

Independent Auditor's Report

The Director
Federal Mediation and Conciliation Service

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Federal Mediation and Conciliation Service (FMCS), which comprise the balance sheet as of September 30, 2022, and the related statements of net cost, changes in net position, and budgetary resources (hereinafter referred to as "financial statement"), for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the FMCS as of September 30, 2022, and its net costs, changes in net position, and budgetary resources for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for the Federal Financial Statements*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the FMCS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the prior period were audited by a predecessor auditor. The opinion expressed by the predecessor auditor was an unmodified opinion as of and for the years ended September 30, 2021, and 2020. The predecessor auditor report was dated November 12, 2021.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 FMCS’ internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require management’s discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to

be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Other Information

Management is responsible for the other information presented in the Performance and Accountability Report. The *Message from the Director* and other information are for purposes of additional analysis and are not a required part of the basic financial statements. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the FMCS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the FMCS' internal control. Accordingly, we do not express an opinion on the effectiveness of the FMCS' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of

deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the FMCS' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 22-01.

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

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section of this report 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 the FMCS' internal control or compliance. This section is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the FMCS' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RMA Associates

Arlington, VA
November 15, 2022

FEDERAL MEDIATION AND CONCILIATION SERVICE

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2022 AND 2021**





**FEDERAL MEDIATION AND CONCILIATION SERVICE
FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

TABLE OF CONTENTS

BALANCE SHEETS.....	1
STATEMENTS OF NET COST.....	2
STATEMENTS OF CHANGES IN NET POSITION.....	3
STATEMENTS OF BUDGETARY RESOURCES.....	4
NOTES TO THE FINANCIAL STATEMENTS.....	5-15

FEDERAL MEDIATION AND CONCILIATION SERVICE
BALANCE SHEETS
AS OF SEPTEMBER 30, 2022 AND 2021
(In dollars)

	2022	2021
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 17,131,689	\$ 13,972,608
Accounts Receivable, net (Note 3)	228,935	283,965
Total Intragovernmental	17,360,624	14,256,573
Other than Intragovernmental:		
Accounts Receivable, net (Note 3)	2,854	5,469
General Property, Plant, and Equipment, net (Note 4)	797,652	300,152
Total Other than Intragovernmental	800,506	305,621
Total Assets	\$ 18,161,130	\$ 14,562,194
Liabilities (Note 5):		
Intragovernmental:		
Other Liabilities (Note 7)	\$ 628,496	\$ 626,998
Total Intragovernmental	628,496	626,998
Other than Intragovernmental:		
Accounts Payable	672,661	223,578
Federal Employee Benefits Payable	3,889,359	4,378,563
Other Liabilities (Note 7)	1,541,413	1,464,453
Total Other than Intragovernmental	6,103,433	6,066,594
Total Liabilities	\$ 6,731,929	\$ 6,693,592
Net Position:		
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 10,637,575	\$ 8,284,357
Cumulative Results of Operations - Funds from Other than Dedicated Collections	791,626	(415,755)
Total Net Position	11,429,201	7,868,602
Total Liabilities and Net Position	\$ 18,161,130	\$ 14,562,194

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

**FEDERAL MEDIATION AND CONCILIATION SERVICE
STATEMENTS OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(In dollars)**

	2022	2021
Gross Program Costs:		
Gross Costs	\$ 48,964,484	\$ 49,562,728
Less: Earned Revenue	(2,257,746)	(2,177,264)
Net Cost of Operations	\$ 46,706,738	\$ 47,385,464

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

FEDERAL MEDIATION AND CONCILIATION SERVICE
STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(In dollars)

	2022	2021
Unexpended Appropriations:		
Beginning Balance	\$ 8,284,357	\$ 7,368,885
Appropriations Received	50,058,000	48,600,000
Other Adjustments	(1,404,174)	(1,025,094)
Appropriations Used	(46,300,608)	(46,659,434)
Net Change in Unexpended Appropriations	2,353,218	915,472
Total Unexpended Appropriations	\$ 10,637,575	\$ 8,284,357
Cumulative Results of Operations:		
Beginning Balance	\$ (415,755)	\$ (1,336,958)
Appropriations Used	46,300,608	46,659,434
Imputed Financing (Note 10)	1,613,511	1,647,233
Net Cost of Operations	(46,706,738)	(47,385,464)
Net Change in Cumulative Results of Operations	1,207,381	921,203
Total Cumulative Results of Operations	\$ 791,626	\$ (415,755)
Net Position	\$ 11,429,201	\$ 7,868,602

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

FEDERAL MEDIATION AND CONCILIATION SERVICE
STATEMENTS OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(In Dollars)

