC, an Independent Public Accounting firm, has audited the CSB's FY 2009 consolidated financial statements included in this report and has issued an unqualified (clean) opinion indicating that our statements present fairly the CSB's financial position. This achievement demonstrates both our continued dedication to sound financial management and the reliability of the financial data upon which the CSB bases our critical decisions.

The FMFIA requires the CSB to annually evaluate its management controls and identify any material weaknesses. This requirement covers all of the CSB's programs and administrative functions. As the CSB works to serve the American people, we must administer our programs as efficiently, economically, and responsibly as possible. The CSB relies on our system of management controls to provide reasonable assurance that our financial activities comply with all applicable laws, and safeguard our resources as well as properly account for our operational expenditures.

Based on both internal and external evaluations, and knowledge gained from daily operations, I am able to certify with reasonable assurance that the CSB is in compliance with the provisions of the FMFIA.

John S. Bresland
Chairman & CEO

December 15, 2009



MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

The Chemical Safety and Hazard Investigation Board (CSB) is an independent federal agency charged with investigating industrial chemical accidents. CSB investigations look into all aspects of chemical accidents, including physical causes such as equipment failures, as well as inadequacies in safety management systems that define safety culture and adherence to government regulations. The Board makes safety recommendations to plants, industry organizations, labor groups, and regulatory agencies such as the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA). This discussion and analysis provides a concise overview of the CSB. For detailed information visit our website at www.csb.gov.

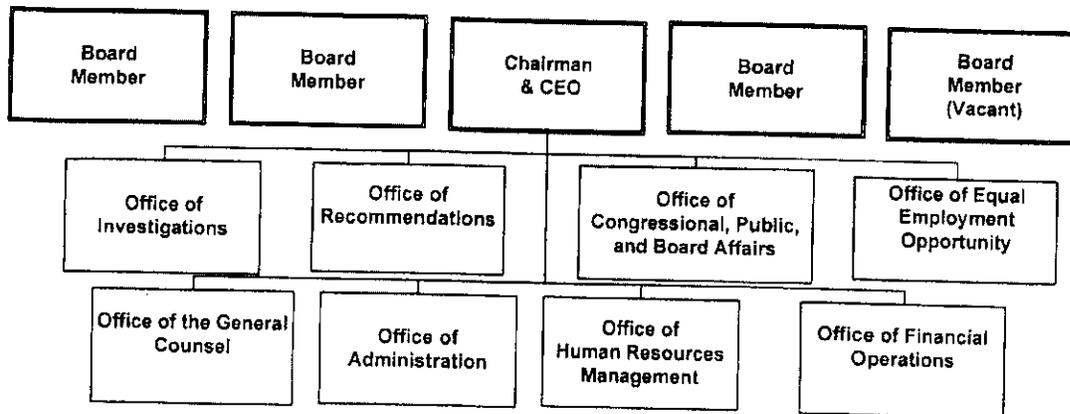
Mission and Organizational Structure

The mission of the CSB is to investigate chemical accidents and hazards, as well as to recommend actions to protect workers, the public and the environment. Our independent investigation reports and videos bolster efforts by government, industry, labor, and local communities to prevent chemical process accidents.

The CSB began operations in fiscal year (FY) 1998. The CSB is headquartered in Washington, DC, and has a field office in Denver, Colorado. The CSB is governed by its Board, which consists of five presidentially appointed members who are confirmed by the Senate. One of the Board members serves as the Chairman and Chief Executive Officer (CEO) of the agency. As of September 30, 2009, there were four appointed Board members, including the Chairman, and a professional staff of 36.

The following is the CSB's organizational chart, which was in effect for FY 2009.

Chemical Safety and Hazard Investigation Board
Organizational Chart



Performance Goals, Objectives, and Results

In continuing work towards our mission to promote the prevention of chemical accidents, the CSB developed an action plan for FY 2009. The specific goals of the action plan were to:

- **Goal #1:** Select and complete accident investigations and recommend actions with a high potential for protecting workers, the public and the environment.
- **Goal #2:** Select and complete safety studies and recommend actions with a high potential for protecting workers, the public and the environment.
- **Goal #3:** Reduce the likelihood of similar accidents in the future by securing implementation of CSB safety recommendations.
- **Goal #4:** Promote improved safety practices by broadly disseminating the findings, lessons, and recommendations from CSB investigations and studies.
- **Goal #5:** Establish the CSB as a recognized world leader in accident investigation and prevention by continuing to improve our human capital and infrastructure.

Goal #1 Accomplishments (Select and complete accident investigations and recommend actions with a high potential for protecting workers, the public and the environment.)

In FY 2009, the CSB continued to emphasize investigations and safety, by issuing final reports or a case study on the incident investigations listed below. The investigations completed in FY2009 led to significant new safety recommendations.

