FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

PERFORMANCE AND ACCOUNTABILITY REPORT FISCAL YEAR 2019

NOVEMBER 19, 2019

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Message from the Chairman

November 19, 2019

I am pleased to submit the Performance and Accountability Report for Fiscal Year 2019. This report provides performance information in keeping with the requirements of the Government Performance and Results Modernization Act of 2010 and includes audited financial statements and accompanying documentation as mandated by the Accountability of Tax Dollars Act of 2002.

FMSHRC is an independent adjudicatory agency that provides administrative trial and appellate review of legal disputes arising under the Federal Mine Safety and Health Act of 1977 (Mine Act), as amended.

FMSHRC carries out its responsibilities through trial-level adjudication by administrative law judges and appellate review of judges' decisions by a five-member Commission appointed by the President and confirmed by the Senate. Most cases involve civil penalties assessed against mine operators by the Department of Labor and address whether or not the alleged safety and health violations occurred and if so, the degree of gravity and negligence involved, so that appropriate sanctions may be imposed.

FMSHRC has set forth the following strategic goals:

Strategic Goal 1: Ensure expeditious, fair, and legally sound adjudication of cases.

Strategic Goal 2: Manage FMSHRC's human resources, operations, facilities, and information technology systems to ensure a continually improving, effective, and efficient organization.

In Fiscal Year 2019, FMSHRC met the performance targets for all three trial level goals in the Office of the Administrative Law Judges. Of particular note, the Office of Administrative Law Judges averaged 188 days to resolve an individual trial level case, which was much quicker than the 260 day FY 2019 target. The number of trial level cases on hand also has been reduced significantly over the past several years, with 1,212 remaining at the end of FY 2019.

At the appellate level, FMSHRC met its substantive case targets for three of its five goals. FMSHRC only had two of five Commissioners between August 30, 2018 and March 25, 2019, thus lacking a quorum during that time period. The lack of a quorum for so long had an adverse impact on the number of cases that were disposed of in FY 2019 and the length of time that cases were pending before the Commission.

We are pleased to report the independent auditor's opinion that the financial statements present fairly, in all material aspects, FMSHRC's financial position. No matters involving internal control were noted and no material internal control weaknesses were identified. It is my assessment that the financial and performance data in this report are reliable and complete.

FMSHRC's mission is to provide the just, speedy, and legally sound adjudication of proceedings authorized under the Mine Act, thereby enhancing compliance with the Act and contributing to the improved health and safety of the nation's miners. We remain committed to that mission, and to the sound use of public resources in its accomplishment.

Marco M. Rajkovich, Jr.
Chairman

Management Discussion and Analysis

MISSION AND ORGANIZATIONAL STRUCTURE

The Federal Mine Safety and Health Review Commission (FMSHRC) is an independent adjudicatory agency charged with resolving disputes arising from the enforcement of safety and health standards in the nation's mines. Under its enabling statute, the Federal Mine Safety and Health Act of 1977 (Mine Act), as amended, the Commission does not regulate the mining industry, nor does it enforce the Mine Act; those functions are delegated to the Secretary of Labor acting through the Mine Safety and Health Administration (MSHA). FMSHRC's mission is to provide just, speedy, and legally sound adjudication of proceedings authorized under the Mine Act, thereby enhancing compliance with the Act and contributing to the improved health and safety of the nation's miners.

The scope of FMSHRC's mission was expanded by the passage of the Mine Improvement and New Emergency Response Act of 2006, P.L. 109-236 (MINER Act). That statute amended the Mine Act and vested FMSHRC with the responsibility for resolving disputes over the contents of mine emergency plans adopted by underground coal mine operators and submitted to MSHA for review and approval. The MINER Act imposed tight deadlines on FMSHRC and its judges with respect to these proceedings and FMSHRC has adopted procedural rules to meet these deadlines.

FMSHRC consists of four organizational elements:

- Office of the Chairman and Commissioners;
- Office of the General Counsel;
- Office of the Administrative Law Judges (OALJ); and
- Office of the Executive Director.

The majority of FMSHRC employees are stationed in Washington, DC. The OALJ has satellite offices in Pittsburgh, PA, and Denver, CO.

