

FMCS

FEDERAL MEDIATION &
CONCILIATION SERVICE

2025

**Performance and
Accountability Report (PAR)**



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Transmittal Message from the General Counsel, Performing the Duties of the Director

I am enclosing the 2025 Performance Accountability Report (PAR) for the Federal Mediation and Conciliation Service (FMCS). The fiscal year 2025 marked a remarkable period of both success and transition as FMCS narrowed its focus on mission delivery and compliance.

The achievements and outcomes detailed in this report are a testament to the unwavering commitment and dedication of the true professionals who make up this outstanding agency. FMCS's contributions toward ensuring the safety and security of our critical infrastructure are essential to growing and strengthening the American economy. Our mediators work tirelessly to minimize and prevent disruptions affecting utilities, health care, public safety and security. American businesses continue to rely on FMCS's experience and service when facing pivotal moments in labor relations.

The Agency consolidated and streamlined its workforce to better address challenges within the labor and management community. High-profile strikes and work stoppages receiving significant media coverage highlights FMCS's expertise and success in mitigating such disruptions and fostering improved relationships between parties. The FMCS remains steadfast in its commitment to supporting the Administration's goals in these critical endeavors.

In my capacity as the General Counsel, Performing the Duties of the Director, I can confidently attest that no material weaknesses were identified in the design or operation of our internal controls and financial systems, as detailed in the report from page 4 onwards. Every measure has been taken to ensure the accuracy and completeness of the performance data presented in this report. Our commitment to transparency and accountability remains unwavering.

Anna M Davis
General Counsel, Performing the Duties of the Director
November 14, 2025

Management Discussion and Analysis

Background and Mission:

Congress established FMCS in 1947 through the Labor Management Relations Act (Taft-Hartley) amendments to the National Labor Relations Act (NLRA) as an independent agency whose mission is “to assist parties to labor disputes in industries affecting commerce to settle such disputes through conciliation and mediation.” Subsequent acts of Congress and presidential orders have expanded the FMCS role to provide mediation services to the federal sector and alternative dispute resolution (ADR) programs to federal agencies, as well as promote and establish labor-management partnerships.

For over 75 years, FMCS has provided services that embrace this mission and demonstrate its commitment to preventing or minimizing interruptions of the free flow of commerce growing out of labor disputes. In March 2025, FMCS returned to the original focus of its foundational statute: preventing and minimizing labor disputes that would have a substantial impact on interstate commerce. The following section describes FMCS’s comprehensive package of core programs and services.

Dispute and Preventive Mediation Services

Congress has long recognized the positive financial benefits of alternative dispute resolution.

The well-rounded skill set of mediators as conflict management professionals is key to FMCS’s ability to deliver high-quality mediation services. What this means in practice is that FMCS mediators recognize the needs of each client and adapt the services that they deliver to the customers’ unique circumstances. Mediators have extensive training and experience in collective bargaining mediations including those for initial contracts. FMCS mediators also have expertise in working with long-established parties: possessing knowledge of the nuanced relationships between employers and unions. As the American workforce evolves, so has the role of the mediator and the strategies FMCS pursues to provide high-quality and relevant services primarily in the areas of health care and critical infrastructure. FMCS has modernized and streamlined its online services: permitting both parties to access bargaining notices filed with FMCS.

Collective Bargaining Mediation

FMCS helps prevent work stoppages and minimize their cost to the economy. FMCS mediates collective bargaining negotiations for initial contract negotiations—which take place between an employer and a newly certified or recognized group—and for renewal and successor collective bargaining agreements. FMCS provides mediation services to the private and the public sectors, including federal agencies, and state and local governments.

Throughout the mediation process, the mediator helps the parties identify alternative solutions and potential compromises, encourages settlement where appropriate, controls the timing of offers, and persuades the parties to honestly discuss their differences.

In 2025, FMCS mediated more than 3,500 collective bargaining cases, and was involved in the settlement 90% of completed cases. FMCS collective bargaining mediation work particularly in the area of critical infrastructure is essential to national security.

Early Intervention

Once a union is certified or recognized, federal law requires both parties to negotiate in good faith. However, newly organized, or recognized groups often struggle to understand their new roles, responsibilities, and processes. It is common for the contentious relationship from lengthy organizing/recognition battles to carry over to the new collective bargaining process, resulting in long delays, litigation, and or disruptions to the economy.

Parties need assistance at this key moment of their newly established working relationship. FMCS is uniquely positioned to assist parties with collective bargaining and their legal obligation to negotiate in good faith based on its deep and long-standing relationship with both labor and management groups.

Collective Actions

FMCS has 75 years of experience working to resolve disputes between employers and their union-represented workforces. Throughout this period, a trend has emerged of workers acting in concert to address workplace issues outside of the traditional unionized environment. Congress' original mandate for FMCS authorized it to "offer its services in any labor dispute in any industry affecting commerce, either upon its own motion or upon the request of one or more of the parties to the dispute, whenever in its judgment such dispute threatens to cause a substantial interruption of commerce."

FMCS has focused its efforts in 2025 on only cases which would cause a substantial interruption of commerce. In doing so, FMCS has more efficiently allocated its resources in line with its original mandate. In 2025, FMCS mediated more than 1,000 cases, reaching an agreement in 77% of cases.

Grievance Mediation

Grievance mediation involves the use of a neutral party to mediate disputes that may arise over the terms and conditions of a collective bargaining agreement. Mediators provide this service when unresolved grievances threaten the stability of the labor-management relationship. Pending grievances can also complicate upcoming collective bargaining and so resolving grievances prior to the commencement of negotiations is an essential part of FMCS's work.

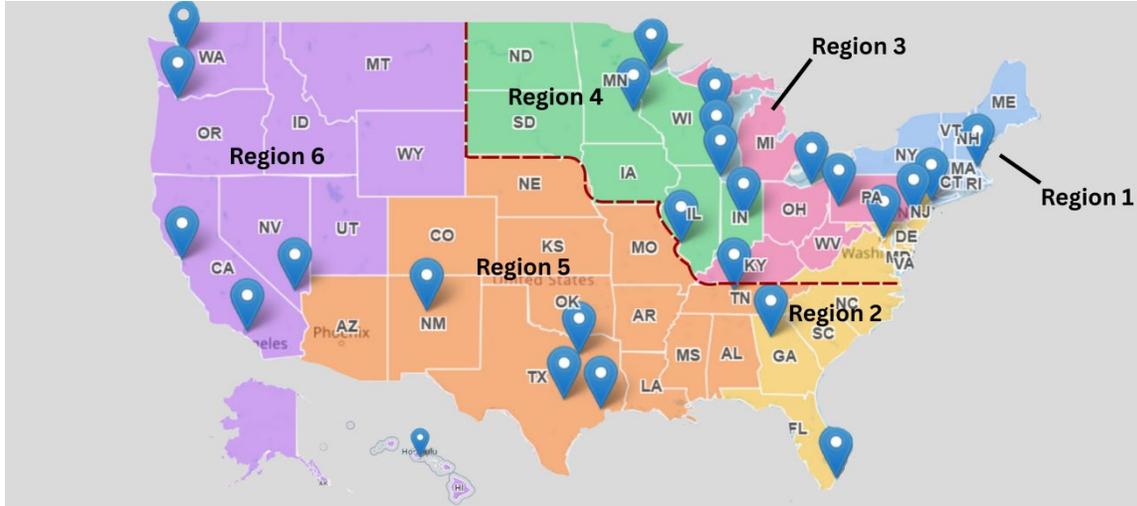
In furtherance of its statutory mission, FMCS is committed being involved in grievance mediation as a last resort and in exceptional circumstances.

