



United States
CONSUMER PRODUCT SAFETY COMMISSION
Washington, DC 20814

OFFICE OF THE INSPECTOR GENERAL

Audit Report

CONSUMER PRODUCT SAFETY COMMISSION'S
FISCAL YEAR (FY) 2009 FINANCIAL STATEMENTS

Date Issued: November 13, 2009

AUDIT OF CPSC'S FY 2009 FINANCIAL STATEMENTS

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Chairman Tenenbaum:

In accordance with the Accountability of Tax Dollars Act of 2002, we are responsible for conducting audits of the financial statements of the U.S. Consumer Product Safety Commission. In our audits of the Commission for fiscal years 2009 and 2008, we found

- the financial statements are presented fairly, in all material respects, in conformity with the U.S. generally accepted accounting principles,
- no material weakness in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations,
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our conclusions on Management's Discussion and Analysis, and other supplementary information, (3) our audit objectives, scope, and methodology, and (4) agency comments and our evaluation.

Opinion on Financial Statements

The financial statements, including the accompanying notes, presents fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the Commission's assets, liabilities, net position as of September 30, 2009 and 2008; and net costs; changes in net position; budgetary resources; and custodial activity for the years ended September 30, 2009 and 2008.

Opinion on Internal Control

The Commission maintained, in all material respects, effective internal control over financial reporting (including safeguarding assets) and compliance as of September 30, 2009 that provided reasonable assurance that misstatements, losses, or noncompliance material in relation to the financial statements would be prevented or detected on a timely basis. Our opinion is based on criteria established under 31 U.S.C. 3512 (c), (d); the *Federal Managers' Financial Integrity Act*; the Office of Management and Budget (OMB) Circular A-123, *Management Accountability and Control*; OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*; the Government Accountability Office (GAO), *Government Auditing Standards*; and the GAO/President's Council on Integrity and Efficiency (PCIE), *Financial Audit Manual*.

Compliance with Laws and Regulations

Our tests of the Commission's compliance with selected provisions of laws and regulations for fiscal year 2009 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit

guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

Consistency of Other Information

The Commission's Management Discussion and Analysis, required supplementary information, and other accompanying information contain a wide range of data, some of which are not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with the Commission's officials. On the basis of this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles, or OMB guidance.

Objectives, Scope, and Methodology:

The Commission's management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met; and (3) complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether (1) the Commission's financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles and (2) the Commission's management maintained effective internal control, the objectives of which are as follows:

- **Financial Reporting:** Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
- **Compliance with laws and regulations:** Transactions are executed in accordance with (1) laws governing the use of budget authority, (2) other laws and regulations that could have a direct and material effect on the financial statements, and (3) any other laws, regulations, and government-wide policies identified by OMB audit guidance.

We are also responsible for (1) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB audit guidance requires testing, and (2) performing limited procedures with respect to certain other information appearing in the Annual Financial Statement.

In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- obtained an understanding of the entity and its operation, including its internal control related to financial reporting (including safeguarding assets), compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- tested relevant internal controls over financial reporting, and compliance, and evaluated the design and operating effectiveness of internal control;
- considered the design of the process for evaluating and reporting on internal control and financial management systems under the Federal Managers' Financial Integrity Act;
- tested compliance with selected provisions of the following laws and regulations.

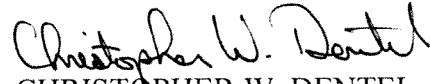
We did not evaluate all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

We did not test compliance with all laws and regulations applicable to the Commission. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we deemed applicable to the Commission's financial statements for the fiscal year ended September 30, 2009. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our audit in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Agency Comments and Our Evaluation

In commenting on a draft of this report (see appendix 1), the Commission's management concurred with the facts and conclusions cited in our report.



CHRISTOPHER W. DENTEL
Inspector General
Consumer Product Safety Commission

November 13, 2009

MANAGEMENT'S RESPONSE



UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION
WASHINGTON, DC 20207

Memorandum

Date: November 12, 2009

TO : Christopher Dentel
Inspector General

THROUGH: Edward E. Quist *EE Quist*
Director
Office of Financial Management, Planning and Evaluation

FROM : Deborah Peebles Hodge *Deborah Peebles Hodge*
Director
Division of Financial Services

SUBJECT : Audit of FY 2009 Financial Statements

The audit report prepared by the Office of the Inspector General regarding CPSC's Financial Statements for Fiscal Year 2009 has been reviewed by the Division of Financial Services. The Finance Division concurs with the findings and opinions expressed in the report.

