



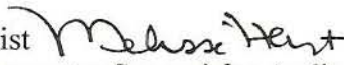
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

November 12, 2010

OFFICE OF  
THE INSPECTOR GENERAL

MEMORANDUM

SUBJECT: Audit of U.S. Chemical Safety and Hazard Investigation Board's  
Fiscal Years 2010 and 2009 Financial Statements

FROM: Melissa Heist   
Assistant Inspector General for Audit

TO: Rafael Moure-Eraso  
Chairman and CEO

This memorandum transmits the audit report on the U.S. Chemical Safety and Hazard Investigation Board's (CSB) Fiscal Years 2010 and 2009 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 years ended September 30, 2010 and 2009. 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 (OMB) Bulletin 07-04, 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 attached auditor's report dated November 12, 2010 and the opinions and conclusions expressed in the report. We do not express any opinion or conclusions on CSB's financial statements, internal control, or compliance with laws and regulations.

Should you have any questions, please contact me at (202) 566-0899 or [Heist.Melissa@epa.gov](mailto:Heist.Melissa@epa.gov) or Bill Spinazzola, Project Officer, at (202) 566-2568 or [Spinazzola.bill@epa.gov](mailto:Spinazzola.bill@epa.gov).

Attachments



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Cc: Elizabeth A. Robinson  
Chief Financial Officer  
U.S. Chemical Safety and Hazard Investigation Board

Kimberly Penn  
Audit Manager  
Brown and Company, CPAs, PLLC



**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

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

We have audited the accompanying balance sheet of the U.S. Chemical Safety and Hazard Investigation Board (CSB) as of September 30, 2010 and 2009, 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). These financial statements are the responsibility of CSB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States; and, Office of Management and Budget (OMB) Bulletin No. 07-04 as amended, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 as amended, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CSB as of September 30, 2010 and 2009 and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *U.S. Government Auditing Standards* and OMB Bulletin No. 07-04 as amended, we have also issued reports dated November 12, 2010 on our consideration of the CSB internal control over financial reporting and its compliance with provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with *U.S. Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The CSB's Management's Discussion & Analysis contains a wide range of information, some of which is not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with CSB officials. Based on this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles, or OMB guidance.

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

*Brown & Company*

Largo, Maryland  
November 12, 2010



**BROWN & COMPANY CPAs, PLLC**

**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS**

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

We have audited the financial statements of the U.S. Chemical Safety and Hazard Investigation Board (CSB) as of and for the year ended September 30, 2010 and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04 as amended, *Audit Requirements for Federal Financial Statements*.

In planning and performing our audit, we considered the CSB's internal control over financial reporting by obtaining an understanding of the CSB's internal control, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 07-04 as amended. The objective of our audit was not to provide an opinion on internal control and therefore, we do not express an opinion on internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness or significant deficiency. Under standards issued by the American Institute of Certified Public Accountants and OMB Bulletin No. 07-04 as amended, 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. Because of inherent limitations in internal controls, misstatements, losses, or non-compliance may nevertheless occur and not be detected. However, we noted no matters involving the internal control and its operation that we considered to be a material weaknesses as defined above.

This report is intended solely for the information and use of the Office of Inspector General, the management of the 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 12, 2010

LARGO  
1101 MERCANTILE LANE, SUITE 122  
LARGO, MD 20774  
(240) 492-1400 • FAX: (301) 773-2090  
mail@brownco-cpas.com

RICHMOND  
1504 SANTA ROSA ROAD, SUITE-107  
RICHMOND, VA 23229  
(804) 288-2006 • FAX: (804) 288-2233  
tdavis@brownco-cpas.com



**BROWN & COMPANY CPAs, PLLC**

**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS**

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH LAWS AND REGULATIONS**

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

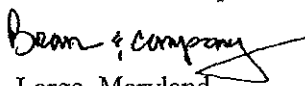
We have audited the financial statements of the U.S. Chemical Safety and Hazard Investigation Board (CSB) as of and for the year ended September 30, 2010, and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04 as amended, *Audit Requirements for Federal Financial Statements*.

The management of the CSB is responsible for complying with laws and regulations applicable to the CSB. As part of obtaining reasonable assurance about whether the CSB's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 07-04 as amended. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the CSB.