Arbitration Services

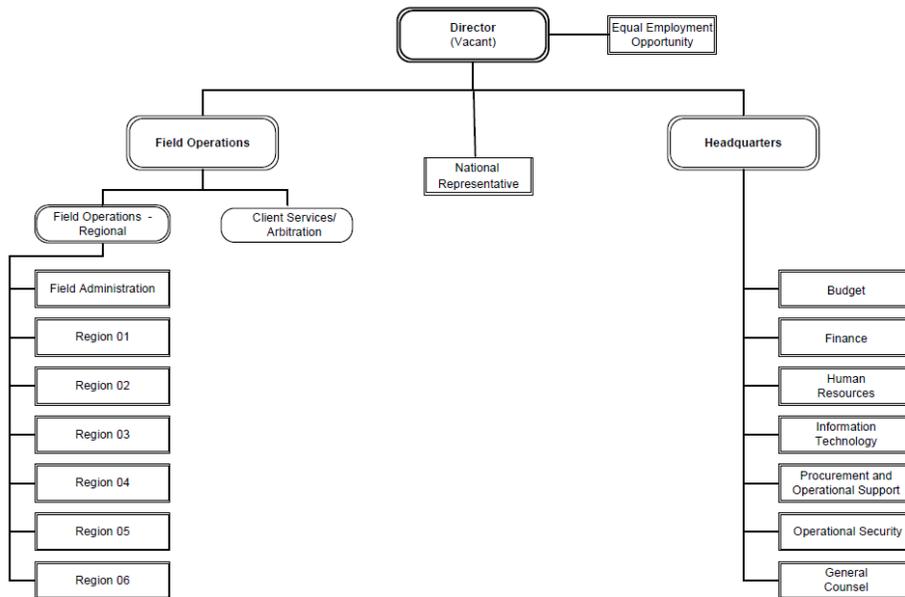
National labor policy favors arbitration as a means of settling contract-based disputes. The FMCS arbitration service maintains a roster of about 1,000 independent, non-federal arbitrators who are qualified to hear and decide disputes over the interpretation or application of collective bargaining agreements. Upon request from the parties and the payment of a nominal fee, FMCS provides a list of qualified names from which the parties may choose an arbitrator to hear their case and render a decision.

Organizational Structure

Regional Map



FMCS Organizational Chart



Strategic and Performance-Planning Framework

FMCS undertook a comprehensive review of its operations, staffing, work processes, resource allocations, and performance when it revised its most recent strategic plan. During this process, FMCS established strategies and goals designed to maximize its customer service delivery. Throughout 2025, FMCS has engaged in a continuous assessment of performance and other data to ensure that it is accomplishing its mission and that it is promoting innovation throughout the agency.

FMCS's 2025 workforce framework is based on the administration's focus performance management. The annual performance plan reflects the administration and agency's commitment to establishing meaningful metrics that will assist in assessing performance outcomes: aligning resources and effectively identifying staffing and training needs. The annual performance plan also demonstrates FMCS's ongoing commitment to organizational excellence and responsible stewardship of American taxpayer funds.

Consistent with the government-wide initiative to leverage existing data to facilitate agencies' programmatic work and enhance the value of data, FMCS continually and strategically monitors its progress in accomplishing the goals and measures set forth in the annual performance plan. This ongoing, agency-wide review is conducted on a monthly basis with the collection of monthly metrics and distributed on SharePoint. The agency examines the data in a variety of forums, and consistent with the agency's value of transparency and employee engagement around all agency matters, including process and performance improvements.

Performance expectations for each service area are guided by the administration's guidance and stated objectives and FMCS's strategic plan from 2022-2026. For each stated goal, FMCS has identified several objectives, key implementation strategies, and actions needed for achieving each goal. The following section details each goal and the programs impacted by them.

Stewardship Goal #1: Effectively Manage Human Capital

FMCS believes that its employees are its greatest asset. The agency's mission and activities are inherently people-focused; as such, FMCS relies on the skills, professional judgment, and expertise of its employees, whether in conflict management or in operations, to meet its goals. Stewardship Goal #1 prioritizes a strong human capital program that maximizes employee performance, accountability, and meaningful recognition, thus allowing FMCS to deliver its high-quality mission-driven services. To that end, the agency commits to the following activities:

Objectives:

- Establish a highly qualified and skilled workforce.
- Align human capital resources efficiently to respond to evolving priorities.

Strategies:

- Foster an engaged workforce that is aligned with Administration and organizational goals, initiatives, directives, and values.
- Implement the Administration's performance management guidance and requirements.
- Build a high-performance organization with transparent, consistent, and mission-driven performance expectations across the agency.

Actions:

- Update all agency directives and performance management plans to align with the Administration's stated goals and priorities.
- Ensure that all employee performance plans cascade critical elements from the Administration's goals and the agency's mission.
- Implement governmentwide standards for performance management and awards programs and require rigorous supervisory training on resolving poor performance and using the probationary period to improve organizational effectiveness.
- Remain apprised of and implement current OPM guidelines on effective human resource management practices.
- Remain apprised of all relevant laws, regulations, and Executive Orders and cascade action items to staff as appropriate.

Expected Outputs:

- Greater alignment between government-wide goals, individual performance objectives, measurable criteria to clearly identify high and low performers within the organization
- 100 percent employee participation in mandatory training requirements.

Stewardship Goal #2: Ensure Responsible Financial Management

Stewardship Goal #2 is a foundational goal in successfully meeting the FMCS' obligation for taxpayer resources to be allocated wisely and efficiently. Strong, modern financial systems and practices, coupled with targeted investments, work to improve reporting, decision-making, and accountability, which can lead to cost savings and further efficiencies in how FMCS manages its public funds in support of its mission. FMCS will adhere to relevant policies, guidance, and regulation to manage appropriated dollars in an efficient manner and ensure compliance.

Objectives:

- Compile financial statements that accurately reflect the agency's financial position.
- Ensure broad operational efficiency and effectiveness at all levels.
- Remain compliant with all applicable laws and regulations.
- Ensure an annual budget execution rate of over 99 percent.

Strategies:

- Coordinate with internal program areas to identify and plan appropriately for resources needed in current and future years.
- Provide timely and regular financial and budget feedback.
- Review high risk areas of operations to ensure the implementation of comprehensive policies and procedures.
- Ensure that managers consider resource management in all decision-making.

Actions:

- Create and monitor monthly report of subscription lists and sets of standard reports and reporting deadlines.
- Design and apply internal controls frameworks to specific areas of highest risk.
- Promote employee and manager accountability for efficient modes of service delivery; namely, in person or virtual.
- Analyze geographic placement of all staff, in both Headquarters and Field Operations, to maximize efficiency of operations.

Expected Outputs:

- Timely submission of reports to intended audience(s).
- Establishment of internal control reference guides for high-risk program areas.
- Completion of monthly budget reports for program areas and offices.
- Completion of monthly financial statements of position reports for senior leadership.
- Clear delegations of authority for managers and employees.
- Overall cost savings in travel as a result of virtual service provision.