- **Imperial Sugar:** At a public meeting, the CSB voted to approve its final report on a huge explosion and fire occurred at the Imperial Sugar refinery northwest of Savannah, Georgia. The accident resulted in 14 deaths and injury to 38 others, including 14 with serious and life-threatening burns. CSB concluded that the explosion resulted from ongoing releases of sugar from inadequately designed and maintained dust collection equipment, conveyors, and sugar handling equipment. Inadequate housekeeping practices allowed highly combustible sugar dust and granulated sugar to build up throughout the refinery's packing buildings. The CSB recommended that OSHA proceed expeditiously, consistent with the CSB's November 2006 recommendation and OSHA's announced intention to conduct rulemaking, to promulgate a comprehensive standard to reduce or eliminate hazards from fire and explosion from combustible powders and dust. The final report also included a series of safety recommendations to the company, industry groups, and an insurance industry trade association.
- **T2 Laboratories:** At a public meeting, the CSB voted to approve its final report on an explosion that occurred at T2 Laboratories Inc., in Jacksonville, Florida, during a chemical process to make a gasoline additive known as methylcyclopentadienyl manganese tricarbonyl. Four people were killed and 13 others were transported to the hospital after the explosion that was likely caused by a runaway chemical reaction that likely resulted from an inadequate reactor cooling system. The CSB recommended that the American Institute of Chemical Engineers and the Accreditation Board for Engineering and Technology work together to include reactive chemical education in baccalaureate chemical engineering curricula across the country.
- **Allied Terminals:** The CSB released its final report on a fertilizer tank collapse at Allied Terminals in Chesapeake, VA. The aboveground storage tank catastrophically failed releasing two million gallons of liquid urea ammonium nitrate (UAN) fertilizer and seriously injuring two workers. The release overtopped a containment dike and flooded sections of a nearby residential neighborhood, requiring remediation of the soil. At least 200,000 gallons of spilled fertilizer could not be accounted for, and some reached the nearby Elizabeth River, which flows into the Chesapeake Bay. The CSB issued an urgent recommendation to Allied Chemicals Inc., to ensure the safety of its three remaining fertilizer storage tanks, after the one had failed catastrophically. In its final report, the CSB called for state action to regulate storage tanks, and recommended that EPA revise and reissue a safety bulletin on liquid fertilizer tank hazards. The CSB also asked The Fertilizer Institute, a trade association, to urge member companies to

require appropriate inspections of tanks used to store liquid fertilizer at terminal facilities.

- **INDSPEC:** The CSB released a case study on an uncontrolled oleum release from INDSPEC Chemical Corporation in Petrolia, Pennsylvania, which forced the evacuation of three surrounding towns in October 2008. The CSB encouraged companies that handle hazardous chemicals to follow proper management-of-change procedures, monitor deviations from written operating procedures, and implement appropriate safeguards to mitigate human errors.

In addition to completing 4 investigations, the CSB continued work on 5 investigations that were initiated during FY 2008. CSB investigators also deployed to 15 new incidents, which resulted in initiating the following 6 investigations:¹

- **Delek Refinery:** On the afternoon of November 20, 2008, an explosion and fire occurred at the Delek Refinery in Tyler, Texas. Two workers died and two others sustained injuries as a result of the accident.
- **Silver Eagle Refinery:** On the evening of January 12, 2009, 2 refinery operators and 2 contractors suffered serious burns resulting from a flash fire at the Silver Eagle Refinery in Woods Cross, Utah. The accident occurred when a large flammable vapor cloud was released from an atmospheric storage tank, known as tank 105, which contained an estimated 440,000 gallons of light naphtha. The vapor cloud found an ignition source and the ensuing flash fire spread up to 230 feet west of the tank farm.
- **Veolia Environmental Sciences:** On May 4, 2009, flammable vapors were suddenly released into the atmosphere. The vapors found an ignition source, leading to an explosion and fire that seriously injured two workers and damaged twenty residences.
- **ConAgra:** On the afternoon of June 9, 2009, 4 workers were fatally injured and dozens of others were injured when an explosion occurred at the ConAgra Foods facility in Garner, North Carolina.
- **Citgo:** On the morning of July 19, 2009, a fire began in the hydrogen fluoride (HF) alkylation unit at the CITGO refinery in Corpus Christi, Texas. One worker was airlifted to a burn center in San Antonio as a result of the accident at the 163,000 barrels per day refinery.
- **ExxonMobil Refinery:** On August 6, 2009, there was a release of propane and small amounts of hydrogen fluoride at the ExxonMobil Refinery in Joliet, Illinois that led to an evacuation of the facility.

¹ The CSB initiated a total of 8 investigations in FY 2009. The Allied Terminal and INDSPEC investigations were initiated and completed in FY 2009, so the descriptions of these investigations is included with completed investigations

Goal #2 Accomplishments (Select and complete safety studies and recommend actions with a high potential for protecting workers, the public and the environment.)

The CSB planned to draft protocol for selecting and conducting safety studies, research surveys, etc., and to develop a list of potential studies for the Board Members to review and consider. However, these initiatives were not completed due to higher priority work that arose during the year.

Goal #3 Accomplishments (Reduce the likelihood of similar accidents in the future by securing implementation of CSB safety recommendations.)

Safety recommendations are an important tool for promoting chemical safety. Each recommendation has one or more specific recipients, who are the parties best able to carry out the recommended action to improve safety. Once the CSB issues a recommendation, our staff encourages implementation, ensures they are effectively communicated to the recipient(s), together with any needed justification or explanation, and tracks them to completion.

In FY 2009, the CSB issued a total of 21 recommendations, and advanced 22 and closed 41 previously issued recommendations. Many of the closed recommendations will make significant contributions to improved chemical safety. For example:

- New York City took the last steps in the revision, adoption and implementation of a new Fire Code, parts of which had not been updated since the early part of the last century. The revision was prompted by a CSB recommendation arising from a fire in a mixed-occupancy building mishandling hazardous materials that took place in FY 2002.
- OSHA initiated a National Emphasis Program of inspections in response to a CSB recommendation from a study of combustible dust explosions.
- The American Petroleum Institute formed a committee of experts and began to develop recommended practices for freeze protection in oil refineries, following a CSB recommendation after several incidents involving frozen sections of pipe containing hazardous chemicals.
- The National Fire Protection Association started developing a consensus standard for fire protection in hazardous waste treatment, storage and disposal facilities, following CSB recommendations from the investigation of a serious incident in such a facility in North Carolina.

