UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General

Audit of the NLRB
Fiscal Year 2019 Financial Statements

Report No. OIG-F-24-20-01

November 15, 2019

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UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General

Memorandum

November 15, 2019

To: John F. Ring
Chairman

Peter B. Robb
General Counsel

From: David P. Berry
Inspector General

Subject: Audit of the National Labor Relations Board Fiscal Year 2019 Financial Statements (OIG-F-24-20-01)

This memorandum transmits the audit report on the National Labor Relations Board (NLRB) Fiscal Year 2019 Financial Statements with the Management Response.

The Accountability of Tax Dollars Act of 2002 requires the NLRB to prepare and submit to Congress and the Director of the Office of Management and Budget annual audited financial statements. We contracted with Castro & Company, an independent public accounting firm, to audit the financial statements. The contract required that the audit be done in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States and Bulletin 19-03, *Audit Requirements for Federal Financial Statements*, issued by the Office of Management and Budget.

In connection with the contract, we reviewed Castro & Company's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on the NLRB's financial statements or internal control or conclusions on compliance with laws and regulations. Castro & Company is responsible for the attached auditor's report dated November 15, 2019, and the conclusions expressed in the report. However, our review disclosed no instances where Castro & Company did not comply, in all material respects, with generally accepted government auditing standards.

We appreciate the courtesies and cooperation extended to Castro & Company and our staff during the audit.

Castro & Company
Auditors ✓ Advisors

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Independent Auditor's Report on the Financial Statements

Inspector General
National Labor Relations Board

We have audited the accompanying balance sheets of the National Labor Relations Board (NLRB) as of September 30, 2019 and 2018 and 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the 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 agency'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 agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the NLRB as of September 30, 2019 and 2018, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary and Other Information

U.S. generally accepted accounting principles require that the information in the *Required Supplementary Information*, including *Management's Discussion and Analysis*, be presented to supplement the basic financial statements. Such information, although not 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. The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The information presented in the Messages from the Chairman, General Counsel, and Chief Financial Officer, list of Board Members, Other Accompanying Information, and Appendices is presented for purposes of additional analysis and are not required as part of the basic financial statements. Such information has not been subjected to auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with U.S. *Government Auditing Standards* and OMB Bulletin No. 19-03, we have also issued our reports dated November 15, 2019, on our consideration of NLRB's internal control over financial reporting and the results of our tests of its compliance with certain provisions of laws, regulations, and other matters that are required to be reported under *Government Auditing Standards*. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with U.S. *Government Auditing Standards* and OMB Bulletin 19-03 in considering the NLRB's internal control and compliance and should be read in conjunction with this report in considering the results of our audit.

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

Castro & Company, LLC

Alexandria, VA
November 15, 2019

Castro & Company
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Independent Auditor's Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Inspector General
National Labor Relations Board

We have audited the financial statements of the National Labor Relations Board (NLRB), which comprise the balance sheets as of September 30, 2019 and 2018, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2019, we considered NLRB's internal control over financial reporting by obtaining an understanding of the design effectiveness of NLRB's internal control, determining whether controls had been placed in operation, assessing control risk, and performing tests of NLRB's controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to express an opinion on the effectiveness of NLRB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NLRB's internal control over financial reporting. We limited our internal control testing to those controls necessary to achieve the objectives described in the OMB Bulletin No. 19-03. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to 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 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 over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting 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. We consider the following deficiency in internal control, described below, to be a significant deficiency.

NLRB's Response to Findings
NLRB's response to the findings identified in our audit is described in the accompanying Audit Response Letter. NLRB's response was not subject to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted less significant matters involving internal control and its operations which we have reported to NLRB management in a separate letter dated November 15, 2019.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of NLRB's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NLRB's internal control. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the management and NLRB Office of Inspector General, OMB, the Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Castro & Company, LLC
Alexandria, VA
November 15, 2019

SIGNIFICANT DEFICIENCY

I. Improvements in the Internal Controls over Accounts Payable and Quality Reviews of Related Accrued Expenses are Needed

During our interim and year-end procedures, we continued to note differences as a result of improper recording of accruals. Certain accruals recorded by Finance were incorrect, as methodologies used contained accruals for services for which invoices were already paid and recognized in the General Ledger, but for which the accrual was not adjusted, causing overstatements of Accounts Payable (A/P) and understatements of the Undelivered Orders (UDO) balance. In addition, certain accruals were incorrect as a result of NLRB not properly accruing for the correct or entire period for which services had been received, resulting in an understatement of the A/P balance and overstatement of the UDO balance.

During our testing of UDOs and A/P, we selected a sample of 31 UDO transactions as of 9/30/19. The purpose of our testing was to assess management controls and compliance with applicable laws, regulations, and procedures relative to the NLRB's open obligations and corresponding accruals to support the validity of the UDO balances. The results of our year-end testing identified the following exceptions in eight (8) of the 31 transactions tested:

- Differences noted as a result of incorrect accruals: Four (4) under-accruals totaling $188,715 that understated the A/P balance and overstated the UDO balance and four (4) over-accruals totaling $1,090,006 that overstated the A/P balance and understated the UDO balance as of 9/30/19. The total absolute error was $1,278,721 as of 9/30/19.

Additionally, we selected a sample of 28 UDO transactions as of 6/30/19. The results of our interim testing identified the following exceptions in seven (7) of the 28 transactions tested. Exceptions noted included the following:

- Differences noted as a result of incorrect accruals: Six (6) under-accruals totaling $645,090 that understated the A/P balance and overstated the UDO balance and one (1) over-accrual totaling $72,424 that overstated the A/P balance and understated the UDO balance as of 6/30/19. The total absolute error was $717,515 as of 6/30/19.

During our audit procedures over Property, Plant and Equipment, we also noted that NLRB recorded an accrual of $2,290,657 for rent expense for the month of September 2019 without going back to ensure NLRB had not already been billed as of 9/30/19. This error was discovered as a result of our audit procedures and corrected by NLRB after we brought this error to management's attention.