FINANCIAL STATEMENTS

CONSUMER PRODUCT SAFETY COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(in dollars)

	<u>2009</u>	<u>2008</u>
Cumulative Results of Operations:		
Beginning Balances	\$ (4,348,450)	\$ (4,630,590)
Budgetary Financing sources:		
Reimbursement Received	(2,796,804)	(2,871,108)
Accounts Receivable	22	(2,709)
Advance	-	(688)
Donated Revenue	37,715	22,573
Appropriations Used	85,016,493	70,097,502
Decrease prior year unfunded cost	4,020,556	3,970,640
Other Financing Sources(Non-Exchange):		
Imputed Financing	3,024,280	3,024,280
Total Financing Sources	89,302,262	74,240,490
Net Cost of Operations	(89,271,636)	(73,958,350)
Net Change	30,626	282,140
Cumulative Results of Operations	\$ (4,317,824)	\$ (4,348,450)
Unexpended Appropriations:		
Beginning Balance	\$ 23,840,212	\$ 11,470,383
Budgetary Financing Sources:		
Appropriations Received	105,404,000	80,000,000
Reimbursement Received	2,796,804	2,871,108
Donated Revenue	(37,715)	(22,573)
Appropriations Used	(85,016,493)	(70,097,502)
Cancellation of expired year	(514,545)	(381,204)
Total Budgetary Financing Sources	22,632,051	12,369,829
Total Unexpended Appropriations	\$ 46,472,263	\$ 23,840,212
Net Position	\$ 42,154,439	\$ 19,491,762

CONSUMER PRODUCT SAFETY COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2009 (CY) AND 2008 (PY)
(in dollars)

Budgetary Resources:	2009	2008
Budget authority:		
Unobligated balances-brought forward, October 1	\$ 762,679	\$ 990,491
Recoveries of prior year unpaid obligations	1,438,148	1,379,620
Appropriation	105,404,000	80,000,000
Spending authority from offsetting collections	2,777,337	2,861,434
Cancellation of expired year	(514,545)	(381,204)
Permanently not available	-	-
Total Budgetary Resources	\$ 109,867,619	\$ 84,850,341
Status of Budgetary Resources:		
Direct	98,196,905	81,216,554
Reimbursable	2,796,804	2,871,108
Unobligated balances currently available	8,080,109	114,246
Unobligated balances not available	793,801	648,433
Total Status of Budgetary Resources	\$ 109,867,619	\$ 84,850,341
Change in Obligated Balances:		
Unpaid obligated balance, brought forward, October 1	25,588,269	12,494,569
Obligations incurred	100,993,709	84,087,662
Gross outlays	(84,450,394)	(69,614,342)
Recoveries of prior year unpaid obligations, actual	(1,438,148)	(1,379,620)
Unpaid obligated balance, net-end of period (Note 7)	\$ 40,693,436	\$ 25,588,269
Net Outlays		
Gross outlays	84,450,394	69,614,342
Less: Offsetting collections	(2,777,337)	(2,861,434)
Less: Distributed offsetting receipts	(61,749)	(40,534)
Total Net Outlays	\$ 81,611,308	\$ 66,712,374

CONSUMER PRODUCT SAFETY COMMISSION
STATEMENT OF CUSTODIAL ACTIVITY
FOR THE YEARS ENDED SEPTEMBER 30, 2009 (CY) AND 2008 (PY)
 (in dollars)

Gross Revenue Activity	2009	2008
Sources of Cash Collections:		
Civil Penalties and Fines	\$ 7,716,919	\$ 3,558,418
FOIA and Misc collections	61,749	40,534
Fees Collected-DOJ	29,905	35,518
Total Custodial Revenue	7,808,573	3,634,470
Disposition of Revenue Collected:		
Amounts to be Transferred to:		
Treasury General Fund	7,778,668	3,598,952
Retained by Justice Department-Fees	29,905	35,518
Net Custodial Activity	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The U.S. Consumer Product Safety Commission (CPSC) is an independent Federal regulatory agency whose mission is to save lives and keep families safe by reducing the risk of injuries and deaths associated with consumer products. The CPSC was created in 1972 by Congress under the Consumer Product Safety Act and began operating in 1973. The agency is headed by five commissioners nominated by the President and confirmed by the Senate for staggered seven-year terms. The President designates one of the commissioners as Chairman. The Consumer Product Safety Act (as amended) authorizes CPSC to:

