



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

NOV 15 2011

THE INSPECTOR GENERAL

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

Dear Dr. Moure-Eraso:

This memorandum transmits the audit report on the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) fiscal years 2011 and 2010 financial statements. The audit is required by Public Law 107-289, the Accountability of Tax Dollars Act of 2002.

The independent public accounting firm of Brown and Company, CPAs, PLLC, performed the audit of the CSB financial statements as of and for the fiscal years ended September 30, 2011 and 2010. The audit was required to be done in accordance with Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget Bulletin 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 15, 2011, including the opinions and the conclusions expressed in the report. We do not express any opinion or conclusions on CSB's financial statements, internal controls, or compliance with laws and regulations.

Should you have any questions, please contact Melissa Heist at (202) 566-0899 or heist.melissa@epa.gov; or Bill Spinazzola, Project Officer, at (202) 566-2568 or spinazzola.bill@epa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur A. Elkins, Jr.", written over a white background.

Arthur A. Elkins, Jr.

Enclosures

cc: Daniel Horowitz, Ph. D., Managing Director, U.S. Chemical Safety and Hazard
Investigation Board
Elizabeth A. Robinson, Chief Financial Officer, U.S. Chemical Safety and Hazard
Investigation Board
Kimberly Penn, Audit Manager, Brown and Company, CPAs, PLLC
Gail Jenifer, Managing Partner, 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, 2011 and 2010 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; 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, *Audit Requirements for Federal Financial Statements*, as amended. 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, 2011 and 2010 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 our reports dated November 15, 2011 on our consideration of the CSB internal control over financial reporting and its compliance with certain 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.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by OMB Circular A-136, *Financial Reporting Requirements*, as revised, that considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 15, 2011



**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, 2011 and have issued our report thereon dated November 15, 2011. 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, *Audit Requirements for Federal Financial Statements*, as amended.

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 15, 2011

**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.

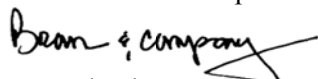
We have audited the financial statements of the U.S. Chemical Safety and Hazard Investigation Board (CSB) as of and for the year ended September 30, 2011, and have issued our report thereon dated November 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the 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, *Audit Requirements for Federal Financial Statements*, as amended.

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 with laws and regulations 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 15, 2011

CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2011 AND 2010**

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CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD
BALANCE SHEET
AS OF SEPTEMBER 30, 2011 AND 2010
(In Dollars)

	2011	2010
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 5,093,798	\$ 5,961,889
Other (Note 5)	100,353	100,353
Total Intragovernmental	5,194,151	6,062,242
Accounts Receivable, Net (Note 3)	-	33
Property, Equipment, and Software, Net (Note 4)	101,809	197,833
Other (Note 5)	59,000	59,000
Total Assets	\$ 5,354,960	\$ 6,319,108
Liabilities:		
Intragovernmental		
Accounts Payable	\$ 47,268	\$ 41,451
Other (Note 7)	40,482	89,744
Total Intragovernmental	87,750	131,195
Accounts Payable	262,856	152,213
Other (Note 7)	699,217	799,880
Total Liabilities	\$ 1,049,823	\$ 1,083,288
Net Position:		
Unexpended Appropriations - Other Funds	4,634,620	5,379,678
Cumulative Results of Operations - Other Funds	(329,483)	(143,858)
Total Net Position	\$ 4,305,137	\$ 5,235,820
Total Liabilities and Net Position	\$ 5,354,960	\$ 6,319,108

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, 2011 AND 2010
(In Dollars)

	2011	2010
Program Costs:		
Salaries and Expenses:		
Gross Costs (Note 9)	\$ 11,636,315	\$ 10,368,551
Net Cost of Operations	\$ 11,636,315	\$ 10,368,551

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, 2011 AND 2010
(In Dollars)

	2011	2010
Cumulative Results of Operations:		
Beginning Balances	\$ (143,858)	\$ (150,732)
Budgetary Financing Sources:		
Appropriations Used	11,047,226	10,005,769
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources (Note 10)	403,464	369,656
Total Financing Sources	11,450,690	10,375,425
Net Cost of Operations	(11,636,315)	(10,368,551)
Net Change	(185,625)	6,874
Cumulative Results of Operations	\$ (329,483)	\$ (143,858)
Unexpended Appropriations:		
Beginning Balances	\$ 5,379,678	\$ 4,454,636
Budgetary Financing Sources:		
Appropriations Received	10,799,000	11,147,000
Other Adjustments	(496,832)	(216,189)
Appropriations Used	(11,047,226)	(10,005,769)
Total Budgetary Financing Sources	(745,058)	925,042
Total Unexpended Appropriations	\$ 4,634,620	\$ 5,379,678
Net Position	\$ 4,305,137	\$ 5,235,820