In prior fiscal years, we recommended that the accrual methodologies be reviewed and approved by appropriate program office personnel or the Contracting Officer's Representative (COR), with quality control review procedures and approvals performed and documented by Finance personnel. However, NLRB did not perform a sufficient detailed review of accruals to ensure estimates were accurate and complete, including going back after initial accruals were calculated to verify if the amount was still correct.

Additionally, we recommended that NLRB management train responsible program office and Finance personnel on how to monitor obligations and report accruals on an ongoing basis to enhance compliance with the applicable requirements. However, NLRB has not conducted proper training with appropriate program office personnel or CORs, at minimum, on an annual basis.

GAO's *Standards for Internal Control in the Federal Government* states,

> Internal control comprises the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity. Internal control serves as the first line of defense in safeguarding assets. In short, internal control helps managers achieve desired results through effective stewardship of public resources.
>
> Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.
>
> Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.
>
> Management perform ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.
>
> Management should remediate identified internal control deficiencies on a timely basis.

Statement of Federal Financial Accounting Standards No. 1, *Accounting for Selected Assets and Liabilities*, states,

> Accounts payable are amounts owed by a Federal entity for goods and services received from, progress in contract performance made by, and rents due to other entities…When an entity accepts title to goods, whether the goods are delivered or in transit, the entity should recognize a liability for the unpaid amount of the goods. If invoices for those goods are not available when financial statements are prepared, the amounts owed should be estimated.

Not performing an accurate review of open obligations, expenditures, and accounts payable resulted in an under/overstatement in A/P and under/overstatement in the obligations. As a result, NLRB recorded an overstatement of $3,191,948 in accounts payable and related expenditures on the financial statements originally submitted for audit as of and for the period ended September 30, 2019.

Additionally, the financial data used to generate management and financial reports required by applicable laws and regulations was not accurate. As a result, those charged with governance did not have reliable financial information to manage the operations of the Agency.

Recommendation:

1. Develop an accounts payable accrual worksheet for open contracts that is updated by the CORs to track period of performance, contract type, services/goods received, invoices received and paid, and accrual methodology used that is submitted, along with adequate supporting documentation, to Finance for discussion as part of the accrual review process.

Our testing confirmed a lack of remediation of previous years' findings; therefore, additional recommendations are not deemed necessary at this time.

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Independent Auditor's Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Inspector General
National Labor Relations Board

We have audited the financial statements of the National Labor Relations Board (NLRB), which comprise the balance sheets as of September 30, 2019 and 2018, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2019. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*.

The management of NLRB is responsible for complying with laws and regulations applicable to NLRB. We performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 19-03, including the requirements referred to in the Federal Managers' Financial Integrity Act of 1982. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to NLRB.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NLRB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 19-03.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the NLRB's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NLRB's compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management and the NLRB Office of Inspector General, OMB, Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Castro & Company, LLC

Alexandria, VA
November 15, 2019

United States Government
NATIONAL LABOR RELATIONS BOARD
1015 Half Street, SE
Washington, DC 20570

Date: November 13, 2019

To: David Berry
Inspector General

From: Isabel Luengo McConnell
Chief Financial Officer

Subject: Response to the Audit of the National Labor Relations Board Fiscal Year 2019 Financial Statements

Purpose:

The purpose of this memorandum is to respond, on behalf of the NLRB management, to your audit report on the NLRB's fiscal year 2019 Internal Control over Financial Reporting. The Agency is proud of its success in achieving an unmodified audit opinion on the financial statements for the 16th consecutive year.

The Agency acknowledges the significant deficiency stating that *Improvements in the Internal Controls over Accounts Payable and Quality Reviews of Related Accrued Expenses are Needed*. The Agency concurs and is committed to resolving the audit finding. Below is the Agency's response to the auditor's recommendation.

Recommendation:

Develop an accounts payable accrual worksheet for open contracts that is updated by the CORs to track period of performance, contract type, services/goods received, invoices received and paid, and accrual methodology used that is submitted, along with adequate supporting documentation, to Finance for discussion as part of the accrual review process.

Response:

Management agrees with the recommendation. The Agency will develop an accrual worksheet, review the current accrual methodology, and train responsible program offices and the Office of the Chief Financial Officer personnel on how to monitor obligations and report accruals on an ongoing basis to improve the accuracy of accrual estimates.

.

Finally, the Agency remains committed to refining and improving the policies, processes, and procedures of financial reporting and internal controls to fully address the auditor's recommendation.

Isabel Luengo McConnell
Chief Financial Officer

PRINCIPAL FINANCIAL STATEMENTS

Auditor's Reports And Principal Financial Statements

Principal Statements

National Labor Relations Board
Balance Sheets
As of September 30, 2019 and 2018
(in dollars)

	FY 2019	FY 2018
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 51,973,066	$ 43,448,897
Advances and Prepayments (Note 4)	49,554	59,774
Total Intragovernmental Assets	52,022,620	43,508,671
Assets with the Public		
Accounts Receivable, net (Note 5)	625,898	600,481
Advances and Prepayments (Note 4)	31,004	12,243
General Property, Plant, and Equipment (Note 6)	11,316,933	6,087,336
Total Assets	$ 63,996,455	$ 50,208,731
Liabilities		
Intragovernmental:		
Accounts Payable	$ 1,973,223	$ 1,010,586
Employer Contributions and Payroll Taxes Payable	1,717,598	1,571,250
FECA Liabilities (Note 7)	399,534	334,950
Total Intragovernmental	4,090,355	2,916,786
Liabilities with the Public		
Accounts Payable	3,829,180	4,551,660
Fed Employee Benefits - FECA Actuarial Liability (Note 7)	2,273,821	2,422,305
Unfunded Annual Leave (Note 7)	12,495,788	13,204,349
Employer Contributions and Payroll Taxes Payable	6,530,974	5,979,961
Total Liabilities	29,220,118	29,075,061
Commitments and Contingencies (Note 16)		
Net Position		
Unexpended Appropriations	38,099,936	30,504,674
Cumulative Results of Operations	(3,323,599)	(9,371,004)
Total Net Position	34,776,337	21,133,670
Total Liabilities and Net Position	$ 63,996,455	$ 50,208,731