Stewardship Goal #3: Optimize Information Technology Investments to Improve Process Efficiency and Foster Innovation in Support of Program Mission Goals

Technological advancements and current events present a near-constant change to government operations and the world of work more broadly. This impacts the expectations that Congress, the Administration, clients, and the general public have for how FMCS manages its operations and delivers its services. When targeted to specific activities, the right technology investments can make vast improvements in process and cost-efficiency, as well as the adaptability and responsiveness of the agency. FMCS seeks to explore innovative technology solutions, while maximizing the use and life of its current platforms and tools, in support of its mission.

Objectives:

- Provide high-quality information technology support to enhance FMCS activities.
- Ensure that technology selected maximizes access to FMCS services and ensures smooth delivery of those services by FMCS employees to the American public.
- Establish secure digital networks free from unwanted intrusion or misuse.
- Maximize use of current assets to further agency mission.

Strategies:

- Maintain a regular hardware and software refresh cycle that incorporates prevailing cybersecurity tools and methods.
- Research and assess new technology opportunities as they arise to further enhance FMCS service delivery, case management, and data analysis.

Actions:

- Maintain a highly functional, under-warranty environment for hardware and software.
- Ensure that all agency-issued hardware and software have the most current updates, patches, and cyber protections available.
- Transition to all-electronic filing of F7 notices that flows into internal case assignment and management processes.
- Remain apprised of developments in the field through research, conferences, vendor demonstrations, and other means.

Expected Outputs:

- Maintenance of technology solutions that are effective, yet unobtrusive, and that maximize network and information security.
- Implementation of technology solutions that enhance service delivery and monitoring.
- 100 percent compliance with information technology security updates and patches.

Stewardship Goal #4: Protect the Safety and Integrity of Our Human, Physical, and Digital Assets

Ensuring safety across all aspects of internal and external operations remains a top priority for the agency and is therefore reflected in Stewardship Goal #4. Herein, FMCS seeks to prioritize the continuity and health of its daily operations, facilities, digital assets, and employees. This includes digital security countermeasures and prevention of data breaches, emergency response preparedness, flexible workplace opportunities, and other actions. Notably, FMCS also builds on prior strategic plans by placing emphasis on not only the physical health, but the mental health and wellbeing of its employees. The agency monitors and updates its technology related to safety and integrity to ensure that it remains current and compliant with regulations.

Objectives:

- Safeguard confidential employee and business information.
- Ensure the physical safety of FMCS employees, resources, and physical assets.
- Prevent data breaches and disclosure of personally identifiable information.

Strategies:

- Assess FMCS operations and facilities to ensure compliance with federal regulations.
- Continue to improve relationships with the General Services Administration, Federal Protective Services, and lessors.
- Provide employees with seamless security systems and measures.
- Promote the mental and physical health of all employees.
- Enable security countermeasures that automatically detect threats.
- Re-establish the Internal Controls Committee and institute regular meetings.

Actions:

- Assess the adequacy of physical security plans, policies, and procedures for FMCS Field Offices.
- Require multi-factor authentication at initial computer login.
- Use Geographic Information Systems to visualize employee locations and respond to all safety needs (i.e., severe weather or other emergency event) in a timely fashion, in accordance with agency COOP planning.
- Perform gap analysis to ensure alignment with minimum cybersecurity standards, in accordance with the Interagency Security Committee and relevant guidance from the Cybersecurity and Infrastructure Security agency.
- Implement agencywide Controlled Unclassified Information program and provide training to all employees.
- Provide training to maximize emergency readiness and awareness such that employees can effectively prevent and/or respond to cyber threats.
- Manage software and hardware inventories through use of agents to monitor current status of applications and programs that are running and installed on each system.

Expected Outputs:

- Mitigated risk of physical or digital asset theft, terrorism, fire, other physical harm, and/or compromise to sensitive information.
- Efficient and timely response to ensure safety of personnel and physical assets in response to weather or other emergency events.
- More productive employees.

Stewardship Goal #5: Maximize Available Resources Through Effective Procurement Management and Inventory Control

Stewardship Goal #5 reflects FMCS' commitment to meeting the highest levels of procurement integrity in accordance with federal regulations. Adherence to procurement laws, policies, and related Executive Orders allows FMCS to maximize the value of taxpayer dollars and maintain public trust in government. The agency seeks to regularly review and update its procurement activities and inventory controls to ensure that they remain up-to-date, accurate, and compliant with industry and government-wide best practices.

Objectives:

- Ensure compliance with all procurement and purchasing laws and requirements.
- Prioritize accurate inventory control.

Strategies:

- Use acquisition planning in procurement activities to ensure that agency needs are met in the most effective, efficient, ethical, and timely manner.
- Maximize use of current supply and equipment inventory in coordination with the Internal Controls Committee.
- Use Hardware Asset Management and Software Asset Management inventory agents to monitor current state, as well as level of readiness and compliance.

Actions:

- Review and update procurement policies and directives, in accordance with relevant Executive Orders and other Administration guidelines.
- Develop procurement-related training for program staff.
- Increase use of government-wide acquisition and best in class solutions.
- Leveraging AI in acquisition planning.
- Actively maintain inventories of network connected assets and their software to optimize licensing, warranties, and future procurement needs.
- Convene Internal Controls Committee with regular meetings.

Expected Outputs:

- Mitigation of wasteful spending for services, supplies, and equipment.
- Enhanced procurement regulations, policies, and procedures knowledge.
- Reduced risk of procurement fraud and conflicts of interest.
- Use of up-to-date computer hardware and software.
- Smaller inventories of equipment and licensing.

Strategic Goal #1: Efficiently Provide Top-tier Conflict Management and Prevention Services

FMCS was established as a non-regulatory, non-adjudicative agency. The agency relies on its reputation for delivering high-value services to fulfill its statutory role and mission. In this context, Strategic Goal #1 represents the agency's first and most expansive strategic goal. It places emphasis on FMCS' ability to consistently leverage decades of experience and expertise to provide high-quality, professional conflict management and prevention services to support American businesses and workers and prevent economic disruption. In the coming years, the agency intends to build upon its reputation, streamline its processes, and expand the use of and access to its services, using the strategies and actions outlined below.

Objectives:

- Provide high-quality conflict management and prevention services that effectively meet client needs.
- Expand utilization of online access to FMCS services.

Strategies:

- Prioritize efficient resource distribution across the Agency.
- Implement a collaborative teaming approach at all levels of the organization.
- Exercise professional judgment regarding effective and efficient modes of service delivery across all activities.
- Maximize opportunities to develop mediator subject matter expertise, as well as breadth and depth of experience.

Actions:

- Share knowledge and techniques across the agency through mentoring, shadowing, coaching, and other collaborative learning opportunities.
- Prioritize client needs in the assignment of mediators based on style, skills, knowledge, and acceptability, among other factors.
- Survey clients regarding their satisfaction with FMCS services.
- Monitor and anticipate any disruptions to commerce and identify strategies to assist.
- Increase exposure of all mediators to advanced cases, tools, and techniques.

Expected Outputs:

- Greater utilization of FMCS services in private sector cases: focusing on health care and critical infrastructure cases where there would be a substantial interruption of interstate commerce.
- Increased involvement and acceptability in cases of note (i.e. national level, high-profile, significant impact on interstate commerce, etc.).
- Better understanding of client satisfaction with FMCS services.
- Reduced litigation and improved organizational effectiveness on the part of clients.