- Develop voluntary standards
- Issue and enforce mandatory standards
- Obtain recall of products or arranging for their repair
- Conduct research on potential product hazards
- Inform and educate consumers responding to industry and consumer inquiries

Fund Accounting Structure

The CPSC's financial activities are accounted for by federal account symbol. They include the accounts for appropriated funds and other fund groups described below for which the CPSC maintains financial records.

General Funds: These funds consist of salaries and expense appropriation accounts used to fund agency operations and capital expenditures.

Miscellaneous Receipt Accounts: The CPSC collects civil penalties, Freedom of Information Act fees and other miscellaneous receipts which by law are not retained by CPSC. The U.S. Department of Treasury automatically transfers all cash balances in these receipt accounts to the general fund of the Treasury at the end of each fiscal year.

Gifts and Donations Receipt Account: U.S.C. Title 15, Chapter 47, section 2076, paragraph (b) (6), authorizes CPSC "to accept gifts and voluntary and uncompensated services." CPSC occasionally receives donations from non-government sources in support of the agency's mission. Funds received from excess property sales are also maintained in this account.

Basis of Accounting and Presentation

The financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, and custodial activities of the CPSC, in accordance with accounting principles generally accepted in the United States of America and the form and content requirements of OMB Circular A-136-Revised June 2009. Currently, the Statement of Financing (SOF) will be presented as a note per OMB's authority under Statement of Federal Financial Accounting Standards 7 and will no longer be considered a Basis Statement. The Statement of Financing will now be a display in the notes and referred to as "Reconciliation of Net Cost of Operations to Budget". The statements have been prepared from the books and records of the CPSC and include the accounts of all funds under the control of the CPSC.

Accounting principles generally accepted in the United States of America encompass both accrual and budgetary transactions. 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 constraints and controls over the use of federal funds. The accompanying financial statements are prepared on the accrual basis of accounting.

Budget Authority

Congress annually passes appropriations that provide the CPSC with authority to obligate funds for necessary expenses to carry out mandated program activities. The funds appropriated are subject to OMB apportionment of funds in addition to congressional restrictions on the expenditure of funds. Also, the CPSC places internal restrictions to ensure the efficient and proper use of all funds.

Fund Balances with the U.S. Treasury

Fund balances with Treasury consist of appropriated funds and general fund receipt accounts. Appropriated funds are available to pay current liabilities and authorized purchase commitments. General fund receipt accounts are used to record collections made by the CPSC on behalf of the Department of Treasury's General fund. The CPSC's fund balances with Treasury are carried forward until such time as goods or services are received and payment is made, or until the funds are returned to the U.S. Treasury. CPSC's cash receipts and disbursements are processed by the U.S. Treasury. Funds with U.S. Treasury represent obligated and unobligated balances available to finance allowable expenditures and restricted balances, including amounts related to expired authority and amounts not available for use by CPSC.

Advances and Prepayments

Payments in advance of the receipt of goods and services are recorded as advances and recognized as expense when the related goods and services are received. Advances are principally advances to CPSC employees for official government business.

Accounts Receivable

Entity accounts receivables include amounts due from current and former employees. Non-entity accounts receivable are for civil monetary penalties imposed as a result of the CPSC's enforcement activities, and for fees imposed for information requested from the public for Freedom of Information Act requests. CPSC does not retain these non entity receipts.

Property and Equipment

Property and equipment consists of equipment and software. All items with an acquisition value greater than \$5,000 and a useful life over two years are capitalized using the straight-line method of depreciation. Service lives range from five to twelve years.

Internal use software acquired for a value greater than \$5,000 is capitalized using the straight-line method with a service life of five years. Purchased commercial software which does not meet the capitalization criteria is expensed.