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

National Labor Relations Board
Statements of Net Cost
For the Years Ended September 30, 2019 and 2018
(in dollars)

	FY 2019	FY 2018
Program Costs		
Resolve Unfair Labor Practices		
Net Cost	$ 245,273,507	$ 251,776,211
Resolve Representation Cases		
Net Cost	27,768,358	27,944,055
Total		
Costs	273,041,865	279,720,266
Net Cost of Operations	$ 273,041,865	$ 279,720,266

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

National Labor Relations Board
Statements of Changes in Net Position
For the Years Ended September 30, 2019 and 2018
(in dollars)

	FY 2019	FY 2018
Unexpended Appropriations		
Beginning Balance	$ 30,504,674	$ 19,008,616
Budgetary Financing Resources:		
Appropriations Received	274,224,000	274,224,000
Other Adjustments	(2,418,984)	(1,252,112)
Appropriations Used	(264,209,754)	(261,475,830)
Total Budgetary Financing Sources	7,595,262	11,496,058
Total Unexpended Appropriations	$ 38,099,936	$ 30,504,674
Cumulative Results of Operations		
Beginning Balances	$ (9,371,004)	$ (6,189,191)
Budgetary Financing Sources:		
Appropriations Used	264,209,754	261,475,830
Other	0	6,783
Other Financing Sources (Non-Exchange):		
Imputed Financing	14,879,516	15,062,623
Other	0	(6,783)
Total Financing Sources	279,089,270	276,538,453
Net Cost of Operations	(273,041,865)	(279,720,266)
Net Change	6,047,405	(3,181,813)
Cumulative Results of Operations	(3,323,599)	(9,371,004)
Net Position	$ 34,776,337	$ 21,133,670

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

National Labor Relations Board
Statements of Budgetary Resources
For the Years Ended September 30, 2019 and 2018
(in dollars)

	FY 2019	FY 2018
Budgetary Resources		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 6,523,120	$ 6,306,237
Appropriations (discretionary and mandatory)	274,224,000	274,224,000
Total Budgetary Resources (Note 14)	$ 280,747,120	$ 280,530,237
Status of Budgetary Resources		
New Obligations and upward adjustments (total)	269,317,032	272,431,239
Unobligated balance, end of year:		
Apportioned, unexpired accounts	5,699,240	3,034,382
Unexpired unobligated balance, end of year	5,699,240	3,034,382
Expired unobligated balance, end of year	5,730,848	5,064,616
Unobligated balance, end of year (total)	11,430,088	8,098,998
Total Budgetary Resources	$ 280,747,120	$ 280,530,237
Outlays, Net:		
Outlays, net (total) (discretionary and mandatory)	$ 263,280,846	$ 261,654,930

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

NOTES TO PRINCIPAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The National Labor Relations Board (NLRB) is an independent federal agency established in 1935 to administer the National Labor Relations Act (NLRA). The NLRA is the principal labor relations law of the United States, and its provisions generally apply to private sector enterprises engaged in, or to activities affecting, interstate commerce. The NLRB's jurisdiction includes the U.S. Postal Service; but other government entities, railroads, and airlines are not within the NLRB's jurisdiction. The NLRB seeks to serve the public interest by reducing interruptions in commerce caused by industrial strife. The NLRB does this by providing orderly processes for protecting and implementing the respective rights of employees, employers, and unions in their relations with one another. The NLRB has two principal functions: (1) to determine and implement, through secret ballot elections, free democratic choice by employees as to whether they wish to be represented by a union in dealing with their employers and, if so, by which union; and (2) to prevent and remedy unlawful acts, called unfair labor practices (ULP), by either employers, unions, or both. The NLRB's authority is divided both by law and delegation. The five-member Board (Board) primarily acts as a quasi-judicial body in deciding cases on formal records. The General Counsel investigates and prosecutes ULP charges before Administrative Law Judges (ALJ), whose decisions may be appealed to the Board; and, on behalf of the Board, conducts secret ballot elections to determine whether employees wish to be represented by a union.

B. Basis of Accounting and Presentation

These financial statements have been prepared to report the financial position, net cost, changes in net position, and budgetary resources of the NLRB as required by the Accountability of Tax Dollars Act of 2002. These financial statements have been prepared from the records of the NLRB in accordance with U.S. generally accepted accounting principles (GAAP), and the form and content requirements of the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements, revised as of June 28, 2019.* GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard-setting body for the Federal government. These financial statements present proprietary and budgetary information.

The Balance Sheet presents agency assets and liabilities, and the difference between the two, which is the agency's net position. Agency assets include both entity assets; those which are available for use by the agency and non-entity assets; those which are managed by the agency but not available for use in its operations. Agency liabilities include both those covered by budgetary resources (funded) and those not covered by budgetary resources (unfunded). A note disclosure is required to provide information about its fiduciary activities. Fiduciary cash and other assets are not assets of the Federal Government.

The Statement of Net Cost presents the gross costs of programs, reported by program and for the Agency as a whole.

The Statement of Changes in Net Position reports beginning balances, budgetary and other financing sources, and net cost of operations, to arrive at ending balances.

The Statement of Budgetary Resources provides information about how budgetary resources were made available as well as their status at the end of the period. Recognition and measurement of budgetary information reported on this statement is based on budget terminology, definitions, and guidance in OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget, June 28, 2019.*

The Agency is required to be in substantial compliance with all applicable accounting principles and standards established, issued, and implemented by the FASAB, which is recognized by the American Institute of Certified Public Accountants (AICPA) as the entity to establish GAAP for the Federal government. The Federal Financial Management Integrity Act (FFMIA) of 1996 requires the Agency to comply substantially with (1) federal financial management systems requirements, (2) applicable federal accounting standards, and (3) the United States Standard General Ledger (USSGL) at the transaction level. The Agency uses the Department of the Interior's financial management system and that system is FFMIA compliant. Thus, the Agency's financial management system complied with the requirements of FFMIA and produced records in accordance with USSGL at the transaction level.