Strategic Goal #2: Improve Communication Both Internal and External to FMCS

FMCS firmly believes that effective communication is central to the efficiency of its internal operations and the quality of its external service delivery. As such, Strategic Goal #2 contains two sub-priorities: (1) communication within FMCS, and (2) communication between FMCS and its clients. The strategies and actions outlined below intend to support the agency in prioritizing this effort through 2027 and beyond.

Objectives:

- Streamline vertical communication between senior leadership, management, and employees, as well as lateral communication between departments.
- Increase coordination between departments and activities within FMCS.
- Increase engagement of external stakeholders.

Strategies:

- Implement a collaborative teaming approach at all levels of the organization.
- Centralize information in a consistent and easily accessible manner.
- Solicit and provide input and feedback.

Actions:

- Centralize internal communications.
- Collect success stories from across FMCS.
- Communicate regularly and consistently to interested external stakeholders.
- Regularly update the public-facing website and social media platforms.
- Increase transparency within the Agency by publishing policies and Standard Operating Procedures.

Expected Outputs:

- Better coordination and utilization of resources with minimal duplication of efforts.
- Informed and engaged workforce.
- Information sharing between departments and across the federal government.
- Broadly improved morale.
- Greater compliance with federal and FMCS requirements.

Strategic Goal #3: Prioritize Lifelong Learning in Support of Agency Mission and Individual Professional Development

Over the past 75 years, FMCS has traditionally played a variety of roles in the national labor relations community—as a neutral mediator, facilitator, trainer, convener, conflict management professional, and more. These roles, and the responsibilities implied therein, apply equally to employees. A key through line consistent in this set of roles is the principle of lifelong learning. As neutrals, and in fact, across all areas of the agency, it is important to remain open to and actively seek out new theories, methods, processes, dynamics, and practices. As such, FMCS seeks to establish structures and practices that (a) encourage its employees to pursue individual craft mastery and ongoing professional development, and (b) support the agency more broadly in adapting to changes in the field.

Objectives:

- Enhance reputation of FMCS as a leader in advanced, current conflict management and prevention techniques and service delivery methods.
- Encourage mediators to pursue craft mastery and ongoing professional development.

Strategies:

- Hold all employees to a high standard of subject matter expertise and professionalism.
- Stay current in the fields of industrial relations, conflict management and prevention, and ADR regarding innovative service delivery methods and techniques.
- Promote a culture of giving and receiving constructive criticism and feedback.
- Establish structures to promote and incentivize the pursuit of craft mastery in accordance with the Administration's employee performance plans and expectations.

Actions:

- Provide ongoing incumbent professional development opportunities and feedback.
- Encourage coaching of mediators by managers, in addition to peer mentoring.

Expected Outputs:

- Increased engagement in job actions affecting commerce in non-traditional areas and industries of labor relations.

Analysis of Financial Statements

Financial Performance Overview

As of September 30, 2025, the financial condition of the FMCS was sound, with adequate funds to meet planned programs and satisfactory controls in place to provide reasonable assurance that the FMCS's obligations did not exceed budget authority. The financial statements are prepared to report the financial position, financial condition, and results of operations of the FMCS, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of the FMCS in accordance with federal GAAP and the formats prescribed by OMB Circular No. A-136, Financial Reporting Requirements. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

The FMCS's financial statements summarize the financial position and activities of the agency. The audit report, financial statements, and notes to the financial statements appear below.

Sources and Uses of Funds

The FMCS receives funding from three sources:

- Congressionally appropriated funds for salaries and expenses and other necessary expenses for running the Agency.
- Reimbursable agreements of No-Year funds, mostly from other Federal agencies.
- Direct No-Year funds from arbitration panel listing fees and arbitrator dues.

The FMCS's 2025 appropriation from Congress was \$53,705,000, an amount at the same funding levels as 2024. Appropriations are the primary source of financial resources for the Agency. Other budgetary resources available in 2025 included approximately \$1 million in reimbursable funds earned by the FMCS mediators from labor-management grievance mediation, training, facilitation, and negotiated rule-making work, and approximately \$1.3 million in direct funds from arbitration panel listing fees and arbitrator dues. The total budgetary resources for 2025 were \$ 75,787,975. The FMCS made new obligations in the amount of \$49.2 million in 2025.

Table of Key Measures

The table below is illustrative of significant accounts for the fiscal year ended September 30, 2025:

FEDERAL MEDIATION AND CONCILIATION SERVICE TABLE OF KEY MEASURES

Amounts in Dollars	FY 2025
Gross Program Costs	\$ 57,309,418
Less: Earned Revenue	(2,286,415)
Net Cost of Operations	\$ 55,023,003
Assets	
Fund Balance with Treasury	\$ 27,384,988
Accounts Receivable	305,643
Advances and Prepayments	45,222
Property, Plant, and Equipment	2,698,433
Total Assets	\$ 30,434,286
Liabilities	
Accounts Payable	745,229
Federal Employee Salary, Leave, and Benefits Payable	4,142,992
Pension, Post-Employment, and Veterans Benefits Payable	55,368
Other	359,101
Total Liabilities	5,302,690
Net Position (Assets minus Liabilities)	25,131,596

Audit Results

The FMCS received an unmodified audit opinion on its 2025 financial statements. This marks the 25th consecutive year that FMCS has received a “clean” audit opinion.

Analysis of the Balance Sheet

The FMCS’s assets totaled \$30.4 million, as of September 30, 2025. Key asset line items are as follows:

The *Fund Balance with Treasury* consists of appropriated funds and other funds maintained at the U.S. Treasury until final disposition. Fund Balance with Treasury represented the FMCS's largest asset of \$27.4 million as of September 30, 2025.

Accounts Receivable (AR) is primarily made up of amounts due from federal government departments and other agencies. The FMCS acquires services from other federal agencies through interagency

agreements. Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2025.

Property, Plant and Equipment (PPE), Net, consists of the net value of the FMCS's furniture and equipment, computer software, construction in progress, and software in development. Property, Plant and Equipment, Net, had a balance of \$2.7 million as of September 30, 2025. Capitalized assets account for \$3.7 million of PPE at acquisition cost, and the asset lives are for 5 years.

The *FMCS's Liabilities* were \$5.3 million as of September 30, 2025.

Analysis of the Statement of Net Cost

The Statement of Net Cost (SNC) represents the FMCS's gross costs less revenue earned. The FMCS's net cost of operations was \$55 million for the fiscal year ended September 30, 2025.

Analysis of the Statement of Changes in Net Position

The Statement of Changes in Net Position reports the change in net position during the reporting period. The difference between total assets and total liabilities is net position. Net position is affected by changes in its two components: Unexpended Appropriations and Cumulative Results of Operations (CRO).

The FMCS's net position was \$25 million as of September 30, 2025, representing an increase of \$2.2 million from the prior year related to appropriations used and net costs of operations transactions, and as a result, total CRO. The CRO balance decreased by \$1.4 million.

Analysis of the Statement of Budgetary Resources

The Statement of Budgetary Resources (SBR) shows the sources of budgetary resources available and the status of the budgetary resources at the end of the period. It represents the relationship between budget authority and budget outlays and reconciles total obligations with total outlays. This statement also includes unobligated balances from prior years' budget authority.

For the fiscal year ended September 30, 2025, the FMCS had available budgetary resources of \$75.8 million, comprised of the 2025 appropriations of \$53.7 million, prior years' unobligated balances of \$19.8 million, and spending authority from offsetting collections of \$2.3 million.