Goal #4 Accomplishments (Promote improved safety practices by broadly disseminating the findings, lessons, and recommendations from CSB investigations and studies.)

The Strategic Plan for FY 2007-2012 established a new strategic goal for the broad dissemination of its findings, recommendations, and lessons learned among a multitude of stakeholders. The Board recognizes that a potent tool for achieving the agency's mission is more widespread awareness of the causes of chemical accidents and the

measures that can prevent them. In FY 2009, the CSB redesigned its website to provide easier access to investigation information, including the ability to download high-resolution photos from CSB investigations, and an improved search capability. The CSB's widely viewed safety videos and safety messages are embedded throughout the website.

In addition, in FY 2009 the CSB produced four new safety videos, which use advanced computer animation to explain precisely how a major chemical accident occurred. The videos present the specific findings and recommendations from CSB reports and feature interviews with CSB Board Members and investigators discussing appropriate good safety practices to follow. The response to the safety video program has been remarkable. Safety videos have been viewed hundreds of thousands of times over the Internet, and the CSB distributed thousands of DVD copies to large and small companies, labor unions, trade organizations, and other requestors.

CSB also introduced Safety Messages, a new communication tool for the agency, consisting of short videos from the Chairman. During FY 2009 several short messages were released on a variety of current issues in chemical process safety. These messages were released on the CSB's redesigned website (csb.gov), YouTube.com, and Blogger.com.

In addition to the video program, the CSB held public meetings on the T2 and Imperial investigations, an interim public hearing on the Bayer CropScience investigation, and a press conference on the Allied investigation. Individual Board members also gave 68 presentations on findings, lessons learned, and recommendations at business, labor, and public interest group meetings during FY 2009.

Goal #5 Accomplishments (Establish the CSB as a recognized world leader in accident investigation and prevention by continuing to improve our human capital and infrastructure.)

Our five-year strategic plan for FY 2007 through FY 2012 recognizes that high performing employees are essential to the accomplishment of our critical mission. In FY 2009 the CSB opened a field office in Denver, Colorado. Establishing a presence in the western states allowed the CSB to recruit more effectively, to deploy investigators more quickly to some accident sites, and to maintain important contacts with stakeholders throughout the country. In FY 2009 the CSB hired three new investigators for the Denver office, and four new investigators for the Washington DC office. Along with its success in recruitment, the CSB retained 91% of its high performers during the fiscal year.

An important metric for the CSB are results from the annual employee survey. The most recent employee survey results indicate that employees have a positive view of the agency. Specifically:

Survey Issue / Question	CSB	Governmentwide
Employees feel they have the knowledge, skills and ability to accomplish the agency's goals.	74.1%	73.8%
My work unit is able to recruit people with the right skills	70.4%	44.9%
How does satisfaction with the CSB compare to government-wide averages?	74.1%	60.4%

Analysis of Financial Statements

Our financial statements have been prepared to report the financial position and our operational results pursuant to the requirements of the Accountability of Tax Dollars Act of 2002. The principal financial statements include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. The following chart summarizes our budget and outlays since FY 2006.

CSB's Budget and Outlays (Dollars in Thousands)

Fiscal Year	Budget*	Outlays
2009	\$10,199	\$9,313
2008	9,263	8,621
2007	9,113	8,804
2006	9,065	8,850

We note the CSB's first full financial audit was conducted for FY 2001. Our financial statements for this and subsequent fiscal years have all received unqualified opinions, meaning our statements were fairly presented and free from material misstatements.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

* Excludes a no-year Emergency Fund, which was provided to be a funding mechanism for investigation cost fluctuations. As of September 30, 2009 the Emergency Fund had not been used and had a balance of \$844,000.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Systems, Controls, and Legal Compliance

The CSB is cognizant of the importance of establishing and maintaining adequate controls for the programs and administrative functions for which it is responsible. Our management team is developing, implementing, evaluating, and modifying our controls to provide reasonable assurance that the CSB has adequate accountability of our resources. In addition, given the small size of our agency, the CSB determined it to be more cost effective to obtain accounting, personnel, and procurement services from outside sources, which also provide additional levels of control.

Based on internal and external evaluations, and knowledge gained from daily operations, our controls provide reasonable assurance that our resources are safeguarded and properly managed. Our Board Members and managers continue to emphasize the importance of internal controls, and evaluate and enhance them as necessary.

Management Assurances

Federal Managers' Financial Integrity Act

In accordance with the Federal Managers' Financial Integrity Act (FMFIA), the CSB has an internal management control system, which helps provide assurance that obligations and costs comply with applicable law, assets are safeguarded against waste, loss, unauthorized use or misappropriation, and revenues and expenditures are properly accounted for and recorded. The FMFIA also requires assurance that funds are being used in accordance with the agency's mission and that they are achieving their intended results; that resources are protected from waste, fraud and mismanagement, and that appropriate laws and regulations are followed. The FMFIA encompasses program, operational and administrative areas, as well as accounting and financial management. The FMFIA requires the agency head to provide an assurance statement on the adequacy of management controls and conformance of financial systems with Government-wide standards. This assurance statement is contained in the Message from the Chairman.

Improper Payments Information Act

The Improper Payments Information Act of 2002 requires agencies to review annually all programs and activities to identify those susceptible to significant improper payments, estimate the annual improper payments in the susceptible programs and activities, and report the results of their improper payment reduction plans and activities.