The financial statements should be read with the realization that they are for a component of the United States Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources and legal authority to do so.

The accounting structure of federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of federal funds.

The information as presented on the Statement of Net Cost is based on the programs below:

ULP Cases are initiated by individuals or organizations through the filing of a charge with the NLRB. Unless a settlement is reached, the NLRB Regional Office will issue and prosecute a complaint against the party being charged if it believes that the charge has merit. A complaint that is not settled or withdrawn is tried before an ALJ, who issues a decision, which may be appealed by any party to the Board. The Board acts in such matters as a quasi-judicial body, deciding cases on the basis of the formal trial record according to the law and the body of case law that has been developed by the Board and the federal courts.

Representation Cases are initiated by the filing of a petition by an employee, a group of employees, an individual or labor organization acting on their behalf, or in some cases by an employer. The petitioner requests an election to determine whether a union represents, or in some cases continues to represent, a majority of the employees in an appropriate bargaining unit and therefore should be certified as the employees' bargaining representative. The role of the Agency is to investigate the petition and, if necessary, conduct a hearing to determine whether the employees constitute an appropriate bargaining unit under the NLRA.

All cases are assigned unique tracking numbers, with the letter "C" designating Unfair Labor Practices cases, and the letter "R" designating Representation cases. The percentage of new cases filed for each type of case drives the program breakout for financial reporting purposes. Please see chart below with the calculations for FY 2019 and FY 2018, through September 30.

	FY 2019	FY 2018
	Percentage	Percentage
C Cases (Unfair Labor Practices)	90%	90%
R Cases (Representation)	10%	10%
	100%	100%

C. Budgets and Budgetary Accounting

Congress annually adopts a budget appropriation that provides the NLRB with authority to use funds from the U.S. Department of the Treasury (Treasury) to meet operating expense requirements. The NLRB has single year budgetary authority and all unobligated amounts at year-end expire. At the end of the fifth year following the year of execution, all amounts not expended are canceled and returned to Treasury. Additionally, all revenue received from other sources must be returned to the Treasury.

Budgetary accounting measures appropriation and consumption of budget/spending authority and facilitates compliance with legal constraints and controls over the use of federal funds. Under budgetary reporting principles, budgetary resources are consumed at the time an obligation is incurred. Only those liabilities for which valid obligations have been established are considered to consume budgetary resources.

D. Financing Sources

The NLRB receives funds to support its programs through annual appropriations. These funds may be used to pay program and administrative expenses, primarily salaries and benefits, space occupancy, travel, and contractual service costs.

For accounting purposes, appropriations are recognized as financing sources, and as appropriations used at the time expenses are accrued. Appropriations expended for general property, plant and equipment are recognized as expenses when the asset is consumed in operations (depreciation and amortization).

E. Fund Balance with the Treasury

The NLRB does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by Treasury, and the agency's records are reconciled with those of Treasury. Funds with Treasury represent the NLRB's right to draw on the Treasury for allowable expenditures.

In addition, funds held with Treasury also include escrow funds that are not appropriated but are fiduciary in nature. The fiduciary funds are not recognized on the Balance Sheet.

F. Accounts Receivable, Net of Allowance for Doubtful Accounts

Accounts Receivable typically consists of two types of debts: payroll-related debts due to the NLRB from Agency employees and debts due to the NLRB from third party sources for invitational travel. Accounts receivable are stated net of allowance for doubtful accounts. The allowance is estimated based on an aging of account balances, past collection experience, and an analysis of outstanding accounts at year-end.

G. General Property, Plant and Equipment

General property, plant and equipment consist primarily of telephone systems, bulk purchases, computer hardware and software, and leasehold improvements.

Personal Property. Personal property costing $15,000 or more per unit is capitalized at cost and depreciated using the straight-line method over the useful life. Bulk purchases of large quantities of property that would otherwise fall under the individual capitalization threshold are capitalized if the total purchase is $100,000 or more. Other property items are expensed when purchased. Expenditures for repairs and maintenance are charged to operating expenses as incurred. The useful life for this category is three to twelve years. There are no restrictions on the use or convertibility of general property, plant and equipment.

Real Property. Real property consists of leasehold improvements on GSA leased space which cost $100,000 or more. Leasehold improvements are recorded as construction in progress until the Agency has beneficial occupancy of the space, and then the costs are moved to the Leasehold Improvements account for amortization over the remaining life of the lease.

Internal Use Software. Internal use software (IUS) includes purchased commercial off-the-shelf software (COTS), contractor-developed software, and software that was internally developed by Agency employees. IUS is capitalized at cost if the development cost is $100,000 or more. For COTS software, the capitalized costs include the amount paid to the vendor for the software; for contractor-developed software it includes the amount paid to a contractor to design, program, install, and implement the software. Capitalized costs for internally developed software include the full cost (direct and indirect) incurred during the software development stage. The standard useful life for IUS has been established as three years, in order to most accurately match expenses with the time period in which the benefits are received from the software. The NLRB uses the straight-line method of amortization.

The Next Generation Case Management System (NXGen) project was a multiple year undertaking in which a large portion of the system was rolled out in FY 2011. This IUS project continues to include adjustments to the asset. IUS additionally supports systems such as e-Gov, E-Filing, and provides the public with web-based access to NLRB data.

Internal Use Software in Development. Internal use software in development is software that is being developed, but not yet put into production. At the time the software is moved into production the costs will be moved into the IUS account and amortized accordingly, as described above.

H. Non-Entity Assets

Assets held by the NLRB that are not available to the NLRB for obligation are considered non-entity assets. Non-Entity assets, restricted by nature, consist of miscellaneous receipt accounts. The miscellaneous receipts represent court fines and fees collected for Freedom of Information Act (FOIA) requests that must be transferred to the Treasury at the end of each Fiscal Year.

I. Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by the NLRB as the result of a transaction or event that has already occurred. However, no liability can be paid by the NLRB absent an appropriation. Liabilities of the NLRB arising from other than contracts can be abrogated by the government, acting in its sovereign capacity.

J. Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources result from the receipts of goods or services in the current or prior periods, or the occurrence of eligible events in the current or prior periods for which appropriations, revenues, or other financing sources of funds necessary to pay the liabilities have not been made available through Congressional appropriations or current earnings of the reporting entity.

Intragovernmental

The U.S. Department of Labor (DOL) paid Federal Employees Compensation Act (FECA) benefits on behalf of the NLRB which had not been billed or paid by the NLRB as of September 30, 2019 and 2018, respectively.

Federal Employees Workers' Compensation Program

The Federal Employees Compensation Program (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by DOL, which pays valid claims and subsequently seeks reimbursement from the NLRB for these paid claims.

The FECA liability consists of two components. The first component is based on actual claims paid by DOL but not yet reimbursed by the NLRB. The NLRB reimburses DOL for the amount of the actual claims as funds are appropriated for this purpose. There is generally a two to three-year time period between payment by DOL and reimbursement by the NLRB. As a result, the NLRB recognizes a liability for the actual claims paid by DOL and to be reimbursed by the NLRB.

The second component is the estimated liability for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. The NLRB determines this component annually, as of September 30, using a method that considers historical benefit payment patterns.

Due to the small number of claimants, the NLRB uses the methodology of reviewing the ages of the claimant on a case-by-case basis to evaluate the estimated FECA liability. The determination was made to use the life expectancy of claimants of 84.0 and 86.5 years for male and female, respectively.

Accrued Annual Leave

Accrued annual leave represents the amount of annual leave earned by NLRB employees but not yet taken.

K. Contingencies

The criteria for recognizing contingencies for claims are:

1. a past event or exchange transaction has occurred as of the date of the statements;
2. a future outflow or other sacrifice of resources is probable; and
3. the future outflow or sacrifice of resources is measurable (reasonably estimated).

The NLRB recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings and suits that have been brought to the attention of legal counsel, some of which will be paid by the Treasury Judgment Fund. It is the opinion of management and legal counsel that the ultimate resolution of these proceedings, actions and claims, will not materially affect the financial position or results of operations.

Contingencies are recorded when losses are probable, and the cost is measurable. When an estimate of contingent losses includes a range of possible costs, the most likely cost is reported; where no cost is more likely than any other, the lowest possible cost in the range is reported. This item will normally be paid from appropriated funds.

L. Unexpended Appropriations

Unexpended appropriations represent the amount of the NLRB's unexpended appropriated spending authority as of the Fiscal Year-end that is unliquidated or is unobligated and has not lapsed, been rescinded, or withdrawn.

M. Annual, Sick, and Other Leave

Annual and Sick Leave Program.

Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. Each year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. Annual leave earned but not taken, within established limits, is funded from future financing sources. Sick leave and other types of non-vested leave are expensed as taken.

N. Life Insurance and Retirement Plans

Federal Employees Group Life Insurance (FEGLI) Program

Most NLRB employees are entitled to participate in the FEGLI Program. Participating employees can obtain "basic life" term life insurance, with the employee paying two-thirds of the cost and the NLRB paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. The Office of Personnel Management (OPM) administers this program and is responsible for the reporting of liabilities. For each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of the basic life coverage. Because the NLRB's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the NLRB has recognized the entire service cost of the post-retirement portion of basic life coverage as an imputed cost and imputed financing source.

Retirement Programs

The NLRB employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS), a defined benefit plan, or the Federal Employees Retirement System (FERS), a defined benefit and contribution plan. On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most of the NLRB employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect to either join FERS and Social Security or remain in CSRS. Employees covered by CSRS are not subject to Social Security taxes, nor are they entitled to accrue Social Security benefits for wages subject to CSRS. The NLRB contributes a matching contribution equal to 7 percent of pay for CSRS employees.

FERS consists of Social Security, a basic annuity plan, and the Thrift Savings Plan. The Agency and the employee contribute to Social Security and the basic annuity plan at rates prescribed by law. In addition, the Agency is required to contribute to the Thrift Savings Plan a minimum of 1 percent per year of the basic pay of employees covered by this system and to match voluntary employee contributions up to 3 percent of the employee's basic pay, and one-half of contributions between 3 percent and 5 percent of basic pay. The maximum amount of base pay that an employee participating in FERS may contribute is $19,000 in calendar year (CY) 2019 to this plan. Employees belonging to CSRS may also contribute up to $19,000 of their salary in CY 2019 and receive no matching contribution from the NLRB. The maximum for catch-up contributions for CY 2019 is $6,000. For CY 2019, the regular and catch-up contributions may not exceed $25,000. The sum of the employees' and the NLRB's contributions are transferred to the Federal Retirement Thrift Investment Board. For FERS employees, the Agency also contributes the employer's share of Medicare.

OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employee government-wide, including the NLRB employees. The NLRB has recognized an imputed cost and imputed financing source for the difference between the estimated service cost and the contributions made by the NLRB and covered CSRS employees.

The NLRB does not report on its financial statements FERS and CSRS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. Reporting such amounts is the responsibility of OPM. The portion of the current and estimated future outlays for CSRS not paid by the NLRB is, in accordance with SFFAS Number 4, Managerial Cost Accounting Concepts and Standards for the Federal Government, included in the NLRB's financial statements as an imputed financing source.

Liabilities for future pension payments and other future payments for retired employees who participate in the Federal Employees Health Benefits (FEHB) and the FEGLI programs are reported by OPM rather than the NLRB.

SFFAS Number 4, Managerial Cost Accounting Concepts and Standards for the Federal government, requires employing agencies to recognize the cost of pensions and other retirement benefits during their 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 provide these factors to the Agency for current period expense reporting. Information was also provided by OPM regarding the full cost of health and life insurance benefits.