The net outlays totaled \$48.6 million.

Systems, Controls, and Legal Compliance

This section of the report provides information on the FMCS's compliance with the following:

- Federal Managers' Financial Integrity Act of 1982 (FMFIA) (Pub. L. No. 97-255)
- OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management (ERM) and Internal Control, Revised 2016
- Federal Financial Management Improvement Act of 1996 (FFMIA) (Pub. L. No. 104-208)
- Prompt Payment Act of 1982 (PPA) (Pub. L. No. 97-177)
- Payment Integrity Information Act of 2019 (PIIA) (Pub. L. No. 116-117)
- Debt Collection Improvement Act of 1996 (Pub. L. No. 104-134)
- Digital Accountability and Transparency Act of 2014 (DATA Act) (Pub. L. No. 113-101)
- Federal Information Security Modernization Act of 2014 (FISMA 2014) (Pub. L. No. 113-283)

Federal Managers' Financial Integrity Act of 1982 (FMFIA) (Pub. L. No. 97-255)

The FMFIA mandates that agencies establish controls to reasonably assure that: (i) obligations and costs comply with applicable laws; (ii) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures are properly recorded and accounted for. The Act encompasses program, operational, and administrative areas, as well as accounting and financial management. The FMFIA requires the Director to provide an annual assurance statement on the adequacy of management controls and conformance of financial systems with government-wide standards.

Based on its annual assessment of the adequacy of its internal controls, FMCS is able to provide an unmodified statement of assurance that its internal controls and financial management systems met the objectives of FMFIA as of September 30, 2025.

In making this statement, FMCS relies upon independent and self-assessments of its internal controls. Independent assessments in support of this statement include the results of the annual Federal Employee Viewpoint Survey (FEVS) and the annual Agency financial statement audit. Finally, the efforts of the Agency Chief Operating Officer (COO), Chief Information Officer (CIO), Chief Human Capital Officer (CHCO), General Counsel, and Head of Contracting Activity (HCA), and others, similarly provide specific assurances in areas that lie outside the scope of the FEVS and annual audit.

It is worth noting that FMCS does not have an Inspector General. Instead, FMCS relies upon its General Counsel, Budget Director, and Finance Director to assist with oversight and enforcement activities. Given the small size of the Agency and the strength of its internal controls, the FMCS believes that this arrangement is more than reasonable and adequate for meeting the Agency's obligations under FMFIA.

Responsibilities under OMB Circular A-123 (Revised 2016)

As detailed in OMB Circular A-123, FMCS is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. FMCS must consistently apply the internal control standards to meet each of the internal control objectives and to assess internal control effectiveness. Annually, management

must provide assurances on internal control in its Performance and Accountability Report, including a separate assurance on internal control over financial reporting, along with a report on identified material weaknesses and corrective actions.

Circular A-123 also requires agencies and individual Federal managers to take systematic and proactive measures to (i) develop and implement appropriate, cost-effective internal control for results-oriented management; (ii) assess the adequacy of internal control in Federal programs and operations; (iii) separately assess and document internal control over financial reporting; (iv) identify needed improvements; (v) take corresponding corrective action; and (vi) report annually on internal control through management assurance statements.

Summary of 2025 Internal Control Review

The FMCS internal controls system is a continuous built-in component of operations, affected by people, that provides reasonable assurance, that the agency's objectives will be achieved, ensures that the FMCS conducts activities efficiently and effectively, reports reliable information about operations, and complies with applicable laws and regulations. Additionally, the FMCS's internal control system provides reasonable assurance that:

- Employees have access to the information they need in order to make sound decisions;
- Obligations and costs are in compliance with applicable laws;
- Assets are safeguarded against waste, loss, and unauthorized use of appropriations;
- Revenues and expenditures applicable to Agency operations are properly recorded and accounted for, permitting accurate accounts, reliable financial reports, and full accountability for assets; and,
- Programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

The FMCS conducted its Fiscal Year (FY) 2025 internal control review in accordance with the guidance prescribed by the Office of Management and Budget (OMB) Circular A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control." This review included a thorough assessment of the effectiveness of internal control over operations, reporting, and compliance with applicable laws and regulations and conformance with government-wide requirements.

Based on the results of the FY 2025 internal control assessments, the FMCS provides reasonable assurance that internal controls were operating effectively as of September 30, 2025, and that the objectives of FMFIA Section 2 (internal controls) have been met. The FMCS identified no material weaknesses in the design or operation of internal controls that would affect the achievement of its mission or strategic objectives.

The FMCS provides an unmodified statement of assurance that its internal controls system meets the objectives of FMFIA. The FMCS remains committed to continuously improving its internal control environment, managing enterprise risks, and upholding the highest standards of financial stewardship and program accountability.

Federal Financial Management Improvement Act of 1996 (FFMIA) (Pub. L. No. 104-208)

The FFMIA requires federal agencies to implement and maintain systems that substantially comply with:

(i) federal financial management system requirements; (ii) applicable federal accounting standards; and (iii) the U.S. Government Standard General Ledger at the transaction level. The FFMIA requires the Director to determine the agency's financial management system compliance with the FFMIA and to develop CAPs for non-compliant financial systems, as needed.

The FMCS uses a financial system provided by a Shared Services Provider (SSP), operated by the Department of Treasury's Administrative Resources Center (ARC), for processing financial data. Based on reviews conducted by its independent auditors, the FMCS found that the agency's financial management systems were in substantial compliance with the federal financial management system requirements, applicable federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

Prompt Payment Act of 1982 (PPA) (Pub. L. No. 97-177)

The PPA requires federal agencies to make timely payments to vendors for supplies and services, to pay interest penalties when payments are made after the due date, and to take cash discounts when they are economically justified. As of September 30, 2025, 99.8 percent of the FMCS's payments that were subject to the PPA were made on time. In 2025, the FMCS incurred \$390 in interest penalties and made 100 percent of its vendor payments electronically.

Payment Integrity Information Act of 2019 (PIIA) (Pub. L. No. 116-117)

To improve the integrity and accuracy of the federal government's payments, in 2002, Congress enacted the Improper Payments Information Act (IPIA) (Pub. L. No. 107-300) and Recovery Audit Act (Pub. L. No. 107-107). In 2010, these statutes were amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA, Pub. L. No. 111-204), which later was supplanted by the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA; Pub. L. No. 112-248). In March 2020, the Payment Integrity Information Act of 2019 was enacted (PIIA; Pub. L. No. 116-117), which reorganized and revised the existing improper payment statutes.

The PIIA requires agencies to improve the quality of oversight for high-dollar and high-risk programs, and it mandates that agencies share data regarding recipient eligibility and payment amounts. For more detailed information on the improper payments and prior years' reporting, please visit the following link: <https://paymentaccuracy.gov/>.

The FMCS is dedicated to continuing to strengthen its improper payments program to ensure that payments are justifiable and processed correctly and efficiently. The program uses an experienced and trained staff, a financial management system designed with control functions to mitigate risk, and an internal analysis of processes and transactions. The FMCS strives to comply with the (OMB) Memorandum M-21-19, which revised Appendix C in OMB Circular A-123, Requirements for Payment Integrity Improvement.