The CSB has not identified any significant risk with improper payments. However, we recognize the importance of maintaining adequate internal controls to ensure proper payments, and our commitment to the continuous improvement in the overall disbursement management process remains strong. In FY 2009, the CSB continued our

agreement with the Bureau of the Public Debt (BPD) to process financial transactions, make administrative payments, and prepare various financial reports. This agreement promotes the accuracy of our financial records and payments.

PERFORMANCE REPORT

In FY 2007 the CSB updated its five-year strategic plan. This plan covers FY 2007 through FY 2012, and serves as a guide in setting priorities, allocating resources, and making decisions. The following is the status of specific initiatives identified in the FY 2009 action plan.

Goal #1: Select and complete accident investigations and recommend actions with a high potential for protecting workers, the public and the environment.

Initiative	Status	Explanation
1. Deploy to 9 incidents and select 6 incidents for investigation	Completed	Deployed to 17 incidents and the Chairman selected 8 for investigation – Allied, INDPEC, Delek, Silver Eagle, Veolia, ConAgra, Citgo, and ExxonMobile.
2. Complete 6 current investigations: <ul style="list-style-type: none"> • Xcel, T2, BP America, Imperial, Goodyear, and PCA 	Partially Complete	Completed a total of 4 investigations: <ul style="list-style-type: none"> • 2 of the 6 prior year investigations were completed in FY 2009 – T2 and Imperial. • The CSB completed 2 investigations initiated in FY 2009 – Allied and INDPEC. Due to numerous new incidents that took place in FY2009, Xcel, BP America, Goodyear, and PCA were not completed in FY 2009, but are planned for completion in FY 2010.
3. Complete investigation protocols, including guidelines on the continuation and termination of investigations. <ul style="list-style-type: none"> • Analysis, Recommendations, Writing Reports, and Board Briefing 	Initiated and On-Going	Did not complete the investigation protocols due to the higher priority investigative workload. Completing the protocols will be an initiative in the FY 2010 Action Plan.

Initiative	Status	Explanation
4. Conduct investigative training including protocols, core competencies, and presentations by safety experts	Completed	Training was conducted for investigators throughout FY 2009. In addition, CSB, National Transportation Safety Board, and U.S. Forest Service sponsored a two-day educational seminar on improving safety in complex and high hazard industries. Conducting investigative training and presentations by safety experts will continue in FY 2010.
5. Establish blanket purchase agreements with technical consultants	Deferred	Blanket purchase agreements were not established due to higher priority work. The CSB will continue to work on establishing these agreements in FY 2010.
6. Develop a plan to address the investigation gap as identified by the Government Accountability Office (GAO) <ul style="list-style-type: none"> • Develop a protocol for completing short incident assessments 	Deferred	The plan and protocol were not developed in FY 2010 due to higher priority work. Preparing a proposal for Board consideration on an incident assessment team will be an initiative in the FY 2010 action plan.
7. Revise Board Order 036 "Incident Selection" and review changes to improve data accuracy	Deferred	Board Order 036 was not revised in FY 2009, but the CSB plans to revise it in FY 2010. During FY 2009 the CSB made significant improvements in its screening system, including a new, secured, quality-checked database for incident screening information.
8. Publish in the Federal Register a Request for Information (RFI) concerning a reporting regulation relating to chemical incidents	Completed	An Advance Notice of Proposed Rulemaking was approved by the Board on June 15, 2009 and published in the Federal Register on June 25, 2009. Preparing a proposed rule on incident reporting for Board review and vote will be an initiative in the FY 2010 action plan.

Goal #2: Select and complete safety studies and recommend actions with a high potential for protecting workers, the public and the environment.

Initiative	Status	Explanation
9. Draft protocol for selecting and conducting safety studies, research surveys, etc.	Deferred	A protocol was not drafted due to other priorities.
10. Develop a list of potential studies for the Board Members review and consideration.	Deferred	An informal list was prepared, but a formal list was not completed due to other priorities.

Goal #3: Reduce the likelihood of similar accidents in the future by securing implementation of CSB safety recommendations.

Initiative	Status	Explanation
11. Successfully close 50 and advance 40 recommendations	On-Going	Closed 41 recommendations and advanced 22 recommendations. Closing and advancing recommendations will be an initiative in the FY 2010 Action Plan.
12. Revise Board Order 022, "CSB Recommendation Program" <ul style="list-style-type: none"> • Adopt revisions in response to EPA IG recommendation • Adopt overall revisions to Board Order 022 	Completed in part; deferred in part.	The Board approved revisions to Board Order 022 to accommodate EPA Inspector General recommendation to evaluate continuing implementation of closed recommendations. Overall revisions to Board Order 022 were not completed due to higher priority work.
13. Develop specific survey methodology and questions and obtain paperwork reduction act clearances from OMB in response to EPA IG recommendation to "follow up on a sample of closed recommendations and analyze whether adherence and/or conditions have changed".	On-Going	A survey methodology was proposed but not completed in FY 2009. However, it was determined that the survey will not be large enough to require a paperwork reduction act clearance. The survey methodology and questions will be finalized and the survey will be conducted in FY 2010.

Goal #4: Promote improved safety practices by broadly disseminating the findings, lessons, and recommendations from CSB investigations and studies.

