# Federal Mediation and Conciliation Service (FMCS)
# Fiscal Year 2018 Financial Statement Audit

# Final Independent Auditors' Report

*Submitted for review and acceptance to:*
Terry Lee
Contracting Officer's Representative (COR)
Federal Mediation and Conciliation Service
250 E St SW
Washington, DC 20427

*Submitted by:*
Jason L. Allmond CPA, CGFM, CISA, CISM
Member
Allmond & Company, LLC
8181 Professional Place, Suite 250
Landover, MD 20785
301-918-8200
jallmond@allmondcpa.com

**Final Independent Auditors' Report**
Prepared under contract to the Federal Mediation and Conciliation Service (FMCS) to provide financial auditing services

# FEDERAL MEDIATION AND CONCILIATION SERVICE
# AUDIT REPORT
# SEPTEMBER 30, 2018

**ALLMOND & COMPANY, LLC**
**Certified Public Accountants**
**8181 Professional Place, Suite 250**
**Landover, Maryland 20785**
**(301) 918-8200**

A/C
ALLMOND & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS
8181 PROFESSIONAL PLACE, SUITE 250
LANDOVER, MARYLAND 20785
(301) 918-8200
FACSIMILE (301) 918-8201

# Independent Auditors' Report

The Director
Federal Mediation and Conciliation Service:

## Report on the Financial Statements

We have audited the accompanying financial statements of the Federal Mediation and Conciliation Service, which comprise the balance sheet as of September 30, 2018 and 2017, and the related statement of net cost, statement of changes in net position, and combined statement of budgetary resources for the year ended, and the related notes to the financial statements (hereinafter referred to as the financial statements).

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the fiscal year 2018 and 2017 financial statements of FMCS based on our audits. 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. 19-01, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-01 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity' s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity' s internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Federal Mediation and Conciliation Service as of September 30, 2018 and 2017, and its net costs, changes in net position, and budgetary resources for the year then ended in conformity with generally accepted accounting principles in the United States of America.

## Other Information

The information in the *Supplemental Information* section of this report is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding 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 FMCS's financial statements. However we did not audit this information and, accordingly, we express no opinion on it

## Other Reporting Required by Government Auditing Standards

***Internal Control over Financial Reporting***

In planning and performing our audit of FMCS's financial statements as of and for the year ended September 30, 2018, in accordance with generally accepted government auditing standards, we considered FMCS's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FMCS's internal control over financial reporting. Accordingly, we do not express an opinion on FMCS's internal controls over financial reporting. We limited internal control testing to those necessary to achieve the objectives described in OMB Bulletin No. 19-01. We did not test all internal control relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

Our consideration of internal control over financial reporting was for the limited purpose as described in the paragraph above and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Exhibit I, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of FMCS's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *Exhibit I Findings and Recommendations* to be a material weakness (2018-04 and 2018-05).

A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit the attention by those charged with governance.

Furthermore, we noted additional matters that we will report to FMCS management in a separate letter.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether FMCS fiscal year 2018 financial statements are free of material misstatements, we performed test of FMCS's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, which noncompliance could have a direct and material effect on the determination of material amounts and disclosures in FMCS's financial statements, and certain provisions of other laws specified in OMB Bulletin No. 19-01. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance as described in the preceding paragraph, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 19-01.

***FMCS's Response to Findings***

FMCS's responses to the findings identified during our audit are presented in Exhibit I. FMCS's responses were not subjected to the auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of the Other Reporting Required by Government Auditing Standards***

The purpose of the communication provided in the Other Reporting Required by Government Auditing Standards section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FMCS's internal control or on compliance. This communication is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control and compliance with provisions of laws and regulations which could have a material effect on FMCS's financial statements. Accordingly, this communication is not suitable for any other purpose.

*Allmond & Company, LLC*

Landover, MD
November 15, 2018

**Internal Controls over Preparing Financial Statements and Footnote Disclosures are not Adequately Designed and Implemented (2018-04)**

**CONDITION:**

FMCS' policies and procedures over financial reporting related to preparing financial statements and footnote disclosures are not adequately designed and implemented. FMCS did not prepare their financial statements and footnotes disclosures consistently in accordance with the updated Office of Management and Budget (OMB) Circular A-136 issued July 30, 2018. Specifically, we noted the following issues:

- FMCS incorrectly presented the costs and revenues reported on the Statement of Net Cost by separating the line item amounts between Intragovernmental and with the Public as opposed to presenting cost and revenue by major program as required by OMB Circular A-136.

- FMCS did not present the Statement of Budgetary Resources in the condensed aggregated format for major categories deemed most significant as required by OMB Circular A-136. Furthermore, FMCS included several sections and line items no longer required by OMB Circular A-136. Also, several line items presented on the Statement of Budgetary Resources did not agree to the balances recorded in GLOWS as of 9/30/18.

- FMCS did not separately disclose the amount of budgetary resources obligated for undelivered orders for FY 2018 federal, non-federal, paid, and unpaid amounts in the Undelivered Orders at the End of the Period financial statement Note 7 as required by OMB Circular A-136.

- Total Future Payments Due for operating leases disclosed in footnote #08 for each future fiscal year payment did not match to the payment amounts reported in the lease agreements in the amount of $2,219,471.

- FMCS did not properly reconcile the differences between the 2017 Statement of Budgetary Resources vs. the 2019 Budget of the United States Government. FMCS presented the incorrect amount of Net Outlays from the Budget of the United States Government for a difference of $2M.

- FMCS did not properly total several line items on the Balance Sheet, Statement of Net Cost, Statement of Changes of Net Position, and Statement of Budgetary Resources.

**CRITERIA:**

*The Government Accountability Office (GAO), Standards for Internal Controls in the Federal Government, (issued September 2014), Principle 10 – Design Control Activities, 10.03, Accurate and Timely Recording of Transactions,* states, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

*Office of Management and Budget (OMB) Circular A-136, dated July 30, 2018, section II.3.4. Statement of Net Cost* page 38 states, "The SNC should show the reporting entity's net cost of operations as a whole and by major programs. Major program definition is at the entity's discretion. Programs not deemed "major" should be grouped together."