As of year ended September 30, 2019, the NLRB, utilizing OPM provided cost factors, recognized $5,415,804 of pension expenses, $9,439,315 of post-retirement health benefits expenses, and $24,397 of post-retirement life insurance expenses, beyond amounts actually paid. The NLRB recognized offsetting revenue of $14,879,516 as an imputed financing source to the extent that these intragovernmental expenses will be paid by OPM. In comparison, in FY 2018, the NLRB recognized $5,038,665 of pension expenses, $9,998,886 of post-retirement health benefits expenses, and $25,072 of post-retirement life insurance expenses, beyond amounts actually paid. The NLRB recognized offsetting revenue of $15,062,623 as an imputed financing source from OPM.

O. Operating Leases

The NLRB has no capital lease liability or capital leases. Operating leases consist of real and personal property leases with the General Services Administration (GSA) and commercial copier leases. NLRB leases all buildings through GSA. The NLRB pays GSA a standard level user charge for the annual leases, which approximates the commercial rental rates for similar properties. The NLRB is not legally a party to any building lease agreements, and it does not record GSA-owned properties as assets. The real property leases are for NLRB's Headquarters and Regional Offices, and the personal property leases are for Fleet vehicles and copiers.

P. Net Position

Net position is the residual difference between assets and liabilities and is composed of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent the amount of unobligated and unexpended budget authority. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. The cumulative results of operations are the net result of the NLRB's operations.

Q. Use of Management Estimates

The preparation of the accompanying financial statements in accordance with GAAP requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results could differ from these estimates.

R. Tax Status

The NLRB, as an independent Board of the Executive Branch is a federal agency, and is not subject to federal, state, or local income taxes, and accordingly, no provision for income tax is recorded.

S. Subsequent Events

Subsequent events and transactions occurring after September 30, 2019 through the date of the auditor's opinion have been evaluated for potential recognition or disclosure in the financial statements. The date of the auditors' opinion also represents the date that the financial statements were available to be issued.

Note 2. Fund Balance with Treasury

Treasury performs cash management activities for all federal agencies. NLRB's Fund Balance with Treasury represents the right of the NLRB to draw down funds from Treasury for expenses and liabilities. Fund Balance with Treasury by fund type as of September 30, 2019 and September 30, 2018 consists of the following:

(in whole dollars)	FY 2019	FY 2018
Entity Fund Balance with Treasury	$51,973,066	$43,448,897
Non-Entity Fund Balance with Treasury	0	0
Total	**$51,973,066**	**$43,448,897**

Fund Balance with Treasury by Fund Type:

The status of the fund balance may be classified as unobligated available, unobligated unavailable, and obligated. Unobligated funds, depending on budget authority, are generally available for new obligations in current operations. The unavailable balance includes amounts appropriated in prior Fiscal Years, which are not available to fund new obligations.

The obligated but not yet disbursed balance represents amounts designated for payment of goods and services ordered but not yet received or goods and services received but for which payment has not yet been made.

Obligated and unobligated balances reported for the status of Fund Balance with Treasury do not agree with obligated and unobligated balances reported on the Statement of Budgetary Resources because the Fund Balance with Treasury includes items for which budgetary resources are not recorded, such as deposit funds and miscellaneous receipts (non-entity).

Status of Fund Balance with Treasury as of September 30, 2019 and September 30, 2018 consists of the following:

Fund Balance with Treasury:

(in whole dollars)	FY 2019	FY 2018
Status of Fund Balance with Treasury Unobligated Balance		
Available	$ 5,699,240	$ 3,034,382
Unavailable	5,730,848	5,064,616
Obligated Balance Not Yet Disbursed	40,542,978	35,349,899
Total	**$ 51,973,066**	**$ 43,448,897**

Note 3. Fiduciary Activities

The NLRB Escrow Accounts are fiduciary deposit funds presented in accordance with SFFAS 31, Accounting for Fiduciary Activities, and OMB Circular A-136, Financial Reporting Requirements. The Escrow Accounts, Restraining Order Cases (420X6152) and Backpay Cases (402X6154) are authorized by Title 31 United States Code, Section 3513 and Title 29 United States Code, Section 151-169. The Escrow Account, Restraining Order Cases (420X6152) was established in FY 2019 to separate cases related to protective restraining orders.

The NLRB investigates and adjudicates disputes between private sector employees, employers, and unions. Part of the NLRBs mission is to determine if the employer (or sometimes the union), herein referred to as respondent, engaged in unfair labor practices, which resulted in a loss of employment or wages for the affected employees (discriminatees). In some cases, the respondent is ordered to pay monetary amounts to the discriminatees. These payments can be paid by respondent directly to the discriminatees or they can pay the NLRB, which disburses the funds to the discriminatees. NLRB is authorized to collect funds on behalf of discriminatees.

The fiduciary funds collected by NLRB are held in escrow and represent funds that were collected as part of the standard Board remedy whenever a violation of the NLRA has resulted in a loss of employment or earnings. The NLRB collects the funds, and then distributes them to employees, unions, pension funds, or other discriminatees in the settlement. The NLRB has the option to invest funds in Federal government securities, if the funds will remain in escrow for a lengthy period. During FY 2019, no fiduciary funds were invested.

NLRB executed a Memorandum of Understanding (MOU) with the Treasury that established agreed upon policies and procedures for investing monies in, and redeeming investments held by, the fiduciary fund account in Treasury. NLRB manages these funds in a fiduciary capacity and does not have ownership rights against its contributions and investments; the assets and activities summarized in the schedule below are not presented in the financial statements. NLRB's fiduciary activities are disclosed in this note. In FY 2019, the Escrow Account, Restraining Order Cases (420X6152) account was established and had no activity as of Fiscal Year end.

Schedule of Fiduciary Activity
As of September 30, 2019 and 2018

(in whole dollars)	FY 2019	FY 2018
Fiduciary net assets, beginning of year	$7,429,889	$2,516,279
Fiduciary revenues	2,755,845	24,018,804
Disbursements to and on the behalf of beneficiaries	(2,796,180)	(19,105,194)
Increase (Decrease) in fiduciary net assets	(40,335)	4,913,610
Fiduciary net assets, end of year	**$7,389,554**	**$7,429,889**

Fiduciary Net Assets
As of September 30, 2019 and 2018

Fiduciary Fund (420X6154)	FY 2019	FY 2018
Fiduciary Assets		
Fund Balance with Treasury	$7,389,554	$7,429,889
Total Fiduciary Net Assets	**$7,389,554**	**$7,429,889**

Note 4. Advances

Intragovernmental

Intragovernmental Advances were paid to the Department of Transportation for the employee transit subsidy program.