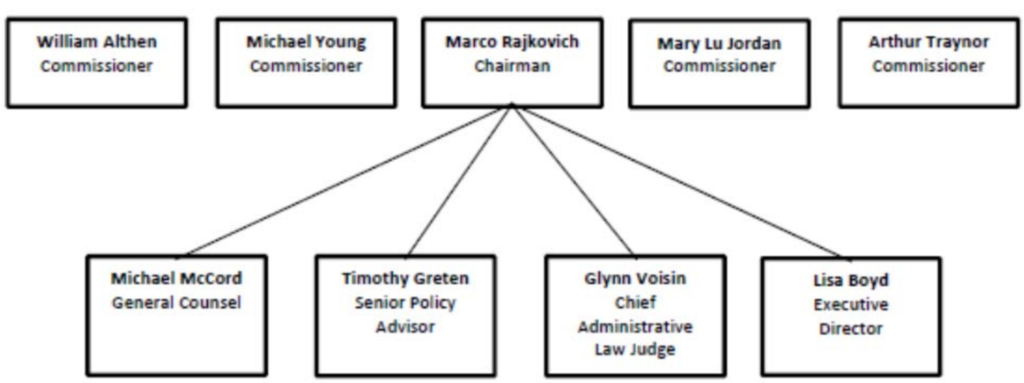
FMSHRC carries out its responsibilities through trial-level adjudication by judges and appellate review of judges' decisions by a five-member Commission appointed by the President and confirmed by the Senate. Most cases involve civil penalties assessed against mine operators by MSHA, and address whether or not the alleged safety and health violations occurred and if so, the penalty that should be assessed. Other types of cases involve mine operators' contests of mine closure orders, miners' complaints of safety or health-related discrimination, miners' applications for compensation after a mine is idled by a closure order, and review of disputes between MSHA and underground coal mine operators relating to those operators' mine emergency plans.

Once a case is filed with FMSHRC, it is referred to the Chief Administrative Law Judge (Chief Judge). Thereafter, litigants in the case must submit additional filings before the case is assigned to a judge. To expedite the decisional process, the Chief Judge may rule on certain motions and, where appropriate, issue orders of settlement, dismissal, or default. Otherwise, once a case is assigned to an individual judge, that judge is responsible for the case and rules upon motions and settlement proposals. If a hearing is necessary, the judge schedules and presides over the hearing, and issues a decision based upon the record. A judge's decision becomes a final, non-precedential order of FMSHRC unless it is accepted for review by FMSHRC's five-member Commission.

The Commission provides administrative appellate review. It may, in its discretion, review decisions issued by judges when requested by a litigant, or it may, on its own initiative, direct cases for review. A grant of review in either case requires an affirmative vote of at least two Commissioners. The Commission's decisions are precedential, and appeals from the Commission's decisions are heard in the federal circuit courts of appeal.

The Office of the Executive Director supports the above functions by providing budget and financial management, and administrative and technical services -- including human resources and information technology, procurement and contracting, and facilities management.

KEY PERSONNEL
ORGANIZATION CHART



PERFORMANCE GOALS

FMSHRC has two strategic goals:

Strategic Goal 1: Ensure expeditious, fair, and legally sound adjudication of cases; and

Strategic Goal 2: Manage FMSHRC's human resources, operations, facilities, and information technology systems to ensure a continually improving, effective, and efficient organization.

KEY CHALLENGES

FMSHRC's overall management priority continues to be the expeditious, fair, and legally sound adjudication of cases at the trial and appellate levels.

FMSHRC's major challenge is the unpredictability of the workload. The number of contests filed by operators or appellate petitions brought to FMSHRC at both the trial and appellate levels is not subject to FMSHRC's control.

- Most trial level cases that come before FMSHRC involve civil penalties proposed by MSHA against mine operators. These cases are the result of mine operators contesting those penalties.
- Most of the cases accepted for review are generated from petitions filed by parties adversely affected by a judge's decision. In addition, the Commission, on its own initiative, may decide to review a case.
- The Commission at the appellate level also considers requests to reopen cases in which a mine operator is in default for failing to timely respond to the Secretary's proposed penalty or to a judge's order ("default cases").

Historically, FMSHRC faced a significant challenge when the number of new trial level cases filed increased by 170% from FY 2007 to FY 2010. FMSHRC also saw a related increase in appellate cases filed, with an increase of 380% from FY 2009 to FY 2011. These increases led to substantial trial and appellate level case backlogs.

Through a combination of reengineered business processes, increased staffing, and a decline in the number of new contests filed, FMSHRC has been able to reduce the cases on hand. By the end of FY 2018, FMSHRC had essentially eliminated its trial case backlog, and was able to begin working to resolve each case as soon as a complete set of filings were received from all parties. This is reflected in our average time from receipt to disposition (i.e. pendency) of trial level cases dropping from 257 days in FY 2018 to 188 days in 2019. FMSHRC also significantly reduced its appellate case backlog. FMSHRC is working to ensure systems, procedures, and staffing are able to better resolve any future caseload spikes.

A second challenge is that FMSHRC is unable to resolve appellate cases when it does not have a quorum of Commissioners. Between August 30, 2018 and March 25, 2019, FMSHRC only had two Commissioners of five appointed to the Commission, thus lacking a quorum. The prolonged lack of a quorum had an adverse impact on the number of cases that were disposed of in FY 2019 and the length of time that cases were pending before the Commission.

ANALYSIS OF FINANCIAL STATEMENTS

The Accountability of Tax Dollars Act of 2002 requires that FMSHRC's financial statements be audited annually. In accordance with the Accountability of Tax Dollars Act of 2002, FMSHRC began annual audits in FY 2003. FMSHRC has received an "unmodified" opinion for each annual review conducted by an independent auditor.