*Office of Management and Budget (OMB) Circular A-136, dated July 30, 2018, section II.3.6. Statement of Budgetary Resources* page 51 states, The SBR should be reconcilable to the budget execution information reported on the SF 133, Report on Budget Execution and Budgetary Resources, and in the Budget. As an agency-wide report, the SBR aggregates account-level information reported in the agency SF-133s.

*Office of Management and Budget (OMB) Circular A-136, dated July 30, 2018, section II.3.6. Statement of Budgetary Resources* page 52 states, "Detail lines from the SF 133 are aggregated to the major categories deemed most significant in the SBR and must be used. Agency management should determine whether additional detail lines reported in the SF 133 process are warranted for SBR presentation or note disclosure. Because the SBR presentation is highly summarized, if management determines that further aggregation of lines is warranted, such aggregation should not be less detailed than the major categories displayed below. Similarly, if major categories are further disaggregated, subtotal lines should be presented to display the major category total."

*Office of Management and Budget (OMB) Circular A-136, dated July 30, 2018, Section II.3.9.30. Note 30: Undelivered Orders at the End of the Period* page 96 states, "Disclose the amount of budgetary resources obligated for undelivered orders at the end of the period, separately disclosing for FY 2018 Federal, non-Federal, paid, and unpaid amounts. For FY 2018, prior year amounts do not need to be divided between Federal and non-Federal or paid and unpaid."

*Office of Management and Budget (OMB) Circular A-136 Financial Reporting Requirements, Section II.3.9.18 Note 18: Leases,* states, "**Future Payments Due**: Enter future lease payments by major asset category for all non-cancelable leases with terms longer than one year. Disclosure of future payments for all non-cancelable leases is mandatory. Disclosure of future payments for cancellable leases is optional. Agencies opting to disclose future payments for cancellable leases should disclose them separately from future payments for non-cancelable leases."

*Office of Management and Budget (OMB) Circular A-136 Financial Reporting Requirement, Section II.3.9.33 Note 33: Explanation of Differences between the SBR and the Budget of the U.S. Government* states, "Agencies should explain material differences that exist between: 1.The budgetary resources, obligations, and net outlay amounts from the prior year (i.e., FY 2017) SBR and the actual amounts from "Detailed Budget Estimates by Agency" found in the Appendix of the Budget (i.e., the FY 2017 amounts in the FY 2019 Budget)."

**CAUSE:**

FMCS was unaware that an updated OMB Circular A-136, dated July 30, 2018 had been issued, detailing

the new reporting requirements for government agencies for the 2018 fiscal year.
FMCS does not have policy and procedure design to have someone other than the preparer to review the financial statements and note disclosures for completeness, accuracy, and compliance with financial reporting requirements.

**EFFECT:**

Continuing to use the incorrect OMB Circular A-136 could significantly impact the relevance and reliability of the financial statements and footnote disclosures. Furthermore, the lack of financial reporting internal controls can lead to potential misstatements to the financial statements or line items not being properly classified in accordance with generally accepted accounting principles.

**RECOMMENDATION:**

We recommend that FMCS management:

1. Ensure the updated OMB Circular A-136 is utilized when preparing the financial statements and footnote disclosures.

2. Design and implement policies and procedures to ensure the account balances, line items, and all corresponding balances agree to the agency trial balance.

3. Design and implement policies and procedures to have someone other than the preparer review the financial statements and note disclosures for completeness, accuracy, and compliance with financial reporting requirements. The review process should also utilize checklist that describes key items and expectations regarding the presentation of the financial statements and footnote disclosures.

**MANAGEMENT RESPONSE:**

As the Director of Finance, I am responding on behalf of senior management. Management concurs with the findings and recommendations suggested by Allmond and Company.

We will ensure the following:

1. Adhere to the revised and updated OMB Circular A-136 when preparing the financial statements and footnotes.
2. Implement procedures to accurately check account balances, line items and that they agree to the all funds trial balance and by individual fund.
3. Develop a checklist to describe key items and expectations regarding the presentation of financial statements and footnote disclosures.
4. Have two level reviews other than the preparer of financial statements for checking the statements and notes for accuracy, completeness and financial reporting requirements.

**Internal Controls over Journal Vouchers are Not Properly Designed and Implemented (2018-05)**

**CONDITION:**

FMCS's internal controls over journal vouchers are not properly designed and implemented. Specifically, during our review of journal vouchers transactions, we noted the following exceptions:

- FMCS incorrectly recorded the use of appropriations twice in the amount of $1,663,336 for assets purchased in prior years. The use of appropriations was recorded in the year of purchase as well as the following years after the asset was purchased.

- FMCS does not record the use of appropriations for expenses incurred from issuing grants. FMCS did not record the use of appropriations in the amount of $432,054 for expenses incurred in the current year for grant expenses. Also, FMCS did not record the use of appropriations in the amount of $683,562 for grant expenses incurred in prior years.

- FMCS did not record the use of appropriations in the amount of $57,438 for capital additions incurred in the current year.

- FMCS's recorded Unfunded Federal Employee's Compensation Act (FECA) Benefits liability and Federal Employee's Unemployment Benefits liability did not agree to the Department of Labor (DOL) chargeback bills for the year ended September 30, 2018. FMCS did not reduce the balance of $358,981 in USSGL accounts 2225 or the balance of $24,193 in USSGL account 2290 from the prior year when recording the liabilities for the current year.

- FMCS incorrectly recorded a downward adjustment to prior year obligations in the amount of $147,500 in order to correct and remove an erroneous account payable balance.