Non-Federal

Non-Federal Advances were paid for postage meter funding.

Note 5. Accounts Receivable, Net of Allowances for Doubtful Accounts

The FY 2019 intragovernmental accounts receivable is zero and the FY 2018 amount was zero.

(in whole dollars)	FY 2019	FY 2018
With the public		
Accounts receivable	$733,023	$685,067
Allowance for doubtful accounts	(107,125)	(84,586)
Accounts receivable, net	**$625,898**	**$600,481**

Note 6. General Property, Plant and Equipment

General property, plant, and equipment consists of that property which is used in operations and consumed over time. The table below summarizes the cost and accumulated depreciation for general property, plant and equipment.

FY 2019 (in whole dollars)	Asset Cost	Accumulated Depreciation/ Amortization	Net Asset Value
Equipment	$2,771,610	$2,733,400	$38,210
Construction in Progress	0	0	0
Leasehold Improvements	6,935,780	2,508,908	4,426,872
Internal Use Software (IUS)	40,402,408	36,317,389	4,085,019
IUS in Development	2,766,832	0	2,766,832
Total Property, Plant and Equipment	**$52,876,630**	**$41,559,697**	**$11,316,933**

FY 2018 (in whole dollars)	Asset Cost	Accumulated Depreciation/ Amortization	Net Asset Value
Equipment	$2,896,802	$2,798,573	$98,229
Construction in Progress	819,775	0	819,775
Leasehold Improvements	5,882,208	1,815,330	4,066,878
Internal Use Software (IUS)	35,605,934	34,503,480	1,102,454
IUS in Development	0	0	0
Total Property, Plant and Equipment	**$45,204,719**	**$39,117,383**	**$6,087,336**

Note 7. Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources represent amounts owed in excess of available congressionally appropriated funds or other amounts. The custodial liability represents court fines and fees collected for Freedom of Information Act requests that must be transferred to the Treasury at the end of each Fiscal Year.

The composition of liabilities not covered by budgetary resources as of September 30, 2019 and September 30, 2018, is as follows:

(in whole dollars)	FY 2019	FY 2018
Liabilities Not Covered by Budgetary Resources		
Intragovernmental		
FECA – Unfunded	$399,534	$334,950
Total Intragovernmental	$399,534	$334,950
Liabilities with the Public		
Estimated Future FECA	$2,273,821	$2,422,305
Accrued Annual Leave	12,495,788	13,204,349
Total Liabilities Not Covered by Budgetary Resources	15,169,143	15,961,604
Total Liabilities Covered by Budgetary Resources	14,050,975	13,113,457
Total Liabilities	**$29,220,118**	**$29,075,061**

Note 8. Non-Entity Assets

Non-Entity assets represent miscellaneous receipts collected and related accounts receivable (net of allowance for doubtful accounts). The miscellaneous receipts represent court fines and fees collected for Freedom of Information Act requests that must be transferred to the Treasury at the end of each Fiscal Year.

The composition of non-entity assets as of September 30, 2019 and September 30, 2018, is as follows:

(in whole dollars)	FY 2019	FY 2018
Non-Entity Assets		
Fund Balance with Treasury	$0	$0
Accounts Receivable	0	0
Total Non-Entity Assets	0	0
Entity Assets	$63,996,455	$50,208,731
Total Assets	**$63,996,455**	**$50,208,731**

Additionally, NLRB received a remainder interest in Florida real estate valued at approximately $46,000 as part of a ULP case settlement. This asset is not included in the table above.

Note 9. Cumulative Results of Operations

(in whole dollars)	FY 2019	FY 2018
FECA paid by DOL	$(161,687)	$ (213,567)
FECA – Unfunded	(399,534)	(334,950)
Estimated Future FECA	(2,273,821)	(2,422,305)
Accrued Annual Leave	(12,495,788)	(13,204,349)
General Property, Plant and Equipment, Net	11,316,933	6,087,336
Other	690,298	716,831
Cumulative Results of Operations	**$ (3,323,599)**	**$ (9,371,004)**

Note 10. Intragovernmental Costs and Exchange Revenue

For the intragovernmental costs, the buyer and seller are both federal entities. The earned revenue is the reimbursable costs from other federal entities. The NLRB has the authority to provide administrative law judges' services to other federal entities. There is no exchange revenue with the public.

(in whole dollars)	FY 2019	FY 2018
Resolve Unfair Labor Practices		
Intragovernmental Costs	$79,460,104	$55,658,126
Costs with the Public	165,813,403	196,118,085
Total Net Cost – Resolve Unfair Labor Practices	$245,273,507	$251,776,211
Resolve Representation Cases		
Intragovernmental Costs	$8,995,984	$6,177,366
Costs with the Public	18,772,374	21,766,689
Total Net Cost – Resolve Representation Cases	$27,768,358	$27,944,055
Net Cost of Operations	**$273,041,865**	**$279,720,266**

Note 11. Operating Leases

GSA Real Property. NLRB's facilities are rented from the GSA, which charges rent that is intended to approximate commercial rental rates. The terms of NLRB's occupancy agreements with GSA will vary according to whether the underlying assets are owned by GSA or rented by GSA from the private sector. The NLRB has occupancy agreements with GSA, which sets forth terms and conditions for the space the Agency will occupy for an extended period of time. Included within the occupancy agreements are 120 to 180-day notification requirements for the Agency to release space. For purposes of disclosing future operating lease payments in the table below, federally-owned leases are included in years FY 2020 through FY 2024.

Rental expenses for operating leases for the quarter ended September 30, 2019 were $23,014,818 for Agency lease space and $2,546,797 for Agency building security. For FY 2018 the operating lease costs were $22,656,352 and the Agency building security portion was $2,202,406.