FMSHRC has contracted with the Department of the Treasury, Bureau of the Fiscal Service, Administrative Resource Center, for accounting services since 1998. The Administrative Resource Center prepared FMSHRC's FY 2019 financial statements, which include comparative data for FY 2018. The principal financial statements include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources.

Analysis of the Balance Sheet

FMSHRC's assets in fiscal year 2019 were $8,362,203 as of September 30, 2019. The Fund Balance with Treasury of $8,245,327 represents FMSHRC's largest asset as of September 30, 2019. This is an increase of approximately 19 percent from fiscal year 2018 and represents approximately 98 percent of the agency's total assets. Property, Equipment, and Software accounts for approximately 1 percent of FMSHRC's total assets as of September 30, 2019. The net fixed asset value of $100,982 equals the cost less accumulated depreciation and represents the current book value of those assets.

FMSHRC's liabilities in fiscal year 2019 totaled $2,605,885 as of September 30, 2019. This is a decrease of $115,737 from the fiscal year 2018 balance of $2,721,622. Accounts payable balance at September 30, 2019, was $1,163,888 a decrease of $156,090 from September 30, 2018. Accrued payroll liabilities, payroll taxes payable, and unemployment insurance increased $128,450 in 2019. Unfunded annual leave increased $48,132 in 2019 from 2018. Unfunded annual leave represents approximately 21 percent of total agency liabilities.

Net position is the difference between total assets and total liabilities. The total net position for fiscal year 2019 increased by $1,407,415 from fiscal year 2018.

Analysis of Statement of Net Cost

The Statement of Net Cost shows the net cost of operations for the agency, and it is broken out between FMSHRC's two major functions, Administrative Law Judges and Review Commission. The total net cost of operations in 2019 was $15,976,555, which is a decrease of $1,172,715 over the 2018 net cost of operations of $17,149,270, a change of approximately 7 percent.

Analysis of the Statement of Changes in Net Position

The Statement of Changes in Net Position reports the change in the agency's net position during the reporting period. The net position consists of two components, the unexpended appropriations and the cumulative results of operations. The Net Position increased $1,407,415 in 2019 from 2018, a change of approximately 32 percent.

Analysis of the Statement of Budgetary Resources

The Statement of Budgetary Resources presents how the budgetary resources were made available and the status of the budgetary resources at the end of the reporting period. The total budgetary resources must always equal the total status of budgetary resources. For fiscal year 2019, FMSHRC had total budgetary resources of $21,294,677, which is $233,693 less than in 2018.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

Table of Key Measures

Dollars in Thousands			Increase / (Decrease)	
	FY 2019	***FY 2018***	**$**	**%**
COSTS				
Total Financing Sources	$16,018	$17,293	($1,275)	-7%
Less: Net Cost	$15,977	$17,149	($1,172)	-7%
Net Change of Cumulative Results of Operations	**$41**	**$144**	**($103)**	**-72%**
NET POSITION				
Assets:				
Fund Balance With Treasury	$8,245	$6,907	$1,338	19%
Accounts Receivable	$16	$17	($1)	6%
Property, Equipment, and Software	$101	$146	($45)	-31%
Total Assets	**$8,362**	**$7,070**	**$1,292**	**18%**
Liabilities				
Accounts Payable - Intergovernmental	$78	$71	$7	9%
Other	$1,442	$1,402	$40	3%
Accounts Payable	$1,086	$1,249	($163)	-13%
Total Liabilities	**$2,606**	**$2,722**	**($116)**	**-4%**
Net Position (Assets minus Liabilities)	**$5,756**	**$4,348**	**$1,408**	**32%**

MANAGEMENT ASSURANCES

Analysis of Systems, Controls, and Legal Compliance

FMSHRC is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding assets and complying with applicable laws and regulations. As a small independent Federal agency, it is more efficient for FMSHRC to leverage servicing agencies for key functions than to build an organic capability. Consequently, FMSHRC must rely heavily on the systems and controls provided by servicing agencies to meet OMB's guidelines and the requirements of law with respect to financial management, accounting systems, and financial reporting. These services are supplemented by internal control procedures within FMSHRC sufficient to ensure that the performance and financial data included in this audit report are complete and reliable.

All financial data reported were obtained from the FY 2019 accounting reports prepared by the Department of the Treasury, Bureau of the Fiscal Service, Administrative Resource Center, FMSHRC's accounting servicing provider. The performance data on case intake and dispositions has been verified by Commission managers. There are no material inadequacies or non-conformance in either the completeness or reliability of the data reported.

The Administrative Resource Center has provided assurance that their financial management systems comply with Federal financial management system requirements, applicable Federal accounting standards, and the USSGL at the transaction level.

FMSHRC is in compliance with the Federal Managers Financial Integrity Act by maintaining effective internal controls to support reliable financial reporting and compliance with laws and regulations applicable to FMSHRC.

There have been no significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting during FY 2019. During the audit of the financial statements the independent auditor did not identify any significant deficiencies or material weaknesses. The independent auditor has provided an unmodified opinion on the financial statements.