**CRITERIA:**

*The Federal Accounting Standards Accountability Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) 7: Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting,* states, "Budgetary resources are recognized from two perspectives: the proprietary accounting perspective and the budgetary perspective. From the proprietary perspective, appropriations are accounted for as a financing source when used. Appropriations are used when an entity acquires goods and services or provides benefits and grants that are authorized to be paid by an appropriation. The remaining amount of appropriations enacted into law, but not yet recognized as "appropriations used," is treated as capital, i.e., "unexpended appropriations." This treatment parallels the recognition of expended appropriations during budgetary execution."

*The Government Accountability Office (GAO), Standards for Internal Controls in the Federal Government, (issued September 2014), Principle 10 – Design Control Activities, 10.03, Accurate and timely recording of transactions*, states, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

*The Government Accountability Office (GAO), Standards for Internal Controls in the Federal Government, (issued September 2014), Principle 10 – Design Control Activities, Segregation of Duties,* states, "Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event."

*The Bureau of the Fiscal Service, Treasury Financial Manual (TFM), Chapter 4700, Agency Reporting Requirements for the Financial Report of the United States Government, Section 7.3 – Business Rules for DOL FECA – Intragovernmental Transactions*, states, "Employer agencies must record and report balances in eliminating accounts that equal those balances reported by DOL. If account balances do not equal those reported by DOL, the agency must reconcile the differences with DOL or must request Fiscal Service dispute resolution if it does not adjust its balances."

**CAUSE:**

FMCS's analysis for determining the amount needed to record the use of appropriations for assets purchased in the current year incorrectly includes assets purchased in prior years.

FMCS does not have policies or procedures in place that requires someone other than the journal preparer to review the journal vouchers recorded in the financial system for accuracy and compliance.

GLOWS is not configured to recognize the use of appropriations when expenses are incurred.

FMCS was unaware of the required entry in order to remove an accounts payable balance that was incorrectly recorded in GLOWS.

**EFFECT:**

The lack of properly designed and implemented internal controls over journal vouchers can lead to potential misstatements to the financial statements or line items not being properly classified in accordance with generally accepted accounting principles.

**RECOMMENDATION:**

We recommend that FMCS management:

1. Design and implement policies and procedures to record the use of appropriations in GLOWS when expenses are incurred.

2. Design and implement policies and procedure to separate and document the duties of the preparer and the reviewer of journal vouchers recorded in GLOWS.

3. Design and implement policies and procedures to verify that the correct entries are recorded in GLOWS.

4. Provide additional training on the USSGL guidance for properly recording transactions.

**MANAGEMENT'S RESPONSE:**

As the Director of Finance, I am responding on behalf of senior management. Management concurs with the findings and recommendations suggested by Allmond and Company

We will ensure the following:

1. Implement controls and procedures to accurately record the use of appropriations in GLOWS when expenses are incurred. The GLOWS entries will be verified at two levels and the control totals in the excel worksheets will include checks and balances to record the use of USSGL 310700 and 570000 whenever program costs are incurred in USSGL 610000.
2. We will implement two level reviews of all journal vouchers to separate the duties of that of the preparer and reviewer.
3. Additional training on USSGL posting scenarios will be provided and there will be USSGL training sessions for all budget and finance staff.
4. The excel worksheets that are used in preparing USSGL balances by individual fund and all funds will be revised and configured with control totals to record the use of appropriations when expenses are incurred.

# Federal Mediation and Conciliation Service

## Fiscal Year 2018
## Financial Statements

**FEDERAL MEDIATION AND CONCILIATION SERVICE**
**BALANCE SHEET**
**AS OF SEPTEMBER 30, 2018 AND 2017**
**(In Dollars)**

| | | 2018 | | 2017 |
|---|---|---|---|---|
| **Assets:** | | | | |
| Intragovernmental | | | | |
| Fund Balance With Treasury (Note 2) | $ | 14,121,789 | $ | 13,723,906 |
| Accounts Receivable (Note 3) | | 27,781 | | 22,157 |
| **Total Intragovernmental Assets** | $ | 14,149,570 | $ | 13,746,063 |
| | | | | |
| Property, Equipment, and Software, Net (Note 4) | $ | 493,831 | $ | 692,345 |
| Total Assets | $ | 14,643,401 | $ | 14,438,408 |
| | | | | |
| **Liabilities:** | | | | |
| Intragovernmental | | | | |
| Accounts Payable | $ | - | $ | 26,200 |
| Employer Contributions and Payroll Taxes Payable | | 273,884 | | 277,236 |
| Unfunded FECA (Note 5) | | 330,950 | | 358,981 |
| Other Unfunded Employment Related Liability (Note 5) | | - | | 24,193 |
| **Total Intragovernmental Liabilities** | $ | 604,834 | $ | 686,610 |
| With the Public: | | | | |
| Accounts Payable | $ | 985,436 | $ | 407,364 |
| Accrued Payroll and Benefits | | 1,025,641 | | 1,024,673 |
| Acturial FECA (Note 5) | | 1,747,212 | | 2,028,207 |
| Unfunded Annual Leave (Note 5) | | 2,281,112 | | 2,570,930 |
| Total Liabilities | $ | 6,644,235 | $ | 6,717,784 |
| | | | | |
| **Net Position:** | | | | |
| Unexpended Appropriations - Other Funds | $ | 8,893,986 | $ | 8,156,658 |
| Cumulative Results of Operations - Other Funds | | (894,820) | | (436,034) |
| **Total Net Position** | $ | 7,999,166 | $ | 7,720,624 |
| **Total Liabilities and Net Position** | $ | 14,643,401 | $ | 14,438,408 |

**FEDERAL MEDIATION AND CONCILIATION SERVICE**
**STATEMENT OF NET COST**
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**
**(In Dollars)**

| | 2018 | 2017 |
|---|---|---|
| Total Gross Program Costs | $ 50,029,586 | $ 50,246,465 |
| Less: Total Earned Revenues | 2,128,569 | 1,864,512 |
| Net Cost of Operations | $ 47,901,017 | $ 48,381,953 |