The FMCS reviews transactions to identify improper payments and differentiate between improper payments resulting from payment processing errors where there was no monetary loss to the taxpayer, versus improper payments that resulted in a monetary loss to the taxpayer requiring payment recapture. The analysis of 2022 payments did not evidence significant improper payments resulting in monetary loss to the taxpayer.

Review of Program Activities in FY 2025

The FMCS assesses payment reporting for seven program activities: Contract Payments and Invoices, Purchase Card, Travel Card, Claims and Vouchers, Payroll, Grants, and Entitlement or Benefits (other than Payroll).

Payment Reporting & PIIA Noncompliance Findings

In accordance with OMB Circular A-136 Attachment C, federal entities are required to complete a review of improper payments every three years. The review has been referred to as the Improper Payments Elimination and Recover Act of 2010 (IPERA) (Public Law 111-204) in the past. More recently as of March 2, 2020, the Payment Integrity Information Act of 2019 (PIIA) (Public Law 116-117) repealed IPERA (and other laws) but set forth similar improper payment reporting requirements, including an annual compliance report.

The PIIA review, completed with data from FY2022, found that the FMCS is in compliance with OMB Memorandum M-21-19.

The results of the FMCS payments review are:

Attachment B - IPERA Risk Assessment Payment Type Summary for FY 2022			
Reporting Entity: FEDERAL MEDIATION AND CONCILIATION SERVICE			
Treasury Fund Symbol(s): ALL			
Payment Type: Payment Type Summary			
Risk Assessment Rating	Payment Types	Annual Payment Amount	Annual Percentage
Low Risk	Contract Payments and Invoices	-\$9,436,216.15	19.7%
Low Risk	Purchase Card	-\$701,660.91	1.5%
Low Risk	Travel Card	-\$24,802.99	0.1%
Low Risk	Claims and Vouchers	-\$461,942.26	1.0%
Low Risk	Payroll	-\$37,196,960.83	77.8%
Low Risk	Grants	\$0.00	0.0%
Medium Risk	Entitlement or Benefits (other than Payroll)	\$0.00	0.0%
Total Fund Group Annual Payments		-\$47,821,583.14	100.0%
Disbursements reflected in the Improper Payment Baseline Inventory Report for FY 2023 (Attachment A) are based on FY 2022 disbursements.			

Type	Total CY O/S	0-6 Mos.	6 Mos. To 1 Yr.	Aging of Outstanding		Comments/Explanations, including justifications for the amount determined to not be collectible
				Over 1 Year	Overpayments - CY Amount Outstanding*	
Contracts	\$0.00					
Grants	\$0.00					
Benefits	\$0.00					
Loans	\$0.00					
Other	\$165.45		\$165.45		\$56.05 \$1.05: no action required for overpayment, receipt was received; \$55.00: determined to be a prepaid fuel	

*Aging table represents total outstanding as reported on lines 72-76 and write-offs on lines 52-61 of the FY 2022 Results tab.

Disposition of Recaptured Funds**									
Type	Total Recaptured Funds	Agency Expenses	Auditor Fees	Financial Management Improvement (Up to 25%)	Original Purpose (Up to 25%)	Office of IG (Up to 5%)	Expired Account	Returned to Treasury	Comments/Explanations
Contracts	\$0.00								
Grants	\$0.00								
Benefits	\$0.00								
Loans	\$0.00								
Other	\$1,516.72							\$1,516.72	\$337.20: Lodging credited back.

**Disposition table represents total recaptured funds reported on lines 22-26, 32-36, and 42-51 of the FY 2022 Results tab. Only overpayments recaptured are reported.

Overpayments Recaptured Outside of Payment Recapture Audits							Comments/Explanations
Agency Source	Amount Identified (CY)	Amount Recovered (CY)	Amount Identified (PY)	Amount Recovered (PY)	Cumulative Amt. Identified (CY+PY)	Cumulative Amt. Recovered (CY+PY)	
Statistical Samples					\$0.00	\$0.00	
Post-Payment Reviews or Audits	\$572.06	\$405.56	\$458.20	\$403.20	\$1,030.26	\$808.76	\$165.45 Amount outstanding from CY; \$1.05 CY written off; \$55.00 PY amount written off
OIG Reviews					\$0.00	\$0.00	
Single Audit Reports					\$0.00	\$0.00	
Self-Reported	\$707.96	\$707.96			\$707.96	\$707.96	
Reports from Public					\$0.00	\$0.00	

PIIA Section V requires agencies to conduct payment recapture audits (also known as recovery audits) for each program and activity that expends \$1 million or more annually, if conducting such audits would be cost effective. A Payment Recapture Audit is an internal review and analysis of a bureau, office, or program's accounting and financial records, supporting documents, and other pertinent information supporting its payments that is specifically designed to identify overpayments. Payment errors result from duplicate payments; errors on invoices or financing requests; failure to reduce payments by applicable sales discounts, cash discounts, rebates, or other allowances; payments for items not received; mathematical or other errors in determining payment amounts and executing payments; and the failure to obtain credit for returned merchandise.

The FMCS will continue to collect and resolve improper payments through existing financial procedures, including pre-audit of travel reimbursements, internal control review activities, internal and external audits, training of FMCS staff, and debt collection, as necessary.

The FMCS is cross serviced by the U.S. Treasury's ARC for accounting system support and accounts payable processing. The implementation of the Do-Not-Pay (DNP) initiative is a joint responsibility of the FMCS and ARC. The FMCS does pay invoices that are received via fax or email. The DNP portal implementation has provided a way for our procurement and payable offices to review vendor files prior to disbursement. It has also given us an opportunity to review the monthly payment file results to identify any improper payments made to a vendor in the DNP portal. Further, invoices processed through the Invoice Processing Platform (IPP) are subject to a monthly post payment audit of 10 percent of the total paid IPP invoices for that month. Invoices not processed through the Invoice Processing Platform (IPP) in excess of \$2,500 are subject to secondary review before being paid. Invoices under \$2,500 are subject to review through statistical sampling procedures. Travel vouchers processed through the Concur Government Edition (CGE) travel system are subject to a post payment audit based on a random sample of all reimbursements under \$2,500. All payments of \$2,500 and higher are excluded from the population. These payments require a 100 percent post payment audit review. Relocation vouchers processed through the MoveLINQ system are subject to 100 percent pre-payment audit and review. For payment customers, once

the vouchers have been pre-audited and approved for payment, they are interfaced to the Oracle financial system where they are paid.

Debt Collection Improvement Act of 1996 (Pub. L. No. 104-134)

The Debt Collection Improvement Act of 1996 was enacted to enhance the ability of the federal government to service and collect debts. As of September 30, 2025, delinquent debt was \$8041. The FMCS pursues the collection of delinquent debt and refers all eligible delinquent debt more than 120 days delinquent to the U.S. Treasury for collection.

Digital Accountability and Transparency Act of 2014 (DATA Act) (Pub. L. No. 113-101)

The DATA Act requires agencies to establish common standards for financial data provided by all government agencies and to expand the amount of data that agencies must provide to the government website, USASpending.gov. The FMCS met the government-wide DATA Act reporting requirements in 2025.