Future Space Lease Payments

(in whole dollars) Fiscal Year	GSA Real Property Cost
2020	$25,120,870
2021	$25,874,496
2022	$26,650,731
2023	$27,450,253
2024	$28,273,761
After 5 Years	**$29,121,974**
Total	**$162,492,085**

GSA Fleet. The future fleet payments reflect the expense for 15 vehicles used for official NLRB business throughout the United States. Expenses for the fleet vehicles for the quarter ended September 30, 2019 were $64,361; for FY 2018 the costs were $65,066.

Future Fleet Lease Payments

(in whole dollars) Fiscal Year	GSA Fleet Cost
2020	$104,030
2021	$107,151
2022	$110,365
2023	$113,676
2024	$117,087
After 5 Years	**$120,599**
Total	**$672,908**

Commercial Copiers. The commercial copier rental expense reflects lease contracts for copy machines located at the NLRB Headquarters and Field Offices. For FY 2019 the commercial copier yearly contract is $381,724; for FY 2018 the cost was $453,838.

Future Copier Lease Payments

(in whole dollars) Fiscal Year	Copier Lease Cost
2020	$154,288
2021	$154,288
2022	$154,288
2023	$188,290
2024	$193,939
After 5 Years	**$199,757**
Total	**$1,044,850**

Note 12. Inter-Entity Costs

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost in the Statement of Net Cost and are offset by imputed revenue in the Statement of Changes in Net Position. Such imputed costs and revenues relate to employee benefits. However, unreimbursed costs of goods and services other than those identified are not included the financial statements.

OPM pays pension and other future retirement benefits on behalf of federal agencies for federal employees. OPM provides rates for recording the estimated cost of pension and other future retirement benefits paid by OPM on behalf of federal agencies. The costs of these benefits are reflected as imputed financing in the consolidated financial statements. Expenses of the NLRB paid or to be paid by other federal agencies at September 30, 2019 and 2018 consisted of:

(in whole dollars)	FY 2019	FY 2018
Office of Personnel Management:		
Pension Expenses	$5,415,804	$5,038,665
Federal Employees Health Benefits	9,439,315	9,998,886
Federal Employees Group Life Insurance Program	24,397	25,072
Total Imputed Financing Costs	**$14,879,516**	**$15,062,623**

Note 13. Appropriations Received

The NLRB received $274,224,000 in warrants for both Fiscal Years ended September 30, 2019 and 2018.

Note 14. Statement of Budgetary Resources

The Statement of Budgetary Resources provides information about how budgetary resources were made available as well as their status at the end of the period. It is the only financial statement exclusively derived from the entity's budgetary general ledger in accordance with budgetary accounting rules that are incorporated into GAAP for the Federal government. The total Budgetary Resources of $280,747,120 as of September 30, 2019 and $280,530,237 as of September 30, 2018, includes new budget authority, unobligated balances at the beginning of the year, spending authority from offsetting collections, recoveries of prior year obligations and permanently not available. The amount of budgetary resources obligated for unpaid delivered and undelivered orders was $40,542,978 for FY 2019 and $35,349,356 for FY 2018. The NLRB's apportioned unobligated balance available at September 30, 2019 was $5,699,240 and at September 30, 2018 was $3,034,382.

Note 15. Reconciliation of Net Cost to Net Outlays

SFFAS No. 53, *Budget and Accrual Reconciliation*, amended SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting* and 24, *Selected Standards for the Consolidated Financial Report of the United States Government*, and rescinded SFFAS 22, *Change in Certain Requirements for Reconciling Obligations and Net Cost of Operations*. SFFAS No. 53 provided for the budget and accrual reconciliation (BAR) to replace the statement of financing. The BAR explains the relationship between NLRB's net outlays on a budgetary basis and the net cost of operations during the reporting period. The reconciliation starts with the net cost of operations as reported on the Statement of Net Cost and will be adjusted by components of net cost that are not part of net outlays. Common components include depreciation and gains and losses on disposition of assets and changes in assets and liabilities (e.g. accounts receivable, accounts payable and salaries and benefits) not affecting budget outlays. Net cost of operations is also adjusted by budget outlays that are not part of net operating cost. Components of budget outlays that are not part of net operating cost include acquisition of capital assets, inventory and other assets. Other reconciling differences, when applicable, include timing differences.

	Intra-governmental	With the Public	Total FY 2019
NET COST	**$88,456,088**	**$184,585,777**	**$273,041,865**
Components of Net Cost That Are Not Part of Net Outlays:			
Property, plant, and equipment depreciation			
Other	(87,083)	(196,401)	(283,484)
Increase/(decrease) in assets:			
Accounts receivable		(625,898)	(625,898)
Other assets	49,554	31,004	80,558
(Increase)/decrease in liabilities:			
Accounts payable	(1,973,223)	(3,829,180)	(5,802,403)
Salaries and benefits	(1,717,598)	(275,270)	(1,992,868)
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	399,534	(1,565,260)	(1,165,726)
Other financing sources:			
Federal employee retirement benefit costs paid by OPM and imputed to the agency			
Total Components of Net Cost That Are Not Part of Net Outlays	**(3,328,816)**	**(6,461,005)**	**(9,789,821)**
Components of Net Outlays That Are Not Part of Net Cost:			
Asset Activity Summary			
Acquisition of capital assets		25,843	25,843
Total Components of Net Outlays That Are Not Part of Net Cost			
Other Temporary Timing Differences		2,959	2,959
NET OUTLAYS	**$85,127,272**	**$178,153,574**	**$263,280,846**

Related Amounts on the Statement of Budgetary Resources	
Outlays, net	263,280,846
Distributed offsetting receipts	0
Agency Outlays, Net	**$263,280,846**

Note 16. Commitments and Contingencies

In addition to future commitments discussed in Note 11, Operating Leases, NLRB is committed under obligations at year end for goods and services which have been received and not yet paid or for goods and services which have been ordered but not yet received. These are unpaid delivered and undelivered orders – See Note 14, Statement of Budgetary Resources.

The NLRB is involved in various lawsuits incidental to its operations. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a materially adverse effect on the financial position of the NLRB.