**FEDERAL MEDIATION AND CONCILIATION SERVICE**
**STATEMENT OF CHANGES IN NET POSITION**
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**
**(In Dollars)**

| | 2018 | 2017 |
|---|---|---|
| **Unexpended Appropriatons** | | |
| Beginning Balances | $ 8,156,658 | $ 9,368,711 |
| Beginning balances - adjustment | 516,789 | (327,836) |
| Beginning Balances, as adjusted | 8,673,447 | 9,040,875 |
| | | |
| **Budgetary Financing Sources:** | | |
| Appropriations Received | 46,650,000 | 46,650,000 |
| Other adjustments | (421,005) | (278,636) |
| Appropriation Used | (46,008,456) | (47,255,581) |
| Total Budgetary Financing Sources | 220,539 | (884,217) |
| Total Unexpended Appropriation | $ 8,893,986 | $ 8,156,658 |
| | | |
| **Cumulative Results of Operations:** | | |
| | | |
| Beginning Balances | $ (436,034) | $ (1,251,515) |
| Beginning balances - adjustment | $ (516,789) | $ 327,836 |
| Beginning Balances, as adjusted | $ (952,823) | $ (923,679) |
| | | |
| **Budgetary Financing Sources:** | | |
| Appropriations Used | 46,008,456 | 47,255,581 |
| **Other Financing Sources** | | |
| Imputed Financing (Note 9) | 1,950,564 | 1,614,017 |
| | | |
| Total Financing Sources | 47,959,020 | 48,869,598 |
| Net Cost of Operations | (47,901,017) | (48,381,953) |
| Net Change | 58,003 | 487,645 |
| Cumulative Results of Operation | $ (894,820) | $ (436,034) |
| Net Position | $ 7,999,166 | $ 7,720,624 |

**FEDERAL MEDIATION AND CONCILIATION SERVICE**
**STATEMENT OF BUDGETARY RESOURCES**
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**
**(In Dollars)**

| | 2018 | 2017 |
|---|---|---|
| **Budgetary Resources:** | | |
| Unobligated balance from prior year budget authority, net | $ 6,851,310 | $ 6,550,438 |
| Appropriations (discretionary and mandatory) | $ 46,650,000 | $ 46,650,000 |
| Spending authority (discretionary and mandatory) | $ 2,128,569 | $ 1,876,884 |
| Total Budgetary Resources | $ 55,629,879 | $ 55,077,322 |
| | | |
| **Status of Budgetary Resources:** | | |
| New Obligations and upward adjustments (Note 6) | $ 49,512,002 | $ 49,253,888 |
| Unobligated balance, end of year: | | |
| Apportioned, unexpired accounts | $ 2,037,768 | $ 1,283,667 |
| Unapportioned, unexpired accounts | $ 1,138,052 | $ 2,913,799 |
| Expired unobligated balance, end of year | $ 2,942,057 | $ 1,625,968 |
| Unobligated balance, end of year (total) | $ 6,117,877 | $ 5,823,434 |
| Total Status Budgetary Resources | $ 55,629,879 | $ 55,077,322 |
| | | |
| **Outlays, Net:** | | |
| Outlays, net (total) (discretionary and mandatory) | $ 45,832,075 | $ 47,287,824 |
| Distributed Offsetting Receipts (-) | - | - |
| Agency outlays, net (discretionary and mandatory) | $ 45,832,075 | $ 47,287,824 |

**FEDERAL MEDIATION AND CONCILIATION SERVICE**
**Notes to the Financial Statements**
**As of September 30, 2018 and September 30, 2017**

## NOTE 1: ORGANIZATION AND PURPOSE

*Reporting Entity*

FMCS is an independent Federal agency whose primary mission is to prevent or minimize labor-management disputes affecting interstate commerce by providing mediation, conciliation, and voluntary arbitration. These activities are performed in both the private and public sectors, except for the railroad and airline industries, which are covered by the Railway Labor Act and the National Mediation Board, respectively.

At September 30, 2018, FMCS consisted of a national office, 10 regional offices, and 66 field offices.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies utilized in the preparation of the financial statements is as follows:

*a) Basis of Presentation*

These financial statements have been prepared from the books and records of FMCS to report the financial position and results of operations of the Federal Mediation and Conciliation Service (FMCS) as required by the Government Management Reform Act of 1994, Public Law 103-356, 108, Stat. 3515 in accordance with accounting principles generally accepted in the United States (GAAP), and the form and content for entity's financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136, *Financial Reporting Requirements*, as revised. GAAP for federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the federal government by the American Institute of Certified Public Accountants (AICPA).

OMB Circular No. A-136 requires agencies to prepare basic financial statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position and a Statement of Budgetary Resources. The Balance Sheets present, as of September 30, 2018 and 2017, amounts of future economic benefits owned or managed by the FMCS (assets), amounts owed by the FMCS (liabilities) and amounts which comprise the difference (net position). The Statements of Net Cost report the full cost of the Agency's program, both direct and indirect costs of the output, and the costs of the identifiable supporting services provided by other segments within the FMCS. The statement of Budgetary Resources reports the FMCS's budgetary activity.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position, shown on the Balance Sheet, is composed of unexpended appropriations and cumulative results of operations. Unexpended appropriations are appropriated funds obligated during the period when they were available for obligation. Those goods and services to be provided to FMCS that have not been completely received at the end of the fiscal year will be delivered in a subsequent year. Funds to cover the cost of those goods and services are carried forward after fiscal year end close. “Cumulative results of operations” is the account to which revenues and expenses are closed.

*b) Dedicated Collections*

FMCS has no funds from dedicated collections as described by the Statement of Federal Financial Accounting Standards (SFFAS) 43.

c) *Basis of Accounting*

FMCS prepares financial statements to report its financial position and results of operations pursuant to the requirements of 31 U.X.C. 3515(b), the Chief Financial Officers Act of 1990 (P.L. 101-576), as amended by the Government Management Reform Act of 1994, and in accordance with the requirements in OMB Circular No. A-136, as revised. These statements have been prepared from the FMCS’ financial records using the accrual basis in conformity with GAAP. GAAP for federal entities are the standards prescribed by the FASAB and recognized by the AICPA as federal GAAP.