Federal Information Security Modernization Act of 2014 (FISMA 2014) (P.L. 113-283)

As mandated by FISMA, the FMCS continues to maintain an information security program to support the confidentiality, integrity, and availability of agency information and information systems. The FMCS worked diligently throughout 2025 to protect agency information and systems. agency performed routine IT security operations, as well as implemented programmatic and technological improvements to reduce agency cybersecurity risks. Accomplishments for 2024 that were maintained in 2025 related to FISMA include the following: the initial configuration and pilot of the lookout app for mobile device security, continued successful involvement in the CDM Defend F dashboard using Qualys agents aligned with DHS CISA's distributed and automated CDM initiatives achieving an AWARE score below the federal average, 100 percent implementation for the all FMCS account holders to require PIV authentication for computer login, 100 percent implementation of MFA access to all azure and Office 365 applications and services, launch and configuration of Azure Talon to maintain TIC 3.0 compliance for cloud environment, 99 percent migration from physical network on premises to MS Azure cloud based infrastructure, greatly increasing our flexibility and COOP capabilities, launch of Zscaler ZPA and ZIA to replace and retire existing on-premises, physical VPN appliances, continued development and expansion of a web based notice submission and service request portal (F-7, IAA, Requests for Mediation Services) and reduce repetitive and error prone duplicative data input by private, public, and other federal customers.

Independent Auditor's Report

The Chief Operating Officer, performing the duties of 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 sheets as of September 30, 2025, and the related statements of net cost, changes in net position, and budgetary resources for the year then ended, and the related notes to the financial statements (hereinafter referred to as '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, 2025, and its net costs, changes in net position, and budgetary resources for the year then ended, in accordance with U.S. generally accepted accounting principles.

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. 24-02, *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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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* and OMB Bulletin No. 24-02 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*, and OMB Bulletin No. 24-02, 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

U.S. generally accepted accounting principles require that 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 Chief Operating Officer, Strategic and Performance-Planning Framework, Systems, Controls and Legal Compliance, 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 if 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.

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 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 *Governmental Auditing Standards* or OMB Bulletin No. 24-02.

The Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and Other Matters sections 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 14, 2025

FEDERAL MEDIATION AND CONCILIATION SERVICE

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025





FEDERAL MEDIATION AND CONCILIATION SERVICE
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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FEDERAL MEDIATION AND CONCILIATION SERVICE
BALANCE SHEET
AS OF SEPTEMBER 30, 2025
(In dollars)

	2025
Assets	
Intragovernmental Assets	
Fund Balance with Treasury (Note 2)	\$ 27,384,988
Accounts Receivable, net (Note 3)	297,601
Advances and Prepayments	45,222
Total Intragovernmental Assets	27,727,811
Other than Intragovernmental Assets	
Accounts Receivable, net (Note 3)	8,042
Property, Plant, and Equipment, net (Note 4)	2,698,433
Total Other than Intragovernmental Assets	2,706,475
Total Assets	\$ 30,434,286
Liabilities	
Intragovernmental Liabilities	
Accounts Payable	\$ 602,409
Other Liabilities (Note 8)	359,101
Total Intragovernmental Liabilities	961,510
Other than Intragovernmental Liabilities	
Accounts Payable	142,820
Federal Employee Salary, Leave, and Benefits Payable (Note 7)	4,142,992
Pension, Post-Employment, and Veterans Benefits Payable (Note 7)	55,368
Total Other than Intragovernmental Liabilities	4,341,180
Total Liabilities	\$ 5,302,690
Commitments and Contingencies	
Net Position	
Unexpended Appropriations	
Funds from Other than Dedicated Collections	\$ 19,257,583
Cumulative Results of Operations	
Funds from Other than Dedicated Collections	5,874,013
Total Net Position	\$ 25,131,596
Total Liabilities and Net Position	\$ 30,434,286

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

FEDERAL MEDIATION AND CONCILIATION SERVICE
STATEMENT OF NET COST
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In dollars)

	2025
Gross Program Costs	
Gross Costs	\$ 57,309,418
Less: Earned Revenue	(2,286,415)
Net Program Costs	\$ 55,023,003
Net Cost of Operations	\$ 55,023,003

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

FEDERAL MEDIATION AND CONCILIATION SERVICE
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In dollars)

	2025
Unexpended Appropriations	
Beginning Balance	\$ 15,595,671
Appropriations Received	53,705,000
Other Adjustments	(174,961)
Appropriations Used	(49,868,127)
Net Change in Unexpended Appropriations	3,661,912
Total Unexpended Appropriations	\$ 19,257,583
Cumulative Results of Operations	
Beginning Balance	\$ 7,300,989
Appropriations Used	49,868,127
Imputed Financing (Note 11)	3,728,242
Other	(342)
Net Cost of Operations	(55,023,003)
Net Change in Cumulative Results of Operations	(1,426,976)
Total Cumulative Results of Operations	\$ 5,874,013
Net Position	\$ 25,131,596

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

FEDERAL MEDIATION AND CONCILIATION SERVICE
STATEMENT OF BUDGETARY RESOURCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In dollars)

	2025
Budgetary Resources	
Unobligated Balance From Prior Year Budget Authority, net (Note 12)	\$ 19,757,451
Appropriations	53,705,000
Spending Authority From Offsetting Collections	2,325,524
Total Budgetary Resources	\$ 75,787,975
Status of Budgetary Resources	
New Obligations and Upward Adjustments (total) (Note 13)	\$ 49,159,149
Unobligated Balance, End of Year	
Apportioned, Unexpired Accounts	10,059,993
Unapportioned, Unexpired Accounts	6,886,802
Unexpired, Unobligated Balance, End of Year	16,946,795
Expired, Unobligated Balance, End of Year	9,682,031
Unobligated Balance, End of Year (total)	26,628,826
Total Budgetary Resources	\$ 75,787,975
Outlays, Net and Disbursements, net	
Outlays, net (total)	\$ 48,638,980
Agency Outlays, net	\$ 48,638,980

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

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, 2025, the FMCS consisted of a headquarters office. 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 Salaries and Expense 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's accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the FMCS's use of budgetary resources. 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's 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. When the reporting entity seeks to use Fund Balance with Treasury or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). 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's capitalization threshold is \$5,000 for individual purchases and a total useful life exceeding one year. 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. The useful life classifications for capitalized assets are as follows:

<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, deferred rent, actuarial FECA, and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees. Deferred rent is the difference at year-end between the sum of monthly cash disbursements paid to date for rent and the sum of the average monthly rent calculated based on the term of the lease.

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's 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's employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the FMCS's 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's 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 the 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 of 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. 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, 2025, were as follows:

	2025
Status of Fund Balance With Treasury	
Unobligated Balance	\$ 26,663,956
Obligated Balance Not Yet Disbursed	721,032
Total Fund Balance With Treasury	\$ 27,384,988

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

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.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2025, were as follows:

	2025
Intragovernmental	
Accounts Receivable	\$ 297,601
Total Intragovernmental Accounts Receivable	\$ 297,601
Other than Intragovernmental	
Accounts Receivable	\$ 8,042
Total Other than Intragovernmental Accounts Receivable	\$ 8,042
Total Accounts Receivable	\$ 305,643

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

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2025.

NOTE 4. PROPERTY, PLANT, AND EQUIPMENT, NET

Schedule of General Property, Plant, and Equipment, Net as of September 30, 2025:

	Acquisition Cost	Accumulated Depreciation and Amortization	Net Book Value
2025			
Major Class:			
Furniture and Equipment	\$ 228,780	\$ 95,412	\$ 133,368
Software	2,582,612	903,094	1,679,518
Software In Development	885,547	-	885,547
Total	\$ 3,696,939	\$ 998,506	\$ 2,698,433

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the FMCS as of September 30, 2025, 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.