	2022	2021
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Note 11)	\$ 8,766,313	\$ 6,740,113
Appropriations	50,058,000	48,600,000
Spending Authority from Offsetting Collections	4,517,160	3,231,407
Total Budgetary Resources	\$ 63,341,473	\$ 58,571,520
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (total) (Note 12)	\$ 49,457,817	\$ 48,502,747
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	8,443,508	2,729,910
Unapportioned, Unexpired Accounts	1,837,997	4,353,546
Unexpired Unobligated Balance, End of Year	10,281,505	7,083,456
Expired Unobligated Balance, End of Year	3,602,151	2,985,317
Unobligated Balance, End of Year (total)	13,883,656	10,068,773
Total Budgetary Resources	\$ 63,341,473	\$ 58,571,520
Outlays, Net and Disbursements, Net:		
Outlays, Net (total)	\$ 45,494,745	\$ 46,293,144
Agency Outlays, Net	\$ 45,494,745	\$ 46,293,144

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



FEDERAL MEDIATION AND CONCILIATION SERVICE NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Federal Mediation and Conciliation Service (the 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. As of September 30, 2022, the FMCS consisted of a national office, 8 district offices, and 9 field offices. The FMCS reporting entity is comprised of General Funds and General Miscellaneous Receipts.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. The FMCS 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.

The FMCS has rights and ownership of all assets reported in these financial statements. The reporting entity is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. The FMCS does not possess any non-entity assets.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the FMCS. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the FMCS in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and the FMCS' accounting policies which are summarized in this note. These statements, with the

exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the FMCS' use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates the control and monitoring of federal funds as well as the compliance with legal requirements on the use of those funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the FMCS' funds with Treasury in expenditure, receipt, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The FMCS does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Funds are disbursed for the agency on demand. Foreign currency payments are made either by Treasury or the Department of State and are reported by the FMCS in the U.S. dollar equivalents.

E. Accounts Receivable

Accounts receivable consists of amounts owed to the FMCS 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.

F. Property, Equipment, and Software

Property, equipment and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The FMCS' capitalization threshold is \$5,000 for individual purchases and a total useful life exceeding one year. Depreciation is recorded using the straight-line method. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software.

<u>Description</u>	<u>Useful Life (years)</u>
Leasehold Improvements	Lease term
Equipment	5
Software	5

G. 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.

H. Liabilities

Liabilities represent the amount of funds likely to be paid by the FMCS as a result of transactions or events that have already occurred.

The FMCS reports its liabilities under two categories, Intragovernmental and Other than Intragovernmental. Intragovernmental liabilities represent funds owed to another government agency. Liabilities other than intragovernmental represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, actuarial FECA, and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees.

I. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (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.

J. 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 FMCS' 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 FMCS 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.

K. Retirement Plans

The FMCS' employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the FMCS' matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the FMCS matches any employee contribution up to an additional four percent of pay. For FERS participants, the FMCS also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the FMCS remits the employer's share of the required contribution.

The FMCS recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the FMCS for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The FMCS recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The FMCS does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

L. Other Post-Employment Benefits

The FMCS employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The OPM has provided the FMCS with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The FMCS 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 FMCS through the recognition of an imputed financing source.

M. 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.

N. Contingencies

Liabilities are deemed contingent when the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. The FMCS recognizes contingent liabilities in the accompanying balance sheet and statement of net cost, when it is both probable and can be reasonably estimated. The FMCS discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met or when a loss from the outcome of future events is more than remote.

O. Reclassification

Certain fiscal year 2021 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

P. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2022 and 2021, were as follows:

	2022	2021
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 8,443,510	\$ 2,729,909
Unavailable	5,475,278	7,373,994
Obligated Balance Not Yet Disbursed	3,212,901	3,868,705
Total	\$ 17,131,689	\$ 13,972,608

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

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

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

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (see also Note 12).

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2022 and 2021, were as follows:

	2022	2021
Intragovernmental		
Accounts Receivable	\$ 228,935	\$ 283,965
Total Intragovernmental Accounts Receivable	\$ 228,935	\$ 283,965
Other than Intergovernmental		
Accounts Receivable	\$ 2,854	\$ 5,469
Total Other than Intragovernmental Accounts Receivable	\$ 2,854	\$ 5,469
Total Accounts Receivable	\$ 231,789	\$ 289,434

The accounts receivable is primarily made up of amounts due from federal government departments and other agencies.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2022 and 2021.