Transactions are recorded on the accrual and budgetary basis of accounting. According to the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when resources are consumed, without regard to the payment of cash. Budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of accrual based transactions. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of federal funds. The FMCS uses the cash basis of accounting for some programs with accrual adjustments made by recording year-end estimates of unpaid liabilities.

*d) Use of estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*e) Funds Balances with U.S. Department of the Treasury and Cash*

FMCS maintains its available funds with the Department of the Treasury (Treasury). The funds balance with Treasury is available to pay current liabilities and finance authorized purchases. Cash receipts and disbursements are processed by Treasury and reconciled with those of Treasury on a regular basis. Note 2, Funds Balance with Treasury, provide additional information.

*f) Accounts Receivable*

Accounts receivable consist of the amounts owed to FMCS as the result of the provision of goods and services. Intra-governmental accounts receivable generally arises from the provision of reimbursable services to other federal agencies and no allowance for uncollectible accounts is established as those accounts are considered to be fully collectible.

*g) General Property and Equipment*

General property and equipment (P&E) consists of software and equipment used for operations. The basis for recording purchased P&E is acquisition cost, which includes all costs incurred to bring the P&E to its intended use. All P&E with initial acquisition cost of $5,000 or more and estimated useful lives of two years or more are capitalized except for internal use software discussed below.

The P&E is depreciated using the straight-line method over the estimated useful lives of assets. Maintenance and repair costs are expensed as incurred.

*h) Liabilities*

Liabilities represent the amount of monies or other resources that are likely to be paid by FMCS as a result of a transaction or event that has already occurred. Since FMCS is a component of the U.S. Government, a sovereign entity, its liabilities cannot be liquidated without legislation providing resources to do so. Liabilities for which an appropriation has not been enacted are classified as unfunded liabilities and there is no certainty that corresponding future appropriations will be enacted. Liabilities arising from other than contracts can be abrogated by the Government, acting in its sovereign capacity. Since liabilities are only those items that are present obligations of the government. The FMCS's liabilities are classified as covered by budgetary resources or not covered by budgetary resources.

*Liabilities Covered by Budgetary Resources* include: (1) new budget authority, (2) spending authority from offsetting collections, (3) recoveries of expired budget authority,

(4) unobligated balances of budgetary resources at the beginning of the year, and (5) permanent indefinite appropriations or borrowing authority. *Liabilities Not Covered by Budgetary Resources* represent liabilities where funding has not yet been made available through Congressional appropriations or current earnings. The major liabilities in this category include employee annual leave earned but not taken. *Liabilities Covered by Budgetary Resources and Liabilities Not Covered by Budgetary Resources* are combined on the balance sheets.

*i) Accounts Payable*

Accounts payable primarily consist of amounts due for goods and services received, progress on contract performance, interest due on accounts payable and other miscellaneous payables.

*j) Accrued Payroll and Benefits*

Accrued payroll and benefits consist of salaries, wages, leave and benefits earned but not taken or disbursed as of year-end. Annual and compensatory leave is expended with an offsetting liability as it is earned and the liability is reduced as leave is taken. Each year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual and compensatory leave earned but not taken; funding will be obtained from future financing resources. Sick leave and other types of non-vested leave are expended as taken.

*k) Interest on Late Payments*

Pursuant to the Prompt Payment Act, 31 USC 3901-3907, Federal agencies must pay interest on payments for goods and services made to business concerns after the due date. The due date is generally 30 days after receipts of a proper invoice or acceptance of the goods or services and 15 days for Small Businesses.

*l) Federal Employee Benefits*

With a few exceptions, employees hired before January 1, 1984, are covered by the Civil Service Retirement System (CSRS) and employees first hired after December 31, 1983, are covered by the Federal Employees Retirement System (FERS). Employees hired on or after January 1, 2013, are covered by the FERS-RAE (Revised Annuity Employee). Those hired on or after January 1, 2014 are covered under FERS-FRAE (Further Revised Annuity Employee).

For employees covered under CSRS, the FMCS withholds 7.0% of each employee's salary and contributes a matching amount to the fund. CSRS covered employees do not have FICA withholdings and, thus do not accrue Social Security benefits. However, 1.45% for Medicare is withheld and matched.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*l) Federal Employee Benefits (continued)*

Employees covered under CSRS Offset have 0.8% of their basic pay withheld from their salaries biweekly. FMCS contributes 7% of their basic salaries to CSRS and 7.65% (6.2% OASDI + 1.45% Medicare) of their gross pay to Social Security biweekly. If an employee reaches the annual Social Security wages maximum and withholding stop for OASDI tax, the CSRS withholding increases to 7% (0.8% + 6.2%).

For employees covered under FERS, in addition to FICA withholdings, FMCS withholds approximately 0.8% from employees' basic earnings for a retirement annuity. FMCS makes contributions to the plan at an established rate by OPM which was 13.7% for 2018 and 2017. Under FERS, employees also receive retirement benefits from Social Security and benefits from a defined contribution plan called Thrift Savings Plan. Under the thrift plan, an employee may contribute up to the annual IRS limit to a tax deferred investment fund. FMCS contributes 1% of salary for FERS employees, whether or not they contribute their own money to the Thrift Savings Plan. For FERS employees who do contribute their own money to the Thrift Savings Plan, FMCS matches the amount dollar-for-dollar on the first 3% and 0.50 cents on the dollar for each of the next 2%. The combined automatic and matching portion of FMCS' contribution cannot exceed 5% of salary. Those employees who elected to remain under CSRS after December 31, 1983 and those covered by CSRS offset, continue to receive benefits in place, and may also contribute (tax deferred) up to the annual IRS limit to the thrift plan, but with no matching amount contributed by FMCS. CSRS, CSRS Offset and FERS employees are eligible to contribute an additional tax deferred amount to TSP for a "TSP Catch-Up" if they are over age 50 and have contributed the maximum in "regular" TSP deductions during the tax year. There is no match on the catch-up contributions.