	2025
<hr/>	
Intragovernmental Liabilities	
FECA and Unemployment Insurance Liabilities	\$ 20,165
Total Intragovernmental Liabilities	20,165
Other than Intragovernmental Liabilities	
Unfunded Leave	\$ 2,013,388
Actuarial FECA	55,368
Total Other than Intragovernmental Liabilities	2,068,756
Total Liabilities Not Covered by Budgetary Resources	\$ 2,088,921
Total Liabilities Covered by Budgetary Resources	3,213,769
Total Liabilities	\$ 5,302,690

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on the FMCS's 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's liability as of September 30, 2025, was \$55,368.

NOTE 7. FEDERAL EMPLOYEE BENEFITS PAYABLE

These amounts reported on the Balance Sheet further detail liabilities related to benefits payable to federal employees. The amounts include employer contributions and payroll taxes payable, accrued funded payroll and leave, and unfunded leave. The balances as of September 30, 2025, were as follows:

	2025
Federal Employee Benefits Payable	
Accrued Funded Payroll and Leave	\$ 2,096,379
Employer Contributions and Payroll Tax Payable	33,225
Unfunded Leave	2,013,388
Federal Employee Salary, Leave, and Benefits Payable	\$ 4,142,992
Actuarial FECA Liability	\$ 55,368
Pensions, Post-Employment, and Veterans Benefits Payable	\$ 55,368

NOTE 8. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2025, were as follows:

	Current	Non-Current	Total
2025			
Intragovernmental Other Liabilities			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 164,183	\$ -	\$ 164,183
Employer Contributions and Payroll Taxes Payable	174,753	-	174,753
Unfunded FECA Liability	6,484	-	6,484
Other Unfunded Employment Related Liability	13,681	-	13,681
Total Intragovernmental Other Liabilities	\$ 359,101	\$ -	\$ 359,101
Total Other Liabilities	\$ 359,101	\$ -	\$ 359,101

NOTE 9. LEASES

FMCS leases office space for its Headquarters operations in Washington, D.C., with the current lease set to expire on October 23, 2031. This leased asset comprises office spaces and is classified as operating. The General Services Administration manages the office space at Headquarters. Leases are large electronic files, and requested files will be made available upon request. Lease payments are subject to annual increases based on adjustments for operating costs and real estate tax escalations. Additionally, all other districts and field offices (eight in total) were closed on April 30, 2025. The total operating lease expense for fiscal year 2025 was \$1,175,381.

	Ending Balance
Fiscal Year	
2026	\$ 1,215,017
2027	1,230,895
2028	1,247,249
2029	1,264,093
2030	1,281,443
2031 thru 2032	1,299,314
Total	\$ 7,538,011

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

NOTE 10. COMMITMENTS AND CONTINGENCIES

The FMCS did not have any material contingent liabilities that met disclosure requirements as of September 30, 2025.

NOTE 11. INTER-ENTITY COSTS

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. 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 fiscal year ended September 30, 2025, inter-entity costs were as follows:

	2025
Office of Personnel Management	\$ 3,728,242
Total Imputed Financing Sources	\$ 3,728,242

NOTE 12. UNOBLIGATED BALANCE FROM PRIOR YEAR BUDGET AUTHORITY, NET

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, 2025, consisted of the following:

	2025
Unobligated Balance Brought Forward from Prior Year, October 1	\$ 17,342,596
Recoveries of Prior Year Obligations	2,589,816
Other Changes in Unobligated Balances	(174,961)
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 19,757,451

NOTE 13. APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS

New obligations and upward adjustments incurred and reported in the Statement of Budgetary Resources in 2025 consisted of the following:

	2025
Direct Obligations, Category A	\$ 47,325,218
Reimbursable Obligations, Category A	1,833,931
Total New Obligations and Upward Adjustments	\$ 49,159,149

NOTE 14. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2025, were as follows:

	Intragovernmental	Other than Intragovernmental	Total
2025			
Paid Undelivered Orders	\$ 45,222	\$ -	\$ 45,222
Unpaid Undelivered Orders	80,901	2,816,760	2,897,661
Total Undelivered Orders	\$ 126,123	\$ 2,816,760	\$ 2,942,883

NOTE 15. STATEMENT OF BUDGETARY RESOURCES

The President's Budget that will include fiscal year 2025 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2026 and can be found at the OMB website: <https://www.whitehouse.gov/omb/>. The Fiscal Year 2026 Budget of the United States Government, with the "Actual" column completed for 2024, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

(In millions)

	Budgetary New Obligations & Upward		Net Outlays
	Resources	Adjustments (Total)	
Combined Statement of Budgetary Resources	\$ 74	\$ 56	\$ 54
Unobligated Balance Not Available	(6)	-	-
Difference Due to Rounding	-	1	-
Budget of the U.S. Government	\$ 68	\$ 57	\$ 54

NOTE 16. CUSTODIAL REVENUES

The FMCS' custodial collection primarily consists of fines, penalties, and administrative fees. While these collections are considered custodial, they are neither primary to the mission of the FMCS nor material to the overall financial statements. The FMCS total custodial collections are \$342 for the year ended September 30, 2025.

**NOTE 17: RECONCILIATION OF NET OPERATING COST & NET BUDGETARY OUTLAYS
(BUDGET TO ACCRUAL RECONCILIATION)**

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.

The reconciliation of Net Cost to Net Outlays as of September 30, 2025:

	Intragovern- mental	Other than Intragovern- mental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	16,127,342	\$ 38,895,661	\$ 55,023,003
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(537,655)	(537,655)
Property, Plant, and Equipment Disposals and Revaluations	-	(3,823,830)	(3,823,830)
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays:			
Accounts Receivable, Net	(20,240)	7,157	(13,083)
Advances and Prepayments	2,981	-	2,981
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays:			
Accounts Payable	(602,409)	1,356,746	754,337
Federal Employee Salary, Leave, and Benefits Payable	-	(260,247)	(260,247)
Pension, Other Post-Employment, and Veterans Benefits Payable	-	239,162	239,162
Other Liabilities	(119,707)	2,392	(117,315)
Financing Sources:			
Imputed Cost	(3,728,242)	-	(3,728,242)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ (4,467,617)	\$ (3,016,275)	\$ (7,483,892)
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	-	1,099,527	1,099,527
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	\$ -	\$ 1,099,527	\$ 1,099,527
Misc Items			
Custodial/Non-Exchange Revenue	-	(15)	(15)
Non-Entity Activity	357	-	357
Total Other Reconciling Items	\$ 357	\$ (15)	\$ 342
Total Net Outlays (Calculated Total)	\$ 11,660,082	\$ 36,978,898	\$ 48,638,980
Budgetary Agency Outlays, net			\$ 48,638,980

NOTE 18. SUBSEQUENT EVENTS

FMCS has experienced significant operational and resource constraints during fiscal year 2025. These challenges include staffing limitations, appropriations challenges, and restructuring regional offices. Management continues to assess these conditions and has initiated workforce realignment, shared service coordination, and technology modernization initiatives to align with administration goals and priorities.

The continuation of FMCS's operations is dependent upon annual congressional appropriations and management's ability to execute approved budgets effectively.

Management will continue to monitor and disclose any significant subsequent events that could materially affect FMCS's financial position or operations in accordance with SFFAS 39, Subsequent Events, and other applicable federal financial reporting standards.