Limitations of the Financial Statements

The principal financial statements are prepared to report the financial position and results of operations of the Federal Mine Safety and Health Review Commission, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from FMSHRC's books and records in accordance with Federal GAAP and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government.

FRAUD REDUCTION REPORT

Pursuant to the Fraud Reduction and Data Analytics Act of 2015 (Public Law 114-186, 32 U.S. Code 3321), FMSHRC is reporting on its fraud reduction efforts for FY 2018 and the final quarter of FY 2018 in three key areas:

1. Implementation of financial and administrative controls

FMSHRC contracts with a shared service provider for financial, travel, human resources, and procurement services through an interagency agreement. FMSHRC's payroll services are managed by another government agency through a shared services interagency agreement. This creates a built-in separation of functions for agency business, with several checks and balances. Internally, most financial transactions involve at least three support staff.

2. The fraud risk principle in the Standards for Internal Control in the Government (the GAO Green Book)

Annually, FMSHRC completes the independent financial statement auditor's comprehensive Fraud, Waste and Abuse questionnaire. The questionnaire is completed and signed by management. Assertions are made that managers are not aware of allegations of fraud or suspected fraud, and that they understand risks specific to FMSHRC.

FMSHRC has a low risk of fraud in these areas:

- Fraudulent financial reporting risk: Financial reporting is provided by an authorized shared financial provider. All financial reporting, including financial statements and necessary journal entries, is reviewed and approved by FMSHRC's Executive Director, who serves as FMSHRC's CFO, prior to submission to OMB. FMSHRC's financial statements have been audited annually since 2003.

- Misappropriation of assets: All assets are recorded in the general ledger, inventoried and tracked in automated software managed by FMSHRC. Proper sign out procedures are incorporated for all equipment and property being removed from the property.

- Waste of government resources and abuse of authority or position: The nature of the FMSHRC mission means most of the commission expenditures are on salary and benefits, and related variable expenses (facilities, IT services, etc.). The opportunities for fraud or waste are limited, as the commission has very few contracts, minimal travel expenses, and doesn't otherwise expend federal funds through grants. FMSHRC has also ensured leadership and staff have required whistleblower training, including an understanding of how to report suspected wrongdoing to an independent party outside of FMSHRC.

3. OMB Circular A-123 with respect to leading practices for managing fraud risk

FMSHRC utilizes automated time and attendance, procurement, contract payments, and travel and purchase card systems located within other agencies. FMSHRC has agency points of contact for purchase and travel cards, as does the financial service provider. The assigned FMSHRC staff reviews all travel receipts for reimbursement before approving travel vouchers, generally entered into the travel system by FMSHRC's travelers and support staff. Travel service provider accountants reconcile FMSHRC's Central Billing Account each month.

Agency-specified types of vendors allowed for use are established under the procurement card program via the use of the Master Contract Codes. All other vendors will result in a card decline until the type of procurement is reviewed and approval is given temporarily for the purchase.

Performance Section

PERFORMANCE GOALS AND RESULTS

FMSHRC has set forth the following strategic goals:

Strategic Goal 1: Ensure expeditious, fair, and legally sound adjudication of cases.

Strategic Goal 2: Manage FMSHRC's human resources, operations, facilities, and information technology systems to ensure a continually improving, effective, and efficient organization.

The first strategic goal is accomplished through the Administrative Law Judges function at the trial level, and the Commission Review function at the appellate level. The second strategic goal is accomplished through the Office of the Executive Director function.

ADMINISTRATIVE LAW JUDGES FUNCTION

FMSHRC employs administrative law judges to hear and decide contested cases at the trial level. Judges travel to hearing sites located at or near the mine involved in order to afford mine operators, miners, and their representatives a full opportunity to participate in the hearing process. FMSHRC judges are also responsible for evaluating and approving or denying settlement agreements proposed by the parties under the Mine Act.

FMSHRC received 3,017 new case filings in FY 2019. The number of new cases was a nine percent decrease from the 3,325 received in FY 2018.

There were 1632 cases pending at the start of FY 2019. In FY 2019 there were 3,406 dispositions.

The FY 2019 end-of-year inventory was 1212 undecided cases. This was the ninth consecutive year that the number of pending cases was reduced by the end of the year.

FMSHRC met or substantially met all four performance targets for the Administrative Law Judges function, as shown in the Performance Measurement Matrix.