Initiative	Status	Explanation
14. Develop and implement outreach efforts, including video production as appropriate, for each CSB investigation/study	Completed	The CSB conducted outreach efforts for four investigations, including three public meetings and one press conference. The CSB distributed 32,200 DVD copies of safety videos to large and small companies, labor unions, trade organizations, and other requestors.
15. Produce and distribute 3 videos (CSB Emergency Preparedness Findings, About the CSB, and Combustible Dust). Subject to availability of funding, produce and distribute 6 safety videos (Imperial, T2 Laboratories, BP Texas City 2008, Xcel, PCA, and Goodyear)	Completed	Produced and distributed 5 safety videos - CSB Emergency Preparedness Findings, About the CSB, T2, and Half an Hour to Tragedy. In addition, the CSB introduced safety messages in FY 2009, and produced four short messages on a variety of current issues in chemical process safety. These messages were released on the CSB's redesigned website (csb.gov), YouTube.com , and Blogger.com .
16. Conduct 3 public meetings on CSB investigations and studies	Completed	Conducted public meetings on Bayer CropScience, T2 and Imperial Investigations.
17. Launch new, externally hosted CSB website	Completed	The new website was launched in May 2009. The new website provides online research tools, including access to our publications, recommendations database, and safety videos that present the specific findings and recommendations from our investigations.
18. Develop ongoing relationships with appropriate federal agencies (e.g., EPA, OSHA, and NTSB etc.)	On-Going	CSB leadership met with leadership of NTSB and OSHA. Coordinated with a variety of agencies on investigative matters, and will continue to develop relationships in FY 2010.

Goal #5: Establish the CSB as a recognized world leader in accident investigation and prevention by continuing to improve our human capital and infrastructure.

Initiative	Status	Explanation
19. Track and report quarterly on Strategic and Action Plan accomplishments.	Completed	Reports on the status of all of Strategic and Action Plan initiatives, including accomplishments, were prepared quarterly and provided to the Board Members and managers.
20. Develop a comprehensive human capital plan using the Strategic Management of Human Capital portion of the President's Management Agenda as a guide.	On-Going	Worked with OPM and NBC to develop the human capital plan, which will be submitted to OPM in FY 2010.
21. Headquarters Office Space	On-Going	A contract was awarded to a space broker to assist with obtaining headquarters office space when the current lease ends in September 2010. Headquarters office space will be an initiative in the FY 2010 Action Plan.
22. Implement Continuity of Operations (COOP) Plan	On-Going	A revision to the COOP Plan with the new Denver office identified as the CSB's alternate site in case of emergency was drafted. In addition, the Denver office was equipped to meet COOP requirements. Implementing the COOP plan will be continued in FY 2010.

Initiative	Status	Explanation
23. Implement Homeland Security Presidential Directive (HSPD) 12, Policy for a Common Identification Standard for Federal Employees and Contractors	On-Going	Sent a detailed request to GSA seeking clarification of several areas of concern related to HSPD 12 agreement. GSA and CSB were unable to resolve the issues, so CSB sent a formal request to GAO seeking a legal opinion on the appropriation law issues of concern. Following the close of the fiscal year, the CSB received a legal opinion from GAO which validated the CSB's concerns about the agreement. GAO outlined how GSA should revise the agreement to avoid problems with the anti-deficiency act and the bona fide needs rule. Assuming GSA agrees to follow GAO's guidance, the CSB can sign an agreement with GSA and proceed to implement HSPD-12.
24. Implement plan for establishing Western Regional Office	Completed	The Denver Office became operational and staffed in FY 2009.
25. Hire the investigators needed to complete our mission within the limits of our budget.	Completed	Hired three senior level, and four entry level investigators. Hiring investigators will continue in FY 2010.
26. Develop Foreign Travel Policy	Completed	Board Order 045, Foreign Travel, was approved in December 2008.
27. Develop Board Order governing organizational memberships, participation in outside organizations, and outside publications by Board Members and Employees	On-Going	A Board Order was drafted, but will continue into to FY 2010 due to higher priority work in FY 2009.
28. Revise Strategic Plan	Deferred	The Chairman deferred revising the Strategic Plan to FY 2010 in anticipation of the arrival of two new Board Members.

Initiative	Status	Explanation
29. Support Congressional review/oversight of CSB's statutory authority	On-Going	Supported House of Representatives hearing and investigation focused on the CSB's authority at MTSA-regulated petrochemical sites; briefed numerous Congressional offices on authority issues related to Sensitive Security Information, contributing to legislative efforts. Also, in early FY 2010 the CSB Chairman submitted a letter to authorizing committees regarding CSB's statutory authority.
30. Track and report on GAO recommendations (dated August 22, 2008)	Completed	Reports on the status of GAO recommendations, including accomplishments, were prepared quarterly and provided to the Board Members and managers.
31. Improve Records Management System	On-Going	Moved investigation records to the Electronic Records Management System (ERM), Board Orders are also stored in the ERM, and set up a new database for the Denver office.
32. Develop and implement programs to protect CSB information	On-Going	The Information Resources Management Plan and IT Capital Plan were updated to include enterprise encryption software. Equipment and licenses for software programs were purchased and CSB will continue to implement this program in FY 2010.
33. Develop a Board Order on Procurement Planning, Execution and Budgeting	Deferred	Developing a Board Order on Procurement Planning, Execution and Budgeting was deferred to FY 2010 due to other priorities.
34. Benchmark with other federal agencies regarding providers for accounting, procurement, and travel services	Deferred	Benchmarking with other federal agencies regarding providers for accounting, procurement, and travel services was deferred to FY 2010 due to other priorities.
35. Update 5 year information resources management plan	Completed	The 5 year information resources plan was approved in September 2009.

Agency Plans and Schedules for Improving Performance

The CSB constantly works to improve the efficiency and effectiveness of our programs and initiatives. Annual action plans are designed to include “stretch goals”, to include challenges to managers and staff in order to achieve maximum results. Our strategic planning committee, consisting of senior managers, meets throughout the year to monitor accomplishments and assess priorities.