The results of our tests of compliance disclosed no reportable instances of noncompliance with laws and regulations discussed in the preceding paragraph that are required to be reported under *U.S. Government Auditing Standards* or OMB Bulletin No. 07-04 as amended.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion. However, we noted no noncompliance with laws and regulations, which could have a direct and material effect on the determination of financial statement amounts.

This report is intended solely for the information and use of the Office of Inspector General, the management of the 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 12, 2010

LARGO  
1101 MERCANTILE LANE, SUITE 122  
LARGO, MD 20774  
(240) 492-1400 • FAX: (301) 773-2090  
mail@brownco-cpas.com

RICHMOND  
1504 SANTA ROSA ROAD, SUITE 107  
RICHMOND, VA 23229  
(804) 288-2006 • FAX: (804) 288-2233  
tdavis@brownco-cpas.com

**CHEMICAL SAFETY AND HAZARD  
INVESTIGATION BOARD**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2010 AND 2009**

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**CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD**  
**BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2010 AND 2009**  
**(In Dollars)**

	2010	2009
<b>Assets:</b>		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 5,961,889	\$ 4,813,726
Other (Note 5)	100,353	185,366
<b>Total Intragovernmental</b>	<b>6,062,242</b>	<b>4,999,092</b>
Accounts Receivable, Net (Note 3)	33	33
Property, Equipment, and Software, Net (Note 4)	197,833	194,061
Other (Note 5)	59,000	59,000
<b>Total Assets</b>	<b>\$ 6,319,108</b>	<b>\$ 5,252,186</b>
<b>Liabilities:</b>		
Intragovernmental		
Accounts Payable	\$ 41,451	\$ 12,280
Other (Note 7)	89,744	74,696
<b>Total Intragovernmental</b>	<b>131,195</b>	<b>86,976</b>
Accounts Payable	152,213	118,459
Other (Note 7)	799,880	742,847
<b>Total Liabilities</b>	<b>\$ 1,083,288</b>	<b>\$ 948,282</b>
<b>Net Position:</b>		
Unexpended Appropriations - Other Funds	\$ 5,379,678	\$ 4,454,636
Cumulative Results of Operations - Other Funds	(143,858)	(150,732)
<b>Total Net Position</b>	<b>\$ 5,235,820</b>	<b>\$ 4,303,904</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,319,108</b>	<b>\$ 5,252,186</b>

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



**CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD**  
**STATEMENT OF NET COST**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**  
**(In Dollars)**

	2010	2009
<b>Program Costs:</b>		
Salaries & Expenses:		
Gross Costs (Note 9)	\$ 10,368,551	\$ 9,313,637
<b>Net Cost of Operations</b>	<b>\$ 10,368,551</b>	<b>\$ 9,313,637</b>

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

**CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**  
(In Dollars)

	2010	2009
<b>Cumulative Results of Operations:</b>		
Beginning Balances	\$ (150,732)	\$ (120,901)
<b>Budgetary Financing Sources:</b>		
Appropriations Used	10,005,769	8,993,278
<b>Other Financing Sources (Non-Exchange):</b>		
Imputed Financing Sources (Note 10)	369,656	290,528
Total Financing Sources	10,375,425	9,283,806
Net Cost of Operations	(10,368,551)	(9,313,637)
Net Change	6,874	(29,831)
Cumulative Results of Operations	\$ (143,858)	\$ (150,732)
<b>Unexpended Appropriations:</b>		
Beginning Balances	\$ 4,454,636	\$ 3,421,793
<b>Budgetary Financing Sources:</b>		
Appropriations Received	11,147,000	10,199,000
Other Adjustments	(216,189)	(172,879)
Appropriations Used	(10,005,769)	(8,993,278)
Total Budgetary Financing Sources	925,042	1,032,843
Total Unexpended Appropriations	\$ 5,379,678	\$ 4,454,636
Net Position	\$ 5,235,820	\$ 4,303,904

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

**CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD**  
**STATEMENT OF BUDGETARY RESOURCES**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**  
(In Dollars)