ADMINISTRATIVE LAW JUDGES FUNCTION
PERFORMANCE MEASUREMENT MATRIX

Performance Metrics - Office of the Administrative Law Judges Function						
Performance Goal		**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY2019**
Average time from receipt to disposition of all cases (measured in days)	Target	401	300	300	290	260
	Result	425	348	328	257	188
	Status	SM	NM	SM	M	M
Average time from receipt to disposition of penalty cases (measured in days)	Target	401	330	330	280	250
	Result	387	309	307	257	175
	Status	M	M	M	M	M
Percent of all cases on hand over 365 days in age	Target	30%	20%	20%	20%	20%
	Result	25%	21%	19%	4%	4%
	Status	M	SM	M	M	M
Number of cases pending at year end	Anticipated	--	4,200	3,300	2,429	1,723
	Result	4,452	3,058	2,592	1,730	1,212
	Status	--	M	M	M	M

Status:

M - Target met or exceeded

SM - Target substantially met - within 10% of target

NM - Target not met

COMMISSION REVIEW FUNCTION

FMSHRC decides two principal types of cases: (1) substantive cases, which are cases in which a judge has issued a final or interlocutory decision on the merits and the Commission has granted a petition for review filed by either party, or at least two Commissioners have decided to grant review on their own initiative; and (2) default cases, which are cases where an operator has failed to timely contest a proposed penalty or to timely respond to a judge's order and the operator has filed a motion to reopen the final order.

Because the Commission lacked a quorum of members for half of FY 2019, it had no authority to issue substantive decisions or default decisions during that time period. The terms of two Commissioners expired by law on August 30, 2018. Because the term of another Commissioner had previously expired in FY 2017, as of August 30, 2018, the Commission only had two members. Since the Commission is to include five members, this meant that a quorum consists of three Commissioners and that, with only two Commissioners on board, there was no quorum until the three additional new Commissioners were sworn in on March 25, 2019.

The prolonged lack of a quorum had an adverse impact on the number of cases that were disposed of in FY 2019 and the length of time that cases were pending before the Commission. In addition, in three instances, the Commission had to send letters to parties informing them that it could not grant review of certain petitions of interlocutory review because of the lack of a quorum.

In FY 2019, 16 petitions were filed, and 9 were granted.

The targets for substantive cases were met with regard to three of the five goals, as shown on the following performance measurement matrix.

The pendency of all substantive cases (date granted to issuance of decision) was 17 months in FY 2019, versus a goal of 15 months

The average time from briefing completion to decision issuance was 12 months in FY 2019, versus a goal of 9 months.

In FY 2019, 71 default cases remained on hand at the end of the fiscal year. By the end of the fiscal year, 14 of the default cases on hand were more than six months old.

The Commission disposed of 4 substantive cases in FY 2019, ending the year with 14 substantive cases on hand. The Commission resolved 23 default cases in FY 2019, ending the year with 71 on hand.

COMMISSION REVIEW FUNCTION
PERFORMANCE MEASUREMENT MATRIX

Performance Metrics - Commission Review Function						
Performance Goal		**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Average time from date granted to issuance of decision for appellate cases (measured in months)	Target	31	31	12	15	15
	Result	26	22	15	12	17
	Status	M	M	NM	M	NM
Average time from briefing completion to issuance of decision for appellate cases (measured in months)	Target	27	27	9	9	9
	Result	24	19	13	9	12
	Status	M	M	NM	M	NM
Percent of appellate cases on hand over 18 months in age	Target	40%	40%	30%	20%	20%
	Result	49%	11%	14%	11%	7%
	Status	NM	M	M	M	M
Percent of default cases on hand over 6 months in age	Target	12%	12%	30%	30%	25%
	Result	59%	57%	56%	0%	23%
	Status	NM	NM	NM	M	M
Number of appellate cases pending at year end	Anticipated	--	19	18	16	16
	Result	39	18	21	9	14
	Status	--	M	NM	M	M

Status:

M - Target met or exceeded

SM - Target substantially met - within 10% of target

NM - Target not met

OFFICE OF THE EXECUTIVE DIRECTOR FUNCTION

The Office of the Executive Director (OED) provides administrative services to support FMSHRC's accomplishment of its mission and strategic goals. The primary functions are financial management, human resources, procurement and contracting, information technology, facilities management, and general administrative service support.

The financial management services function includes the areas of budget and accounting, such as budget formulation, budget execution, funds control, financial reporting, and vendor payments.

Human resources services cover the areas of recruitment and placement, classification and pay administration, performance management and incentive awards, employee benefits and retirement, personnel security, coordination of employee training programs, and wellness and employee assistance programs.

Procurement and contracting services include maintaining a simplified acquisition program for supplies and services, contract implementation and oversight, and coordination of services and supplies.

Information technology entails help-desk functions, network administration, policy formulation, and telecommunication.

Facilities management services cover property and space management, organization management, and physical security.

Other general administrative services provided by OED include the administration of employee travel authorizations and reimbursements and the Metro subsidy program.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2019 AND 2018

Prepared By
Brown & Company CPAs and Management Consultants, PLLC
November 12, 2019

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

Federal Mine Safety Health and Review Commission
Washington, D.C.

In our audits of the fiscal years 2019 and 2018 financial statements of the Federal Mine Safety Health and Review Commission ("Commission"), we found

- the Commission's financial statements as of and for the fiscal years ended September 30, 2019, and 2018, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;

- no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and

- no reportable noncompliance for fiscal year 2019 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI) and other information included with the financial statements; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

In accordance with the provisions of Accountability of Tax Dollars Act of 2002 (ATDA) (Pub. L. No. 107-289), we have audited the Commission's financial statements. The Commission's financial statements comprise the balance sheets as of September 30, 2019, and 2018; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with U.S. generally accepted government auditing standards and the provisions of OMB Bulletin No.19-03, *Audit Requirements for Federal Financial Statements.* We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility

Commission's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including 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.