Completeness and Reliability of Performance Data

Reported performance data are free from any material inadequacies in the completeness and reliability of the data. As a small agency, the CSB can readily monitor and report on its actual performance in achieving its goals.

FINANCIAL REPORT

A Message from the Chief Financial Officer

The CSB recognizes the significance of accountability and public disclosure. This report is a demonstration of our obligation to fulfill our fiduciary responsibilities to the American taxpayers.

I am pleased to present our financial statements for fiscal years 2008 and 2009. This year the independent public accounting firm, Brown & Company CPAs, PLLC, issued an unqualified (“clean”) opinion on our financial statements. A clean opinion is the best possible audit outcome, and is consistent with opinions issued since our first full financial audit was conducted in FY 2001.

These financial statements fairly present our financial position and were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America and formats prescribed by the OMB.

Elizabeth A. Robinson
Chief Financial Officer

December 15, 2009

Independent Auditor Reports

INSERT DOCUMENTS

CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2009 AND 2008

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**CHEMICAL SAFETY BOARD
BALANCE SHEET
AS OF SEPTEMBER 30, 2009 AND 2008
(In Dollars)**

Assets:			
Intragovernmental:			
Fund Balance With Treasury (Note 2)	\$	4,813,726	\$ 4,100,310
Other (Note 5)		185,366	-
Total Intragovernmental		4,999,092	4,100,310
Accounts Receivable (Note 3)		33	33
General Property, Plant and Equipment, Net (Note 4)		194,061	213,625
Other (Note 5)		59,000	59,028
Total Assets	\$	5,252,186	\$ 4,372,996
Liabilities:			
Intragovernmental:			
Accounts Payable	\$	12,280	\$ 31,156
Other (Note 6 & 7)		74,696	67,241
Total Intragovernmental		86,976	98,397
Accounts Payable		118,459	255,889
Other (Note 6 & 7)		742,847	717,818
Total Liabilities	\$	948,282	\$ 1,072,104
Net Position:			
Unexpended Appropriations - Other Funds	\$	4,454,636	\$ 3,421,793
Cumulative Results of Operations - Other Funds		(150,732)	(120,901)
Total Net Position	\$	4,303,904	\$ 3,300,892
Total Liabilities and Net Position	\$	5,252,186	\$ 4,372,996

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

CHEMICAL SAFETY BOARD
STATEMENT OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008
(In Dollars)

Program Costs:			
<i>Salaries & Expenses:</i>			
Gross Costs (Note 9)	\$	9,313,637	\$ 9,208,363
Net Cost of Operations	\$	9,313,637	\$ 9,208,363

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

CHEMICAL SAFETY BOARD
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008
(In Dollars)

	2009	2008
	All Other Funds	All Other Funds
Cumulative Results of Operations:		
Beginning Balances	\$ (120,901)	\$ 58,074
Budgetary Financing Sources:		
Appropriations Used	8,993,278	8,774,051
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources	290,528	255,337
Total Financing Sources	9,283,806	9,029,388
Net Cost of Operations	9,313,637	9,208,363
Net Change	(29,831)	(178,975)
Cumulative Results of Operations	\$ (150,732)	\$ (120,901)
Unexpended Appropriations:		
Beginning Balances	\$ 3,421,793	\$ 3,116,848
Budgetary Financing Sources:		
Appropriations Received	10,199,000	9,410,000
Other Adjustments	(172,879)	(331,004)
Appropriations Used	(8,993,278)	(8,774,051)
Total Budgetary Financing Sources	1,032,843	304,945
Total Unexpended Appropriations	\$ 4,454,636	\$ 3,421,793
Net Position	\$ 4,303,904	\$ 3,300,892

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

CHEMICAL SAFETY BOARD
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008
(In Dollars)

	2009	2008
Budgetary Resources:		
Unobligated Balance:		
Unobligated Balance Brought Forward, October 1	\$ 2,298,511	\$ 1,789,739
Recoveries of Prior Year Unpaid Obligations	259,896	265,712
Budget Authority		
Appropriation	10,199,000	9,410,000
Permanently Not Available	172,879	331,004
Total Budgetary Resources	\$ 12,584,528	\$ 11,134,447
Status of Budgetary Resources:		
Obligations Incurred		
Direct	\$ 9,584,747	\$ 8,835,936
Unobligated Balance		
Apportioned	1,514,231	1,292,943
Unobligated Balance Not Available	1,485,550	1,005,568
Total Status of Budgetary Resources	\$ 12,584,528	\$ 11,134,447
Change in Obligated Balance:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	\$ 1,801,799	\$ 1,852,584
Obligations Incurred Net	9,584,747	8,835,936
Less: Gross Outlays	9,312,705	8,621,009
Less: Recoveries of Prior Year Unpaid Obligations, Actual	259,896	265,712
Total, Unpaid Obligated Balance, Net, End of Period	\$ 1,813,945	\$ 1,801,799
Net Outlays:		
Net Outlays:		
Gross Outlays	\$ 9,312,705	\$ 8,621,009
Less: Offsetting Collections	-	-
Net Outlays	\$ 9,312,705	\$ 8,621,009

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



CHEMICAL SAFETY 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 process safety and evaluating the effectiveness of other Government agencies on chemical process 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 a Salaries and Expense Fund, and an Emergency General Fund account.

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, net cost of operations, changes in net position, and the status and availability of budgetary resources of the CSB. 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 approved by the principals of the Federal Accounting Standards Advisory Board (FASAB), OMB Circular A-136, *Financial Reporting Requirements* 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.