	2010	2009
<b>Budgetary Resources:</b>		
Unobligated Balance:		
Unobligated Balance Brought Forward, October 1	\$ 2,999,781	\$ 2,298,511
Recoveries of Prior Year Unpaid Obligations	155,615	259,896
Budget Authority		
Appropriation	11,147,000	10,199,000
Permanently Not Available	(216,189)	(172,879)
<b>Total Budgetary Resources</b>	<b>\$ 14,086,207</b>	<b>\$ 12,584,528</b>
<b>Status of Budgetary Resources:</b>		
Obligations Incurred (Note 12)		
Direct	\$ 10,759,595	\$ 9,584,747
Unobligated Balance		
Apportioned	1,261,318	1,514,231
Unobligated Balance Not Available	2,065,294	1,485,550
<b>Total Status of Budgetary Resources</b>	<b>\$ 14,086,207</b>	<b>\$ 12,584,528</b>
<b>Change in Obligated Balance:</b>		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	\$ 1,813,945	\$ 1,801,799
Obligations Incurred Net	10,759,595	9,584,747
Gross Outlays	(9,782,648)	(9,312,705)
Recoveries of Prior Year Unpaid Obligations, Actual	(155,615)	(259,896)
<b>Total, Unpaid Obligated Balance, Net, End of Period</b>	<b>\$ 2,635,277</b>	<b>\$ 1,813,945</b>
<b>Net Outlays:</b>		
Gross Outlays	\$ 9,782,648	\$ 9,312,705
<b>Net Outlays</b>	<b>\$ 9,782,648</b>	<b>\$ 9,312,705</b>

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



## **CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

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

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. The CSB manages 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's 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. Budgets and Budgetary Accounting**

Congress usually enacts appropriations to permit the CSB to incur obligations for specified purposes. In fiscal years 2010 and 2009, the CSB was accountable for general fund appropriations. 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.

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 the CSB's 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 general 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, leasehold improvements 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 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.

#### **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 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 FY2010 and 100% in 2014.

#### **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 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. 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. 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.

#### **Q. 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.

#### **R. 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 2010 and 2009 to the extent directed by OMB.

#### **S. 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, 2010 and 2009, were as follows:

	2010	2009
<b>Fund Balances:</b>		
Appropriated Funds	\$ 5,961,889	\$ 4,813,726
<b>Total</b>	<b>\$ 5,961,889</b>	<b>\$ 4,813,726</b>
<b>Status of Fund Balance with Treasury:</b>		
Unobligated Balance		
Available	\$ 1,261,318	\$ 1,514,231
Unavailable	2,065,294	1,485,550
Obligated Balance Not Yet Disbursed	2,635,277	1,813,945
<b>Total</b>	<b>\$ 5,961,889</b>	<b>\$ 4,813,726</b>

## NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2010 and 2009, were as follows:

	2010	2009
<b>With the Public</b>		
Employee Receivables	\$ 33	\$ 33
<b>Total Accounts Receivable</b>	<b>\$ 33</b>	<b>\$ 33</b>

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2010 and 2009.



**NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE**

Schedule of Property, Equipment, and Software as of September 30, 2010

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 711,505	\$ 711,505	\$ -
Office Furniture	520,021	520,021	-
Office Equipment	33,428	8,831	24,597
Computer Equipment	1,055,834	883,181	172,653
Internal Use Software	41,800	41,217	583
<b>Total</b>	<b>\$ 2,362,588</b>	<b>\$ 2,164,755</b>	<b>\$ 197,833</b>

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
Software	41,800	34,218	7,582
<b>Total</b>	<b>\$ 2,263,625</b>	<b>\$ 2,069,564</b>	<b>\$ 194,061</b>

**NOTE 5. OTHER ASSETS**

Other assets account balances as of September 30, 2010 and 2009, were as follows:

	2010	2009
Intragovernmental Assets		
EPA Advance	\$ 100,353	\$ 185,366
<b>Total Intragovernmental Assets</b>	<b>\$ 100,353</b>	<b>\$ 185,366</b>
With the Public		
Lease Deposit	\$ 59,000	\$ 59,000
<b>Total Public Assets</b>	<b>\$ 59,000</b>	<b>\$ 59,000</b>

## NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the CSB as of September 30, 2010 and 2009, 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.