For employees covered under FERS-RAE, in addition to FICA withholdings, FMCS withholds 3.1% from employees' basic earnings for a retirement annuity. For employees covered under FERS-FRAE, in addition to FICA withholdings, FMCS withholds 4.4% from employee's basic earnings for a retirement annuity. FMCS contributions to the plan at an established rate by OPM were 11.9% for 2018 and 2017.

The U.S. Office of Personnel and Management administers these benefit plans and, thus, report CSRS or FERS assets, accumulated plan benefits or unfunded liabilities applicable to federal employees. Therefore, the FMCS financial statements do not recognize any liability on its balance sheets for pension, other retirement benefits and other post-employment benefits.

*m) Actuarial Liabilities*

The Federal Employees' Compensation Act (FECA) provides wage loss benefits, medical benefits, and vocational rehabilitation to cover Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and survivor benefits to eligible dependents of injured workers whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for FMCS employees under FECA are administered by the Department of Labor (DOL) and are ultimately paid by FMCS. The future workers' compensation liability has two components, (1) unpaid billings, and (2) an amount of estimated unbilled claims. The unbilled claims are estimated by applying actuarial procedures. The DOL calculated the liability of the Federal Government for future compensation benefits, which includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation costs. The liability was determined using the paid-losses extrapolation method patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments were discounted to present value. The resulting Federal Government liability was then distributed by agency.

In accordance with Office of Management and Budget (OMB) guidance, each reporting entity preparing financial statements under the Chief Financial Officers Act and the Government Management Reform Act should include its respective portion of the actuarial liability for workers' compensation benefits as a liability in its financial statement, if such amounts are material. The FECA actuarial data is for financial statement presentation only and should not be used as a standard for incorporating actuarial liabilities in fees, prices, and reimbursements. This liability constitutes an extended future estimate of cost, which will not be obligated against budgetary resources until the fiscal year in which the cost is actually billed to FMCS.

*n) Comparative Data*

Comparative data for the prior year have been presented in order to provide an understanding of changes in the financial position and operations of FMCS.

*o) Revenues and other Financing Sources*

FMCS receives the majority of the funding needed to support its operations through appropriations. The Agency receives annual appropriations that may be used, within statutory limits, for operating expenditures. Additional amounts are obtained from fees reimbursed for alternative dispute resolution and arbitration services provided to the federal, public and private sectors.

Appropriations are recognized as other financing sources when used and fees for services are recognized as revenues at the time they are earned and the related program or administrative expenses are incurred. Appropriations accrued for property and equipment are recognized as expenses when the asset is consumed in operations.

*p) Contingencies and commitments*

FMCS leases various facilities accounted for as operating leases. Assets held under these leases consist primarily of offices and parking facilities. All of the space occupied by FMCS is leased by the General Services Administration (GSA). The space is assigned to FMCS by GSA based on FMCS' square footage requirements. The rent charged by GSA is based on approximate commercial rates for commercial space and actual rates for private buildings. FMCS may terminate the leases with GSA; however, it is anticipated that FMCS will continue to occupy and lease space from GSA in future years.

*q) Changes to SBR presentation: Reclassification:*

Activity and balances reported in the FY 2017 Statement of Budgetary Resources have been reclassified to conform to the updated guidance provided in OMB Circular A-136 issued July 30, 2018.

## NOTE 2: FUND BALANCE WITH THE U.S. TREASURY

The Fund Balance with the U.S. Treasury as reported in the financial statements represents the unexpended cash balance on the FMCS books for all FMCS Treasury Symbols. The balances were comprised of the following at September 30:

**Status of Fund Balance with Treasury**

| | **2018** | **2017** |
|---|---|---|
| Unobligated Balance | | |
| Available | $2,039,759 | $1,283,667 |
| Unavailable | 4,080,109 | 4,539,767 |
| Obligated Balance not yet Disbursed | 8,001,921 | 7,900,472 |
| Total | $14,121,789 | $13,723,906 |

## NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from federal government departments and other agencies. Since these receivable are from other government agencies, management believes these receivables are fully collectable.

The receivable balance consisted of the following at September 30:

| | **2018** | **2017** |
|---|---|---|
| Account Receivable (Gov) | $27,781 | $22,157 |
| Account Receivable (Non-gov) | 0 | 0 |
| Total Account Receivable | $27,781 | $22,157 |

## NOTE 4: GENERAL PROPERTY AND EQUIPMENT

Property and equipment owned by FMCS are all classified as equipment and consisted of the following at September 30:

| | 2018 | 2017 |
|---|---|---|
| Equipment, Furniture, Hardware | $3,022,702 | $2,965,263 |
| ADP Software | 22,377 | 22,377 |
| Total | $3,045,078 | $2,987,640 |
| Less: Accumulated depreciation | | |
| On Equipment, Furniture | $(2,528,871) | $(2,272,919) |
| Less: Amortization on ADP software | (22,377) | (22,377) |
| Net Book Value | $493,831 | $692,345 |

## NOTE 5: LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources include liabilities for which congressional action is needed before budgetary resources can be provided.

Unfunded Employee Liabilities consists of workers' compensation claims payable to the Department of Labor, which will be funded in a future period, and an unfunded estimated liability for future workers' compensation claims based on data provided from the DOL. The actuarial calculation is based on benefit payments made over 12 quarters, and calculates the annual average of payments. For medical expenses and compensation, this average is then multiplied by the liability-to-benefit paid ratio for the whole FECA program.

Unfunded Leave represents a liability for earned leave and is reduced when leave is taken. At year end, the balance in the accrued leave account is adjusted to reflect the liability at current pay rates and leave balances. Accrued leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources.