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Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, the Commission's financial statements present fairly, in all material respects, the Commission's financial position as of September 30, 2019, and 2018, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

The Commission's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on the Commission's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audits of the Commission's financial statements, we considered the Commission's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the Commission's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

The Commission's management is responsible for maintaining effective internal control over financial reporting, including 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 Responsibility

In planning and performing our audit of the Commission's financial statements as of and for the year ended September 30, 2019, in accordance with U.S. generally accepted government auditing standards, we considered the Commission's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the Commission's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

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 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.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of the Commission's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the Commission's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of the Commission's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

The Commission's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Commission.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to the Commission that have a direct effect on the determination of material amounts and disclosures in the Commission's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Commission.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2019 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the Commission. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

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

Brown & Company

Greenbelt, Maryland
November 12, 2019

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION
BALANCE SHEET
AS OF SEPTEMBER 30, 2019 AND 2018
(In Dollars)

	2019	2018
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	$ 8,245,327	$ 6,906,613
Total Intragovernmental	8,245,327	6,906,613
Accounts Receivable, Net (Note 3)	15,894	17,457
Property, Equipment, and Software, Net (Note 4)	100,982	146,455
Total Assets	$ 8,362,203	$ 7,070,525
Liabilities:		
Intragovernmental		
Accounts Payable	$ 77,667	$ 70,955
Other (Note 6)	509,421	617,363
Total Intragovernmental	587,088	688,318
Accounts Payable	1,086,221	1,249,023
Other (Note 6)	932,576	784,281
Total Liabilities (Note 5)	$ 2,605,885	$ 2,721,622
Net Position:		
Unexpended Appropriations - Other Funds	$ 6,572,294	$ 5,205,942
Cumulative Results of Operations - Other Funds	(815,976)	(857,039)
Total Net Position	$ 5,756,318	$ 4,348,903
Total Liabilities and Net Position	$ 8,362,203	$ 7,070,525

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

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION
STATEMENT OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
(In Dollars)

		2019		2018
Gross Program Costs:				
Commission Review:				
Gross Costs	$	6,607,011	$	7,659,628
Net Program Costs	$	6,607,011	$	7,659,628
Administrative Law Judge:				
Gross Costs	$	9,369,544	$	9,489,642
Net Program Costs	$	9,369,544	$	9,489,642
Net Cost of Operations	$	15,976,555	$	17,149,270

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

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
(In Dollars)

	2019	2018
Unexpended Appropriations:		
Beginning Balances	$ 5,205,942	$ 6,808,524
Budgetary Financing Sources:		
Appropriations Received	17,184,000	17,184,000
Other Adjustments	(578,631)	(2,255,255)
Appropriations Used	(15,239,017)	(16,531,327)
Total Budgetary Financing Sources	1,366,352	(1,602,582)
Total Unexpended Appropriations	$ 6,572,294	$ 5,205,942
Cumulative Results of Operations:		
Beginning Balances	$ (857,039)	$ (1,000,358)
Budgetary Financing Sources:		
Appropriations Used	15,239,017	16,531,327
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources (Note 13)	778,601	761,262
Total Financing Sources	16,017,618	17,292,589
Net Cost of Operations	(15,976,555)	(17,149,270)
Net Change	41,063	143,319
Cumulative Results of Operations	$ (815,976)	$ (857,039)
Net Position	$ 5,756,318	$ 4,348,903

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

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
(In Dollars)

		2019		2018
Budgetary Resources:				
Unobligated balance from prior year budget authority, net	$	4,110,677	$	3,876,984
Appropriations		17,184,000		17,184,000
Total Budgetary Resources	$	21,294,677	$	21,060,984
Status of Budgetary Resources:				
New obligations and upward adjustments (total) (Note 9)	$	15,194,016	$	16,397,882
Unobligated balance, end of year:				
Apportioned, unexpired account (Note 2)		2,025,893		812,119
Expired unobligated balance, end of year (Note 2)		4,074,768		3,850,983
Unobligated balance, end of year (total)		6,100,661		4,663,102
Total Budgetary Resources	$	21,294,677	$	21,060,984
Outlays, net:				
Outlays, net, (total)	$	15,266,654	$	15,621,094
Distributed Offsetting Receipts		(1,759)		(959)
Agency outlays, net	$	15,264,895	$	15,620,135

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

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Federal Mine Safety and Health Review Commission ("the Commission") is an independent Federal agency with the mission of providing administrative trial and appellate review of legal disputes arising under the Federal Mine Safety and Health Amendments Act of 1977, Public Law 91-173, amended by Public Law 95-164.