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, 2011 AND 2010
(In Dollars)

	2011	2010
Budgetary Resources:		
Unobligated Balance:		
Unobligated Balance Brought Forward, October 1	\$ 3,326,612	\$ 2,999,781
Recoveries of Prior Year Unpaid Obligations	109,085	155,615
Budget Authority		
Appropriation	10,799,000	11,147,000
Permanently Not Available	(496,832)	(216,189)
Total Budgetary Resources	\$ 13,737,865	\$ 14,086,207
Status of Budgetary Resources:		
Obligations Incurred		
Direct (Note 12)	\$ 10,774,750	\$ 10,759,595
Unobligated Balance		
Apportioned	887,533	1,261,318
Unobligated Balance Not Available	2,075,582	2,065,294
Total Status of Budgetary Resources	\$ 13,737,865	\$ 14,086,207
Change in Obligated Balance:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	\$ 2,635,277	\$ 1,813,945
Obligations Incurred Net	10,774,750	10,759,595
Gross Outlays	(11,170,259)	(9,782,648)
Recoveries of Prior Year Unpaid Obligations, Actual	(109,085)	(155,615)
Total, Unpaid Obligated Balance, Net, End of Period	\$ 2,130,683	\$ 2,635,277
Net Outlays:		
Gross Outlays	\$ 11,170,259	\$ 9,782,648
Net Outlays	\$ 11,170,259	\$ 9,782,648

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. 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. 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. CSB manages Operations and Facilities, Engineering and Development General Fund accounts.

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

CSB has rights and ownership of all assets reported in these financial statements. 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 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 CSB in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards approved by the Federal Accounting Standards Advisory Board (FASAB), OMB Circular A-136, *Financial Reporting Requirements* and 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 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 CSB to incur obligations for specified purposes. In fiscal years 2011 and 2010, CSB was accountable for General Fund appropriations. 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.

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

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. 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 CSB in the U.S. dollar equivalents.

H. Accounts Receivable

Accounts receivable consists of amounts owed to 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, 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. CSB's 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
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

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 CSB automatically contributes one percent of pay and matches any employee contribution up to an additional four percent of pay. For FERS participants, 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, CSB remits the employer's share of the required contribution.

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 CSB for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. CSB recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

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

CSB employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FGLIP) 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. CSB recognized imputed costs and financing sources in fiscal years 2011 and 2010 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, 2011 and 2010, were as follows:

	2011	2010
Fund Balances:		
Appropriated Funds	\$ 5,093,798	\$ 5,961,889
Total	\$ 5,093,798	\$ 5,961,889
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 887,533	\$ 1,261,318
Unavailable	2,075,582	2,065,294
Obligated Balance Not Yet Disbursed	2,130,683	2,635,277
Total	\$ 5,093,798	\$ 5,961,889

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

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

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the cash balance on hand (see also UNDELIVERED ORDERS AT THE END OF THE PERIOD Note).

NOTE 3.ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2011 and 2010, were as follows:

	2011	2010
With the Public		
Accounts Receivable	\$ -	\$ 33
Total Accounts Receivable	\$ -	\$ 33

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2011 and 2010.

NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2011

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 711,505	\$ 711,505	\$ -
Furniture & Equipment	1,649,613	1,547,804	101,809
Software	41,800	41,800	-
Total	\$ 2,402,918	\$ 2,301,109	\$ 101,809

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	\$ -
Furniture & Equipment	1,609,283	1,412,033	197,250
Software	41,800	41,217	583
Total	\$ 2,362,588	\$ 2,164,755	\$ 197,833

NOTE 5. OTHER ASSETS

Other assets account balances as of September 30, 2011 and 2010, were as follows:

	2011	2010
Intragovernmental		
EPA Advance	\$ 100,353	\$ 100,353
Total Intragovernmental Other Assets	\$ 100,353	\$ 100,353
With the Public		
Lease Deposit	\$ 59,000	\$ 59,000
Total Public Other Assets	\$ 59,000	\$ 59,000

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for CSB as of September 30, 2011 and 2010, 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.