All other liabilities are considered to be covered by budgetary resources.

FMCS future funding requirements were comprised of the following at September 30:

| | 2018 | 2017 |
|---|---|---|
| **Intragovernmental:** | | |
| Unfunded Unemployment Liability | 0 | 24,193 |
| Unfunded FECA Liability | 330,950 | 358,981 |
| Total Intragovernmental | 330,950 | 383,174 |
| | | |
| Unfunded Annual Leave | $2,281,112 | $2,570,930 |
| Actuarial FECA | 1,747,212 | 2,028,207 |
| Total Liabilities Not Covered by Budgetary Resources | $4,359,274 | $4,982,311 |
| Total Liabilities Covered by Budgetary Resources | 2,284,961 | 1,735,473 |
| **Total Liabilities** | **$6,644,235** | **$6,717,784** |

**NOTE 6: APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS: DIRECT VS. REIMBURSABLE OBLIGATIONS**

Direct vs. Reimbursable new obligations and upward adjustments had the following apportionment categories:

| | **2018** | **2017** |
|---|---|---|
| Direct Obligations (Category A) | $47,999,150 | $47,977,542 |
| Reimbursable Obligations (Category A) | 1,512,852 | 1,276,346 |
| Total | $49,512,002 | $49,253,888 |

**NOTE 7: UNDELIVERED ORDERS AT THE END OF THE PERIOD**

| | **2018** | **2017** |
|---|---|---|
| Federal | $1,147,876 | |
| Non-Federal | 4,561,734 | ________ |
| Total Undelivered Orders | $5,709,610 | $6,009,734 |

The amount of budgetary resources obligated for undelivered orders at September 30, 2018 and 2017 is $5,709,610 and $6,009,734 respectively.

**NOTE 8: OPERATING LEASES**

FMCS leases office space for headquarters operations in Washington, D.C. and for district and field operations. The lease agreements expire at various dates, the latest being 2030. Assets held under these leases consist primarily of offices. All office space occupied by FMCS is leased by the General Services Administration.

Future estimated minimum lease payments for the fiscal years ended September 30 are as follows:

| Schedule of Future Minimum Lease Payments | |
|---|---|
| FY 2019 | 5,617,192 |
| FY 2020 | 5,193,255 |
| FY 2021 | 4,964,627 |
| FY 2022 | 4,854,153 |
| FY 2023 | 4,259,070 |
| FY 2024 and beyond | 27,107,768 |
| Total Future Lease Payments | $51,996,065 |

Rent expense totaled $5,350,000 and $4,000,000 for fiscal years September 30, 2018 and 2017 respectively.

**NOTE 9: PENSIONS, OTHER RETIREMENT BENEFITS, AND OTHER POST RETIREMENT BENEFITS**

The FMCS reports the full cost of employee pensions, other retirement benefits, and other post-employment benefits in accordance with SFFAS No. 5, *Accounting for Liabilities of the Federal Government.* Although the FMCS funds a portion of the benefits under FERS and CSRS relating to its employees and withholds the necessary payroll deductions, a portion of the Normal Pension Cost remains unpaid. SFFAS No. 5 requires the recognition of this remaining cost as imputed financing.

FMCS also funds a portion of the benefits for health and life insurance relating to its employees and withholds the necessary premiums as established annually by the Office of Personnel management. The FMCS portion of the health insurance premium is determined by the Office of Personnel Management and is based upon the plan under which the employee is enrolled. The FMCS portion of the basic life insurance coverage is 2/3 of the premium. The premium is determined by the employee's annual salary rounded to the next $1,000, plus $2,000.

Pension and other retirement benefit expenses are calculated using cost factors determined by actuaries at the Office of Personnel Management. These cost factors are calculated based on economic and demographic assumptions. The cost factor is multiplied by the basic pay in order to obtain the Normal Cost for the accounting period. This Normal Cost is the present value of the projected benefits of each employee allocated on a level basis over the service of the employee between entry age and assumed exit age. The imputed financing amount represents the difference between normal cost of the benefit plan and the employer's total benefit expense and the employee's contribution. For the period ending September 30, 2018 and 2017, the Normal Cost, employers total pension expense, employees' contribution and imputed financing amounts were as follows:
The imputed financing amount represents the difference between the employer's total pension expense and the employer's contribution.

**Imputed financing sources in 2018 and 2017 consist of the following:**

| | **2018** | **2017** |
|---|---|---|
| Office of Personnel Management | $ 1,950,564 | $ 1,614,017 |
| Total Imputed Financing Sources | $ 1,950,564 | $ 1,614,017 |

**NOTE 10: EXPLANATION OF THE DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES VS. BUDGET OF THE UNITED STATES GOVERNMENT**

The Budget of the United States Government, with actual amounts for the year ended September 30, 2018, has not been published as of the issue date of these financial statements. A reconciliation of budgetary resources, obligations incurred and new outlays (in millions), as presented in the Statement of Budgetary Resources, to amounts included in the Budget of the United States Government for the year ended September 30, 2017, is shown below.

The Federal Mediation and Conciliation Services Budget Appendix can be found on the OMB website (http://www.whitehouse.gov/omb/budget).

| | Budgetary Resources | New obligations and Upward adjustments (Total) | Distributed Offsetting Receipts | Net Outlays |
|---|---|---|---|---|
| Statement of Budgetary Resources | **55** | **49** | **0** | **48** |
| Expired Funds | **(3)** | **(0)** | **(0)** | **0** |
| Budget of the U.S. Government | **52** | **49** | **0** | **48** |

The difference between the Statement of Budgetary Resources and the Budget of the U.S. Government is due to Expired Unobligated Balances being reported in the FY2017 Budget of the United States Government but not in the Statement of Budgetary Resources.