C. Budgets and Budgetary Accounting

Congress usually enacts appropriations to permit the CSB to incur obligations for specified purposes. In fiscal years 2009 and 2008, the CSB was accountable for a general fund appropriation. The CSB recognizes budgetary resources as assets when cash (funds held by the U.S. Treasury) is made available through the Department of Treasury General Fund warrants.

D. 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.

E. Revenues & Other Financing Sources

Congress enacts annual, multi-year, and no-year appropriations to be used, within statutory limits, for operating and capital expenditures.

Additional amounts are obtained from service fees and reimbursements from other government entities and the public.

Appropriations are recognized as a financing source when expended. Revenues from service fees associated with reimbursable agreements are recognized concurrently with the recognition of accrued expenditures for performing the services.

The CSB recognizes as an imputed financing source the amount of accrued pension and post-retirement benefit expenses for current employees paid on our behalf by the Office of Personnel Management (OPM).

F. Taxes

The CSB, as a Federal entity, is not subject to Federal, State, or local income taxes, and, accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

G. Fund Balance with Treasury

The U.S. Treasury processes cash receipts and disbursements. Funds held at the Treasury are available to pay agency liabilities. The CSB does not maintain cash in commercial bank accounts or foreign currency balances. 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.

H. Accounts Receivable

Accounts receivable consists of amounts owed to the CSB by other Federal agencies and the public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. 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.

I. 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 charged to expense as incurred. The CSB capitalization threshold is \$10,000 for individual purchases and \$50,000 for bulk purchases. 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	9
Office Furniture	7
Office Equipment	5
Computer Equipment	3
Internal Use Software	3

J. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

K. Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by the CSB as a result of transactions or events that have already occurred. No liability can be paid, however, absent an appropriation or other funding. Liabilities for which an appropriation has not been enacted or other funds received

are, therefore, classified as not covered by budgetary resources. There is no certainty that the appropriation will be enacted.

Additionally, the Government, acting in its sovereign capacity, can abrogate liabilities. Liabilities not covered by budgetary resources on the Balance Sheet are equivalent to amounts reported as components requiring or generating resources on the Reconciliation of Net Cost to Budget.

L. Accounts Payable

Accounts payable consists primarily of amounts owed to other Federal agencies and the public for contracts for goods or services, such as leases, utilities, telecommunications and consulting and support services.

M. 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. Nonvested 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 upon the retirement of that individual. No credit is given for sick leave balances upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

N. 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 (1) the net present value of estimated future payments calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

O. 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.

FERS went into effect on January 1, 1987. FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984 elected to join either FERS and Social Security, or remain in CSRS. FERS offers a savings plan to which the CSB automatically contributes one percent of pay and 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.

P. 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.

Q. 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 2009 and 2008 to the extent directed by OMB.

R. Expired Accounts and Cancelled Authority

Unless otherwise specified by law, annual authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account in which the annual authority is placed is called the expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period.

Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period but not previously reported. At the end of the fifth expired year, the expired account is cancelled.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2009 and 2008 were as follows:

Fund Balances:

	2009	2008
Appropriated Funds	\$ 4,813,726	\$ 4,100,310
Total	\$ 4,813,726	\$ 4,100,310

Status of Fund Balance with Treasury:

	2009	2008
Unobligated Balance		
Available	\$ 1,514,231	\$ 1,292,943
Unavailable	1,485,550	1,005,568
Obligated Balance Not Yet Disbursed	1,813,945	1,801,799
Total	\$ 4,813,726	\$ 4,100,310

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2009 and 2008 were as follows:

	2009	2008
With the Public		
Accounts Receivable	\$ 33	\$ 33
Total Accounts Receivable	\$ 33	\$ 33

The accounts receivable balance is entirely made up of employee receivables.

Historical experience has indicated that most of the receivables are collectible and there are no material uncollectible accounts.

NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

Property, equipment, and software account balances as of September 30, 2009 and 2008 were as follows:

Schedule of Property, Equipment, and Software as of September 30, 2009

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 711,505	\$ 671,978	\$ 39,527
Office Furniture	520,021	520,021	-
Office Equipment	70,197	57,587	12,610
Computer Equipment	920,102	785,760	134,342
Internal Use Software	41,800	34,218	7,582
Total	\$ 2,263,625	\$ 2,069,564	\$ 194,061

Schedule of Property, Equipment, and Software as of September 30, 2008

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 711,505	\$ 592,921	\$ 118,584
Office Furniture	520,021	520,021	-
Office Equipment	76,892	65,269	11,623
Computer Equipment	746,647	692,719	53,928
Internal Use Software	55,551	26,061	29,490
Total	\$ 2,110,616	\$ 1,896,991	\$ 213,625

NOTE 5. OTHER ASSETS

Other assets account balances as of September 30, 2009 and 2008 were as follows:

	2009	2008
Advance	\$ 185,366	\$ -
Deposit on Leased Space	59,000	59,028
Total Other Assets	\$ 244,366	\$ 59,028

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities on the CSB's Balance Sheet as of September 30, 2009 and 2008, 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.

	2009	2008
Intragovernmental – FECA	\$ -	\$ 3,016
Annual Leave	344,826	331,544
Total Liabilities	\$ 344,826	\$ 334,560

NOTE 7. OTHER LIABILITIES

All Other Liabilities are considered current liabilities.