The Commission reporting entity is comprised of General Funds and General Fund Miscellaneous Receipts. General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. 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 Commission has rights and ownership of all assets reported in these financial statements. The Commission 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 Commission. 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 and the Government Management Reform Act of 1994. They have been prepared from, and are fully supported by, the books and records of the Commission 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 Commission 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 Commission's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

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

D. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the Commission's funds with Treasury in expenditure and receipt fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The Commission does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand.

E. Accounts Receivable

Accounts receivable consists of amounts owed to The Commission 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 Commission's capitalization threshold is $50,000 for individual purchases and $500,000 for bulk purchases. 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:

Description	Useful Life (years)
Leasehold Improvements	Period of Lease
Office Equipment	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 Commission as a result of transactions or events that have already occurred.

The Commission reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public 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, 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. Full credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 100%.

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 Commission 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 Commission 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 the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

K. Retirement Plans

The Commission employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the Commission 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 Commission matches any employee contribution up to an additional four percent of pay. For FERS participants, the Commission 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 Commission remits the employer's share of the required contribution.

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

The Commission 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 Commission 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 Commission with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The Commission recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the Commission 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. 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, 2019 and 2018, were as follows:

		2019		2018
Status of Fund Balance with Treasury:				
Unobligated Balance				
Available	$	2,025,893	$	812,119
Unavailable		4,074,768		3,850,983
Obligated Balance Not Yet Disbursed		2,144,666		2,243,511
Total	$	8,245,327	$	6,906,613

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

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

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

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (see also Note 10).

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2019 and 2018, were as follows:

		2019		2018
With the Public				
Accounts Receivable	$	15,894	$	17,457
Total Accounts Receivable	$	15,894	$	17,457

The accounts receivable is made up of employee receivables. Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2019 and 2018**.**

NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2019:

Major Class	Acquisition Cost		Accumulated Amortization/ Depreciation		Net Book Value	
Leasehold Improvements	$	377,363	$	300,014	$	77,349
Furniture & Equipment		1,424,326		1,400,693		23,633
Total	$	1,801,689	$	1,700,707	$	100,982

Schedule of Property, Equipment, and Software as of September 30, 2018:

Major Class	Acquisition Cost		Accumulated Amortization/ Depreciation		Net Book Value	
Leasehold Improvements	$	377,363	$	274,289	$	103,074
Furniture & Equipment		1,424,326		1,380,945		43,381
Total	$	1,801,689	$	1,655,234	$	146,455

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for Commission as of September 30, 2019 and 2018, 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.

	2019		2018	
Intragovernmental – FECA	$	950	$	950
Intragovernmental – Unemployment Insurance		29,499		19,500
Unfunded Leave		539,037		490,905
Deferred Lease Liabilities		392,866		527,563
Total Liabilities Not Covered by Budgetary Resources	$	962,352	$	1,038,918
Total Liabilities Covered by Budgetary Resources		1,643,533		1,681,170
Total Liabilities Not Requiring Budgetary Resources		-		1,534
Total Liabilities	$	2,605,885	$	2,721,622

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on the Commission's behalf and payable to the DOL.

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

The deferred lease liability amount represents the difference at year end between the sum of monthly cash disbursements paid to date for base rent and the sum of the average monthly rent calculated based on the term of the lease. This was due to a lease agreement entered into at 1331 Pennsylvania Avenue that had rent abatement provisions.

NOTE 6. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2019 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	$ 950	$ -	$ 950
Unemployment Insurance Liability	29,499	-	29,499
Payroll Taxes Payable	86,106	-	86,106
Deferred Lease Liability	134,697	258,169	392,866
Total Intragovernmental Other Liabilities	$ 251,252	$ 258,169	$ 509,421
With the Public			
Payroll Taxes Payable	$ 69,327	$ -	$ 69,327
Accrued Funded Payroll and Leave	324,212	-	324,212
Unfunded Leave	539,037	-	539,037
Total Public Other Liabilities	$ 932,576	$ -	$ 932,576

Other liabilities account balances as of September 30, 2018 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	$ 950	$ -	$ 950
Unemployment Insurance Liability	19,500	-	19,500
Payroll Taxes Payable	69,249	-	69,249
Custodial Liability	101	-	101
Deferred Lease Liability	134,697	392,866	527,563
Total Intragovernmental Other Liabilities	$ 224,497	$ 392,866	$ 617,363
With the Public			
Payroll Taxes Payable	$ 15,999	$ -	$ 15,999
Accrued Funded Payroll and Leave	275,946	-	275,946
Unfunded Leave	490,905	-	490,905
Custodial Liability	1,431	-	1,431
Total Public Other Liabilities	$ 784,281	$ -	$ 784,281

NOTE 7. LEASES

Operating Leases

The Commission occupies office space at 721 19th St, Denver, CO under a lease agreement that is accounted for as an operating lease. The lease term began on June 1, 2019 and expires on May 31, 2029. Below is an estimated schedule of future payments, including estimated real estate taxes and operating expenses which are subject to annual adjustments.