**NOTE 11: RECONCILIATION OF NET COST OF OPERATION TO BUDGET**

**FEDERAL MEDIATION AND CONCILIATION SERVICE**
**RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET**
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**
**(In Dollars)**

| | | 2018 | 2017 |
|---|---|---|---|
| | **Resources Used to Finance Activities** | | |
| | Budgetary Resources Obligated: | | |
| 1 | New Obligations and upward adjustments | $ 49,512,002 | $ 49,253,888 |
| | Less: Spending Authority from Offsetting | | |
| 2 | Collections and Recoveries | (3,577,450) | (3,347,792) |
| 3 | Obligations Net of Offsetting Collections and Recoveries | 45,934,552 | 45,906,096 |
| 4 | Less: Offsetting Receipts | | |
| 5 | Net Obligations | 45,934,552 | 45,906,096 |
| | Other Resources: | | |
| | Transfers In/Out without Reimbursement | | |
| 8 | Imputed Financing from Costs Absorbed by Other | 1,950,564 | 1,614,017 |
| 9 | Other | | |
| 10 | Net Other Resources Used to Finance Activities | 1,950,564 | 1,614,017 |
| 11 | Total Resources Used to Finance Activities | **$ 47,885,116** | **$ 47,520,113** |
| | **Resources Used to Finance Items not Part of the New Cost Of Operations** | | |
| | Change in Budgetary Resources Obligated for Goods, | | |
| 12 | Services and Benefits Ordered but not yet Provided | 445,633 | 1,549,339 |
| 13 | Resources that Fund Expenses Recognized in Prior Periods | (623,037) | (597,834) |
| 15 | Resources that Finance the Acquisition of Assets | (57,438) | (374,475) |
| | Other Resources or Adjustments to New Obligated | | |
| 16 | Resources that do not Affect Net Cost of Operation | | |
| | Total Resources Used to Finance Items not Part of the | | |
| 17 | Net Cost of Operations | (234,843) | 577,030 |
| 18 | Total Resources Used to Finance the Net Cost of Operations | $ 47,650,273 | $ 48,097,143 |
| | **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: | | |
| 19 | Increase in Annual Leave Liability | - | |
| | Increase in Exchange Revenue Receivable from the Public | | |
| 23 | Other | | |
| 24 | Total Components of Net Cost of Operation that will Require or Generate Resources in Future Periods | | |
| | **Components Not Requiring or Generating Resources:** | | |
| 25 | Depreciation and Amortization | 255,952 | 284,710 |
| 26 | Revaluation of Assets or Liabilities | | |
| 27 | Other | (5,208) | $100 |
| 28 | Total Components of Net Cost of Operation that will not Require or Generate Resources | 250,744 | 284,810 |
| 29 | Total Components of Net Cost of Operation that will not Require or Generate Resources in the Current Period | 250,744 | 284,810 |
| 30 | **Net Cost of Operations** | **$ 47,901,017** | **$ 48,381,953** |

## SUPPLEMENTAL INFORMATION

**INTRA-GOVERNMENTAL BALANCES BY TRADING PARTNER:**

**Intra-governmental Assets by Trading Partner:**

| TRADING PARTNER | ID | FUND BALANCE WITH TREASURY | ACCOUNTS RECEIVABLE | OTHER ASSETS |
|---|---|---|---|---|
| GOVERNMENT ACCOUNTABILITY OFFICE | 5 | | - | - |
| OFFICE OF COMPLIANCE | 9 | | 800.00 | - |
| PEACE CORPS | 11 | | - | - |
| DEPARTMENT OF AGRICULTURE | 12 | | 2,602.62 | - |
| DEPARTMENT OF COMMERCE | 13 | | 4,482.21 | - |
| DEPARTMENT OF INTERIOR | 14 | | 1,600.00 | - |
| DEPARTMENT OF JUSTICE | 15 | | - | - |
| DEPARTMENT OF LABOR | 16 | | - | - |
| DEPARTMENT OF THE NAVY | 17 | | - | - |
| UNITED STATES POSTAL SERVICE | 18 | | - | - |
| DEPARTMENT OF STATE | 19 | | - | - |
| DEPARTMENT OF THE TREASURY | 20 | 14,121,789.00 | - | - |
| DEPARTMENT OF ARMY | 21 | | 700.00 | - |
| OFFICE OF PERSONNEL MANAGEMENT | 24 | | - | - |
| SOCIAL SECURITY ADMINISTRATION | 28 | | - | - |
| NUCLEAR REGULATORY COMMISSION | 31 | | - | - |
| DEPARTMENT OF VETERANS AFFAIRS | 36 | | 6,248.40 | - |
| EQUAL EMPLOYMENT OPPORTUNITY COMMISSION | 45 | | - | - |
| GENERAL SERVICES ADMINISTRATION | 47 | | - | - |
| DIRECTOR OF NATIONAL INTELLIGENCE | 56 | | - | - |
| ENVIRONMENTAL PROTECTION AGENCY | 68 | | 342.71 | - |
| DEPARTMENT OF TRANSPORTATION | 69 | | - | - |
| DEPARTMENT OF HOMELAND SECURITY | 70 | | 6,174.44 | - |
| SMALL BUSINESS ADMINISTRATION | 73 | | - | - |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | 75 | | 2,400.00 | - |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | 86 | | - | - |
| DEPARTMENT OF ENERGY | 89 | | - | - |
| DEPARTMENT OF EDUCATION | 91 | | - | - |
| SURFACE TRANSPORTATION BOARD | 95 | | - | - |
| CORPS OF ENGINEERS | 96 | | 800.00 | - |
| DEPARTMENT OF DEFENSE | 97 | | - | - |
| MERIT SYSTEMS PROTECTION BOARD | 389 | | - | - |
| NATIONAL LABOR RELATIONS BOARD | 420 | | 1,630.90 | - |
| COURT SERVICES & OFFENDER SUPERVISION AGENCY | 511 | | - | - |
| BROADCASTING BOARD OF GOVERNORS | 514 | | - | - |
| **Total Intra-governmental Assets** | | $ 14,121,789.00 | $ 27,781.28 | $ - |