NOTE 4. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

Schedule of General Property, Plant and Equipment, Net as of September 30, 2022:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Furniture & Equipment	\$ 522,656	\$ 454,547	\$ 68,109
Software	141,617	30,451	111,166
Construction-in-Progress	82,887	N/A	82,887
Software-in-Development	535,490	N/A	535,490
Total	\$ 1,282,650	\$ 484,998	\$ 797,652

Schedule of General Property, Plant and Equipment, Net as of September 30, 2021:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Furniture & Equipment	\$ 931,530	\$ 817,019	\$ 114,511
Software	77,918	2,128	75,790
Construction-in-Progress	82,887	N/A	82,887
Software-in-Development	26,964	N/A	26,964
Total	\$ 1,119,299	\$ 819,147	\$ 300,152

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the FMCS as of September 30, 2022 and 2021, 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.

	2022	2021
Intragovernmental – FECA	\$ 129,756	\$ 150,007
Unfunded Leave	2,934,352	3,005,271
Actuarial FECA	881,498	1,304,840
Total Liabilities Not Covered by Budgetary Resources	\$ 3,945,606	\$ 4,460,118
Total Liabilities Covered by Budgetary Resources	2,786,323	2,233,474
Total Liabilities	\$ 6,731,929	\$ 6,693,592

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on the FMCS' behalf and payable to the DOL. The FMCS also records an actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 6. ACTUARIAL FECA LIABILITY

FECA provides income and medical cost protection to covered federal civilian employees harmed on the job or who have contracted an occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under FECA for the FMCS employees are administered by the DOL and ultimately paid by the FMCS when funding becomes available.

The FMCS bases its estimate for FECA actuarial liability on the DOL's FECA model. The DOL method of determining the liability uses historical benefits payment patterns for a specific incurred period to predict the ultimate payments for the period. Based on the information provided by the DOL, the FMCS' liability as of September 30, 2022 and 2021, was \$0.8 million and \$1.3 million, respectively.

NOTE 7. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2022, were as follows:

	Current	Non Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 122,370	\$ -	\$ 122,370
Employer Contributions and Payroll Taxes Payable	376,370	-	376,370
Unfunded FECA Liability	129,756	-	129,756
Total Intragovernmental Other Liabilities	\$ 628,496	\$ -	\$ 628,496
Other than Intragovernmental			
Accrued Funded Payroll and Leave	\$ 1,540,913	\$ -	\$ 1,540,913
Other Liabilities w/Related Budgetary Obligations	500	-	500
Total Other than Intragovernmental Other Liabilities	\$ 1,541,413	\$ -	\$ 1,541,413
Total Other Liabilities	\$ 2,169,909	\$ -	\$ 2,169,909

Other liabilities account balances as of September 30, 2021, were as follows:

	Current	Non Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 137,747	\$ -	\$ 137,747
Employer Contributions and Payroll Taxes Payable	339,244	-	339,244
Unfunded FECA Liability	150,007	-	150,007
Total Intragovernmental Other Liabilities	\$ 626,998	\$ -	\$ 626,998
Other than Intragovernmental			
Accrued Funded Payroll and Leave	\$ 1,464,050	\$ -	\$ 1,464,050
Other Liabilities w/Related Budgetary Obligations	403	-	403
Total Other than Intragovernmental Other Liabilities	\$ 1,464,453	\$ -	\$ 1,464,453
Total Other Liabilities	\$ 2,091,451	\$ -	\$ 2,091,451

NOTE 8. LEASES

Operating Leases

The 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 2042. Assets held under these leases consist of offices. All office space occupied by the FMCS is leased by the General Services Administration. The total operating lease expense for fiscal years 2022 and 2021 were \$3,388,296 and \$2,829,399 respectively.

Below is a schedule of future payments for the term of the lease:

Fiscal Year	Office Space
2023	\$ 3,388,296
2024	3,363,109
2025	3,112,302
2026	2,866,063
2027	2,761,300
2028 thru 2042	41,419,500
Total Future Lease Payments	\$ 56,910,570

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

NOTE 9. COMMITMENTS AND CONTINGENCIES

The FMCS did not have any material contingent liabilities that met disclosure requirements as of September 30, 2022 and 2021.