Accounts Payable and Accrued Liabilities

Liabilities Covered by Budgetary Resources represent liabilities funded by available budgetary resources, which include appropriated funds and reimbursable authority. Accounts payable and Accrued Benefits represent the amount of monies or other resources that are likely to be paid as the result of a transaction or event that has already occurred.

Liabilities Not Covered by Budgetary Resources exist when funding has not yet been made available through Congressional appropriations or reimbursable authority. The CPSC recognizes such liabilities for employee annual leave earned but not taken, and amounts billed by the Department of Labor for Federal Employee's Compensation Act (disability) payments. In addition, liabilities not covered by budgetary resources include liabilities resulting from the agency's custodial activity. See Note 5.

Accrued Leave

A liability for annual leave is accrued as leave is earned and paid when leave is taken. At year-end, the balance in the accrued annual leave account is adjusted to reflect the liability at current pay rates and leave balances. Accrued annual leave is reflected as a liability that is not covered by current budgetary resources. Sick leave and other leave are expensed as taken.

Retirement Plans and Other Benefits

Federal Employee benefits consist of the actuarial portions of future benefits earned by Federal employees, but not yet due and payable. These costs include pensions, other

retirement benefits, and other post-employment benefits. These benefits are administered by the Office of Personnel Management (OPM) not CPSC. Since CPSC does not administer the benefit plans, the CPSC does not recognize any liability on the Balance Sheet for pensions, and other retirement benefits. CPSC does, however, recognize the imputed costs related to these benefits on the Balance Sheet, the Statement of Net Cost, and the Statement of Financing.

CPSC employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees hired after December 31, 1983, are covered by FERS and Social Security, while employees hired prior to January 1, 1984, elected to either join FERS or remain in the CSRS. Under CSRS, CPSC makes matching contributions equal to 7 percent of the employee's gross earnings to the CSRS Retirement and Disability Fund. Employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA) for which the CPSC contributes a matching amount to the Social Security Administration. CPSC contributions are recognized as current operating expenses.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participating employees may contribute up to \$16,500 for 2009 but do not receive a matching contribution from the CPSC. FERS participating employees may contribute up to \$16,500 for 2009. For FERS employees, the CPSC's automatic contribution is 1 percent of the employee's gross pay to the TSP. The CPSC matches dollar for dollar on the first 3 percent of basic pay for each pay period. Each dollar of the next 2 percent of basic pay is matched 50 cents on the dollar. CPSC contributions are recognized as current operating expenses.

Federal Employees' Compensation Act (FECA)

The CPSC records an estimated liability for future worker's compensation claims based on data provided from the Department of Labor (DOL).

Employee Health Benefits and Life Insurance

CPSC employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). The CPSC matches the employee contributions to each program to pay for current benefits.

Net Position

The CPSC's net position is composed of the following:

1. Unexpended appropriations include the amount of unobligated balances and undelivered orders. Unobligated balances are the amount of appropriations or other authority remaining after deducting the appropriation used and unpaid obligations.

2. Cumulative results of operations represent the net results of operations since inception, the cumulative amount of prior period adjustments, and the remaining book value of capitalized assets.

Revenues and Other Financing Sources

Exchange and Nonexchange revenue: Exchange revenue is the amount of money earned for goods and services provided to other agencies and the public. For example, reimbursable agreements are considered exchange revenue. Nonexchange revenue is assessed against manufacturers, retailers or distributors who violate the Consumer Product Safety Act, Federal Hazardous Substance Act, and the Flammable Fabrics Act. For example, collections of fines are nonexchange revenue. Other Financing sources are funding such as appropriations, where resources are received and nothing of value is given in return. Following are revenue and financing sources for CPSC with an indication of whether the revenue is exchange, nonexchange revenue, or a financing source:

Freedom of Information Act Collections (Exchange) – The CPSC charges a fee for the processing of Freedom of Information requests. The CPSC accounts for this exchange revenue as a custodial activity. FOIA fees are deposited in the U.S. Treasury and are not available for the CPSC to use.

Civil Penalty Collections (Non-Exchange) – The CPSC has authority to levy fines and penalties. The CPSC accounts for this exchange revenue as a custodial activity. Civil Penalty collections are deposited in the U.S. Treasury and are not available for the CPSC to use.