	2009	2008
Intragovernmental Liabilities		
FECA Liability	\$ -	\$ 3,016
Payroll Taxes Payable	74,696	64,225
Total Intragovernmental Liabilities	\$ 74,696	\$ 67,241

	2009	2008
With the Public		
Payroll Taxes Payable	\$ 40,195	\$ 36,000
Accrued Funded Payroll and Leave	357,826	350,274
Unfunded Annual Leave	344,826	331,544
Total Public Liabilities	\$ 742,847	\$ 717,818

NOTE 8. LEASES

Operating Leases

The CSB occupies office space in Washington, D.C. under a lease agreement that is accounted for as an operating lease. The lease terms began on October 1, 2000 and expires on September 30, 2010, with the renewal rights for an additional five years. The base rental rate shall be increased by an amount equal to 2% of the base rental rate in effect for the prior lease year. Additionally, real estate taxes and operating expenses are subject to annual adjustments. Below is a schedule of future payments for the term of the lease.

Washington, D.C.

Base Year	Totals
2010	\$ 872,000
Total Future Payments	\$ 872,000

The operating lease amount does not include estimated payments for leases with annual renewal options.

The CSB occupies office space in Denver, CO, under a lease agreement that is accounted for as an operating lease. The lease terms began on September 29, 2008 and expires on September 28, 2013. 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 PBS, plus any rent concessions not yet earned. Below is a schedule of future payments for the term of the lease.

Denver, CO

Base Year	Totals
2010	\$ 35,504
2011	36,000
2012	36,500
2013	37,000
Total Future Payments	\$ 145,004

NOTE 9. INTRAGOVERNMENTAL COSTS

Intragovernmental costs represent goods and services exchange transactions made between two reporting entities within the Federal government, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

	2009	2008
Program Salaries and Expenses		
Intragovernmental Costs	\$ 2,083,933	\$ 1,824,576
Public Costs	7,229,704	7,383,787
Total Net Cost	\$ 9,313,637	\$ 9,208,363

NOTE 10. 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, the Office of Personnel Management (OPM). Amounts paid from the U.S. Treasury's Judgment Fund in settlement of claims or court assessments against the CSB are also recognized as imputed financing. For the fiscal years ended September 30, 2009 and 2008, respectively, imputed financing was as follows.

	2009	2008
Office of Personnel Management	\$ 290,528	\$ 255,337
Total Imputed Financing Sources	\$ 290,528	\$ 255,337

NOTE 11. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President's Budget that will include FY09 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2010 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2010 Budget of the United States Government, with the Actual column completed for 2008, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 12. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2009 and 2008 consisted of the following:

	2009	2008
Direct Obligations, Category A	\$ 17,421	\$ 21,530
Direct Obligations, Category B	9,567,325	8,814,405
Total Obligations Incurred	\$ 9,584,747	\$ 8,835,936

NOTE 13. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, states that the amount of budgetary resources obligated for undelivered orders at the end of the period should be disclosed. For the fiscal years ended September 30, 2009 and 2008, undelivered orders amounted to \$1,454,855 and \$1,123,283 respectively.

NOTE 14. 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 \$2,608 and \$1,177 for the years ended September 30, 2009, and 2008, respectively.

NOTE 15. 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.

	2009	2008
RESOURCES USED TO FINANCE ACTIVITIES		
Budgetary Resources Obligated		
Obligations Incurred	\$ 9,584,747	\$ 8,835,936
Less: Spending Authority from Offsetting Collections and Recoveries	259,896	265,712
Obligations Net of Offsetting Collections and Recoveries	9,324,851	8,570,224
Other Resources		
Imputed Financing from Costs Absorbed by Others	290,528	255,337
Net Other Resources Used to Finance Activities	290,528	255,337
Total Resources Used to Finance Activities	9,615,379	8,825,561
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered But Not Yet Provided		
	331,572	(203,826)
Resources That Fund Expenses Recognized in Prior Periods	3,016	(1,386)
Resources That Finance the Acquisition of Assets	170,429	65,301
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	505,017	(139,911)
Total Resources Used to Finance the Net Cost of Operations	9,110,362	8,965,472
COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD		
Components Requiring or Generating Resources in Future Periods		
Increase in Annual Leave Liability	13,282	19,510
Other	-	-
Total Components of Net Cost of Operations That will Require or Generate Resources in Future Periods	13,282	19,510
Components Not Requiring or Generating Resources		
Depreciation and Amortization	189,993	223,381
Other	-	-
Total Components of Net Cost of Operations That will not Require or Generate Resources	189,993	223,381
Total Components of Net Cost of Operations That will not Require or Generate Resources in the Current Period	203,275	242,891
NET COST OF OPERATIONS	\$ 9,313,637	\$ 9,208,363

ABBREVIATIONS AND ACRONYMS

BPD	Bureau of the Public Debt (within the U.S. Department of the Treasury)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COOP	Continuity of Operations Plan
CSB	Chemical Safety and Hazard Investigation Board
EPA	Environmental Protection Agency
FISMA	Federal Information Security Management Act
FMFIA	Federal Manager's Financial Integrity Act
FY	Fiscal Year (October 1 to September 30)
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
HSPD	Homeland Security Presidential Directive
NTSB	National Transportation Safety Board
OIG	Office of Inspector General
OMB	Office Management and Budget
OSHA	Occupational Health and Safety Administration (within the U.S. Department of Labor)
PAR	Performance and Accountability Report

THE CSB WELCOMES YOUR COMMENTS!

Thank you for your interest in the CSB's FY 2009 Performance and Accountability Report. The CSB welcome your comments on how we can make this report a more informative document for our readers. The CSB is particularly interested in your comments on the usefulness of this information and the manner in which it is presented. Please send your comments to cfo@csb.gov or write to:

Chemical Safety and Hazard Investigation Board
Chief Financial Officer
2175 K. St, NW Suite C-100
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