	2010	2009
Intragovernmental – Unemployment Insurance	\$ 1,015	\$ -
Unfunded Leave	340,708	344,826
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>\$ 341,723</b>	<b>\$ 344,826</b>
Total Liabilities Covered by Budgetary Resources	741,565	603,456
<b>Total Liabilities</b>	<b>\$ 1,083,288</b>	<b>\$ 948,282</b>

The Unemployment Insurance liabilities represent the unfunded liability for actual unemployment benefits paid on the CSB's behalf and payable to the DOL.

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 7. OTHER LIABILITIES

All other liabilities are considered current liabilities.

	2010	2009
<b>Intragovernmental Liabilities</b>		
Unemployment Insurance Liability	\$ 1,015	\$ -
Payroll Taxes Payable	88,729	74,696
<b>Total Intragovernmental Liabilities</b>	<b>\$ 89,744</b>	<b>\$ 74,696</b>
<b>With the Public</b>		
Payroll Taxes Payable	\$ 30,003	\$ 40,195
Accrued Funded Payroll and Leave	429,169	357,826
Unfunded Leave	340,708	344,826
<b>Total Public Liabilities</b>	<b>\$ 799,880</b>	<b>\$ 742,847</b>

## 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 original lease term began on October 1, 2000 and expired on September 30, 2010. In FY 2010, the CSB executed a supplemental lease agreement to exercise a five-year renewal option included in the original lease. The renewal term commenced on October 1, 2010 and ends 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.

#### Washington, D.C.

Fiscal Year	Totals
2011	\$ 780,300
2012	\$ 967,500
2013	\$ 992,000
2014	\$ 1,016,900
2015	\$ 1,042,200
<b>Total Future Payments</b>	<b>\$ 4,798,900</b>

For Washington DC, payment of rent is contingent upon the appropriation of funds for that purpose for each fiscal year covered by the renewal term. If, during any such fiscal year, appropriated funds are not available to the CSB for payment of rent, the lease shall be terminated, effective as of the last date on which appropriated funds were available. In the event of such a termination, the CSB's liability for termination costs is limited to unamortized brokerage fees, up to a maximum amount of \$140,332, part of which may be drawn from the original prepayment of rent.

The CSB also 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 expire 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

Fiscal Year	Totals
2011	\$ 36,000
2012	36,500
2013	37,000
<b>Total Future Payments</b>	<b>\$ 109,500</b>

## NOTE 9. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and intragovernmental exchange revenue 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:

	2010	2009
Program: Salaries & Expenses		
Intragovernmental Costs	\$ 2,543,630	\$ 2,083,933
Public Costs	7,824,921	7,229,704
<b>Total Net Cost</b>	<b>\$ 10,368,551</b>	<b>\$ 9,313,637</b>

## 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, OPM. For the fiscal years ended September 30, 2010 and 2009, respectively, imputed financing was as follows.

	2010	2009
Office of Personnel Management	\$ 369,656	\$ 290,528
<b>Total Imputed Financing Sources</b>	<b>\$ 369,656</b>	<b>\$ 290,528</b>

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

The President's Budget that will include FY10 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2011 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2011 Budget of the United States Government, with the "Actual" column completed for 2009, 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 2010 and 2009 consisted of the following:

	2010	2009
Direct Obligations, Category A	\$ -	\$ 17,421
Direct Obligations, Category B	10,759,595	9,567,326
<b>Total Obligations Incurred</b>	<b>\$ 10,759,595</b>	<b>\$ 9,584,747</b>

Category A apportionments distribute budgetary resources by fiscal quarters.

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

**NOTE 13. 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, 2010 and 2009, undelivered orders amounted to \$2,053,065 and \$1,454,855 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 \$0 and \$2,608 for the years ended September 30, 2010, and 2009, 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.

	2010	2009
<b>Resources Used to Finance Activities:</b>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 10,759,595	\$ 9,584,747
Spending Authority From Offsetting Collections and Recoveries	(155,615)	(259,896)
Net Obligations	10,603,980	9,324,851
Other Resources		
Imputed Financing From Costs Absorbed By Others	369,656	290,528
Total Resources Used to Finance Activities	10,973,636	9,615,379
Resources Used to Finance Items Not Part of the Net Cost of Operations	(789,779)	(505,017)
Total Resources Used to Finance the Net Cost of Operations	10,183,857	9,110,362
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:		
	184,694	203,275
Net Cost of Operations	\$ 10,368,551	\$ 9,313,637