	2011	2010
Intragovernmental – Unemployment Insurance	\$ -	\$ 1,015
Unfunded Leave	431,290	340,708
Total Liabilities Not Covered by Budgetary Resources	\$ 431,290	341,723
Total Liabilities Covered by Budgetary Resources	618,533	741,565
Total Liabilities	\$ 1,049,823	1,083,288

Unemployment Insurance liability represents the unfunded liability for actual unemployment benefits paid on 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

Other liabilities account balances as of September 30, 2011 were as follows:

	Current	Non Current	Total
Intragovernmental			
Payroll Taxes Payable	\$ 40,482	\$ -	\$ 40,482
Total Intragovernmental Other Liabilities	\$ 40,482	\$ -	\$ 40,482

With the Public

Payroll Taxes Payable	\$ 71,079	\$ -	\$ 71,079
Accrued Funded Payroll and Leave	196,848	-	196,848
Unfunded Leave	431,290	-	431,290
Total Public Other Liabilities	\$ 699,217	\$ -	\$ 699,217

Other liabilities account balances as of September 30, 2010 were as follows:

	Current	Non Current	Total
Intragovernmental			
Unemployment Insurance Liability	\$ 1,015	\$ -	\$ 1,015
Payroll Taxes Payable	88,729	-	88,729
Total Intragovernmental Other Liabilities	\$ 89,744	\$ -	\$ 89,744

With the Public

Payroll Taxes Payable	\$ 30,003	\$ -	\$ 30,003
Accrued Funded Payroll and Leave	\$ 429,169	\$ -	\$ 429,169
Unfunded Leave	340,708	-	340,708
Total Public Other Liabilities	\$ 799,880	\$ -	\$ 799,880

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 term began on October 1, 2000 and expired on September 30, 2010. In FY 2010, the CSB executed a supplemental lease agreement that amended the lease to renew it for a five-year term commencing on October 1, 2010 and ending on September 30, 2015. Below is a schedule of future payments for the term of the lease, including estimated real estate taxes and operating expenses which are subject to annual adjustments.

Washington, D.C.

Fiscal Year	Totals
2012	\$ 967,500
2013	\$ 992,000
2014	\$ 1,016,900
2015	\$ 1,042,200
Total Future Payments	\$ 4,018,600

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 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 (Public Buildings Service), 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
2012	45, 000
2013	46, 400
Total Future Payments	\$ 91,400

The operating lease amounts do not include estimated payments for leases with annual renewal options.

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:

	2011	2010
Intragovernmental Costs	\$ 2,542,351	\$ 2,543,630
Public Costs	9,093,964	7,824,921
Total Net Cost	\$ 11,636,315	\$ 10,368,551

NOTE 10. IMPUTED FINANCING SOURCES

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, 2011 and 2010, respectively, imputed financing was as follows:

	2011	2010
Office of Personnel Management	\$ 403,464	\$ 369,656
Total Imputed Financing Sources	\$ 403,464	\$ 369,656

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

The President's Budget that will include FY11 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2012 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2012 Budget of the United States Government, with the "Actual" column completed for 2010, 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 2011 and 2010 consisted of the following:

	2011	2010
Direct Obligations, Category B	\$ 10,774,750	\$ 10,759,595
Total Obligations Incurred	\$ 10,774,750	\$ 10,759,595

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

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, 2011 and 2010, undelivered orders amounted to \$1,671,505 and \$2,053,065, respectively.

NOTE 14. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

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

	2011	2010
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 10,774,750	\$ 10,759,595
Spending Authority From Offsetting Collections and Recoveries	(109,085)	(155,615)
Net Obligations	10,665,665	10,603,980
Other Resources		
Imputed Financing From Costs Absorbed By Others	403,464	369,656
Net Other Resources Used to Finance Activities	403,464	369,656
Total Resources Used to Finance Activities	11,069,129	10,973,636
Resources Used to Finance Items Not Part of the Net Cost of Operations	340,216	(789,779)
Total Resources Used to Finance the Net Cost of Operations	11,409,345	10,183,857
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:		
	226,970	184,694
Net Cost of Operations	\$ 11,636,315	\$ 10,368,551