Fiscal Year	Building	Equipment	ADP Equipment	Totals
2020	$ 145,755	$ -	$ -	$ 145,755
2021	146,701	-	-	146,701
2022	147,667	-	-	147,667
2023	148,654	-	-	148,654
2024	149,661	-	-	149,661
Thereafter	712,295	-	-	712,295
Total Future Payments	$ 1,450,733	$ -	$ -	$ 1,450,733

The Commission occupies office space at 875 Greentree Rd, Pittsburgh, PA under a lease agreement that is accounted for as an operating lease. The lease term began September 13, 2010 and expires on September 30, 2023. Below is a schedule of future payments for the term of the lease, including estimated real estate taxes and operating expenses which are subject to annual adjustments.

Fiscal Year	Building	Equipment	ADP Equipment	Totals
2020	$ 107,644	$ -	$ -	$ 107,644
2021	108,617	-	-	108,617
2022	109,620	-	-	109,620
2023	110,652	-	-	110,652
Total Future Payments	$ 436,533	$ -	$ -	$ 436,533

The Commission occupies office space at 1331 Pennsylvania Avenue, Washington, DC under a lease agreement that is accounted for as an operating lease. The lease term began on August 23, 2012 and expires on August 22, 2022. This lease has deferred rent in the amount of $11,225 per month. Below is a schedule of future payments for the term of the lease, including estimated real estate taxes and operating expenses which are subject to annual adjustments.

Fiscal Year	Building	Equipment	ADP Equipment	Totals
2020	$ 1,769,919	$ -	$ -	$ 1,769,919
2021	1,792,124	-	-	1,792,124
2022	1,313,336	-	-	1,313,336
Total Future Payments	$ 4,875,378	$ -	$ -	$ 4,875,378

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

NOTE 8. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

The President's Budget that will include fiscal year 2019 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2020 and can be found at the OMB Web site: http://www.whitehouse.gov/omb/. The 2020 Budget of the United States Government, with the "Actual" column completed for 2018, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In Millions

FY2018	Budgetary Resources	Obligations Incurred	Net Outlays
Statement of Budgetary Resources	$ 21	$ 16	$ 16
Unobligated Balance Not Available	(4)	-	-
Difference - Due to Rounding	-	-	(1)
Budget of the U.S. Government	$ 17	$ 16	$ 15

NOTE 9. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2019 and 2018 consisted of the following:

	2019	2018
Direct Obligations, Category A	$ 15,194,016	$ 16,397,882
Total Obligations Incurred	$ 15,194,016	$ 16,397,882

Category A apportionments distribute budgetary resources by fiscal quarters.

NOTE 10. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2019 budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	$ 67,737	$ 403,896	$ 471,633
Total Undelivered Orders	$ 67,737	$ 403,896	$ 471,633

As of September 30, 2018, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	$ 41,448	$ 501,392	$ 542,840
Total Undelivered Orders	$ 41,448	$ 501,392	$ 542,840

NOTE 11. CUSTODIAL ACTIVITY

The Commission's custodial activity primarily consists of collection of Nonfederal receivables, fines, penalties, as well as Freedom of Information Act requests. While these collections are considered custodial, they are neither primary to the mission of the Commission nor material to the overall financial statements. The Commission's total custodial collections are $2,436 and $1,034 for the years ending September 30, 2019, and 2018, respectively.

NOTE 12. RECONCILIATION OF NET COST TO NET OUTLAYS

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

BUDGET AND ACCRUAL RECONCILIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(In Dollars)

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	$ 5,101,358	$ 10,875,197	$ 15,976,555
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(45,472)	(45,472)
(Increase)/Decrease in assets not affecting Budget Outlays:			
Accounts receivable	-	(1,563)	(1,563)
(Increase)/Decrease in liabilities not affecting Budget Outlays:			
Accounts payable	(6,712)	162,800	156,088
Salaries and benefits	(26,857)	(101,595)	(128,452)
Other liabilities	136,230	(48,132)	88,098
Other financing sources:			
Imputed federal employee retirement benefit costs	(778,601)	-	(778,601)
Total Components of Net Operating Cost Not Part of the Budget Outlays	$ (675,940)	$ (33,962)	$ (709,902)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Other	(645)	(1,113)	(1,758)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	$ (645)	$ (1,113)	$ (1,758)
Net Outlays (Calculated Total)	$ 4,424,773	$ 10,840,122	$ 15,264,895
Related Amounts on the Statement of Budgetary Resources			
Outlays, net, (total) (SBR 4190)			15,266,654
Distributed offsetting receipts (SBR 4200)			(1,759)
Outlays, Net (SBR 4210)			$ 15,264,895

NOTE 13. INTER-ENTITY COSTS

The Commission recognizes certain inter-entity costs for goods and services that are received from other Federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits, and claims to be settled by the Treasury Judgement Fund. The Commission recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2019 and 2018, respectively, inter-entity costs were as follows:

	2019	2018
Office of Personnel Management	$ 778,601	$ 761,262
Total Imputed Financing Sources	$ 778,601	$ 761,262