NOTE 10. INTER-ENTITY COSTS

The FMCS recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. The FMCS recognizes as inter-entity costs 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 periods ended September 30, 2022 and 2021, respectively, inter-entity costs were as follows:

	2022	2021
Office of Personnel Management	\$ 1,613,511	\$ 1,647,233
Total Imputed Financing Sources	\$ 1,613,511	\$ 1,647,233

NOTE 11. NET ADJUSTMENTS TO UNOBLIGATED BALANCE, BROUGHT FORWARD, OCTOBER 1

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes such as canceled authority. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2022, and 2021, consisted of the following:

	2022	2021
Unobligated Balance Brought Forward From Prior Year, October 1	\$ 10,068,773	\$ 7,534,719
Recoveries of Prior Year Obligations	101,715	230,488
Other Changes in Unobligated Balances	(1,404,175)	(1,025,094)
Unobligated Balance From Prior Year Budget Authority, net (Discretionary and Mandatory)	\$ 8,766,313	\$ 6,740,113

NOTE 12. APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS

New obligations and upward adjustments incurred and reported in the Statement of Budgetary Resources in 2022 and 2021 consisted of the following:

	2022	2021
Direct Obligations, Category A	\$ 47,652,028	\$ 46,794,794
Reimbursable Obligations, Category A	1,805,789	1,707,953
Total New Obligations and Upward Adjustments	\$ 49,457,817	\$ 48,502,747

Category A apportionments distribute budgetary resources by fiscal quarters.

NOTE 13. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2022, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	\$ 695,550	\$ 3,697,568	\$ 4,393,118
Total Undelivered Orders	\$ 695,550	\$ 3,697,568	\$ 4,393,118

As of September 30, 2021, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	\$ 201,482	\$ 3,197,202	\$ 3,398,684
Total Undelivered Orders	\$ 201,482	\$ 3,197,202	\$ 3,398,684

NOTE 14. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

The President’s Budget that will include fiscal year 2022 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in February 2023 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2023 Budget of the United States Government, with the "Actual" column completed for 2021, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In Millions

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 59	\$ 49	\$ -	\$ 46
Unobligated Balance Not Available	(3)	-	-	-
Budget of the U.S. Government	\$ 56	\$ 49	\$ -	\$ 46

NOTE 15. RECONCILIATION OF NET COST TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

Reconciliation of Net Cost to Net Outlays as of September 30, 2022:

**RECONCILIATION OF NET COST TO NET OUTLAYS
BUDGET AND ACCRUAL RECONCILIATION
FOR THE YEARS ENDED SEPTEMBER 30, 2022
(In Dollars)**

	Intragovernmental	Other than Intragovernmental	Total
Net Operating Cost (SNC)	\$ 14,410,412	\$ 32,296,326	\$ 46,706,738
Components of Net Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(74,467)	(74,467)
Property, Plant, and Equipment Disposals & Revaluations	-	(258)	(258)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	(55,030)	(2,615)	(57,645)
(Increase)/Decrease in Liabilities:			
Accounts Payable	-	(449,083)	(449,083)
Federal Employee [and Veteran] Benefits Payable	-	489,204	489,204
Other Liabilities	(1,498)	(76,960)	(78,458)
Financing Sources:			
Imputed Cost	(1,613,511)	-	(1,613,511)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ (1,670,039)	\$ (114,179)	\$ (1,784,218)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	-	572,225	572,225
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	\$ -	\$ 572,225	\$ 572,225
Total Net Outlays (Calculated Total)	\$ 12,740,373	\$ 32,754,372	\$ 45,494,745
Budgetary Agency Outlays, Net (SBR 4210)			
Budgetary Agency Outlays, Net			\$ 45,494,745

Reconciliation of Net Cost to Net Outlays as of September 30, 2021:

**RECONCILIATION OF NET COST TO NET OUTLAYS
BUDGET AND ACCRUAL RECONCILIATION
FOR THE YEARS ENDED SEPTEMBER 30, 2021
(In Dollars)**

	Intragovernmental	Other than Intragovernmental	Total
Net Operating Cost (SNC)	\$ 14,190,949	\$ 33,194,515	\$ 47,385,464
Components of Net Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(133,303)	(133,303)
Property, Plant, and Equipment Disposals & Revaluations	-	(1,199)	(1,199)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	77,241	(5,157)	72,084
(Increase)/Decrease in Liabilities:			
Accounts Payable	-	(19,239)	(19,239)
Federal Employee [and Veteran] Benefits Payable	-	396,111	396,111
Other Liabilities	37,111	95,126	132,237
Financing Sources:			
Imputed Cost	(1,647,233)	-	(1,647,233)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ (1,532,881)	\$ 332,339	\$ (1,200,542)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	-	134,322	134,322
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	\$ -	\$ 134,322	\$ 134,322
Total Net Outlays (Calculated Total)	\$ 12,658,068	\$ 33,661,176	\$ 46,319,244
Budgetary Agency Outlays, Net (SBR 4210)			
Budgetary Agency Outlays, Net			\$ 46,293,144