Reimbursable Work Agreements (Exchange) - The CPSC recognizes reimbursable work agreement revenue when earned, i.e. goods have been delivered or services rendered. CPSC has reimbursable agreements which generated collections from trading partners totaling \$2.8 million in 2009. The CPSC's reimbursable agreements are with the following trading partners: the Center for Disease Control, National Institute for Occupational Safety and Health, Health and Human Services, Department of Transportation, and the Health Resources and Services Administration. The majority of these agreements are for CPSC to utilize its hospital reporting system to collect injury data.

Appropriations (Financing Source) – The CPSC receives financing sources through direct appropriation from the general fund of the Treasury to support its operations. Appropriations available for 2009 were \$97,404,000 (annual); FY 2009-2010 \$2,000,000; and FY 2009-2011 \$6,000,000.

Estimates and Assumptions

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported

amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Transactions with Related Parties

The CPSC has relationships and financial transactions with several government agencies. The more prominent of these relationships is the Center for Disease Control, the General Services Administration, Health and Human Services, Department of Transportation and the Department of Interior among others. The CPSC recognizes reimbursable work agreement revenue when earned, i.e. goods have been delivered or services rendered.

Note 2 – Fund Balance with Treasury

Fiscal Year 2009

	Entity	Non-Entity	Total
General Funds	\$49,567,347		\$49,567,347
Miscellaneous Receipts		\$61,749	\$61,749
Fines and Penalties		\$7,716,919	\$7,716,919
Total	\$49,567,347	\$7,778,668	\$57,346,015

Status of Fund Balance with Treasury:

	Not Available	Obligated	Unobligated Available	Total
Entity	\$793,801	\$40,693,437	\$8,080,109	\$49,567,347
Non-Entity:				
Miscellaneous Receipts	\$61,749			\$61,749
Fines and Penalties	\$7,716,919			\$7,716,919
Total	\$8,572,469	\$40,693,437	\$8,080,109	\$57,346,015

The obligated balance includes accounts payable and undelivered orders, which have reduced unexpended appropriations but have not yet decreased the cash balance on hand.

Other Information: Miscellaneous Receipts and Fines and Penalty balances amounting to \$61,749 and \$7,716,919, respectively, are not available to CPSC activities and are classified as non-entity assets. A corresponding liability is also recorded on the balance sheet.

**Fund Balance with Treasury
Fiscal Year 2008**

	Entity	Non-Entity	Total
General Funds	\$26,350,948		\$26,350,948
Miscellaneous Receipts		\$40,534	\$40,534
Fines and Penalties		\$3,558,418	\$3,558,418
Total	\$26,350,948	\$3,598,952	\$29,949,900

Status of Fund Balance with Treasury:

	Not Available	Obligated	Unobligated Available	Total
Entity	\$648,433	\$25,588,269	\$114,246	\$26,350,948
Non-Entity:				
Miscellaneous Receipts	\$40,534			\$40,534
Fines and Penalties	\$3,558,418			\$3,558,418
Total	\$4,247,385	\$25,588,269	\$114,246	\$29,949,900

The obligated balance includes accounts payable and undelivered orders, which have reduced unexpended appropriations but have not yet decreased the cash balance on hand.

Other Information: Miscellaneous Receipts and Fines and Penalty balances amounting to \$40,534 and \$3,558,418, respectively, are not available to CPSC activities and are classified as non-entity assets. A corresponding liability is also recorded on the balance sheet.

Note 3 – Accounts Receivable

Fiscal Year 2009

The CPSC's entity receivable is \$2,399. CPSC's non-entity receivables are composed of Civil Fines and Penalties and Freedom of Information Act activity. CPSC maintains these accounts in a custodial capacity in the total amount of \$2,185,772.

Accounts Receivable

Fiscal Year 2008

Entity accounts receivables for FY 2008 was \$2,376. Non-entity accounts receivable was \$779,408. CPSC does not retain these non entity receipts.

Note 4 – Property, Plant & Equipment (PP&E)

Fiscal Year 2009

Classes of PP&E	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life in Years
Equipment	\$6,339,781	(\$3,478,791)	\$2,860,990	5-12
ADP Software	\$965,260	(\$757,694)	\$207,566	5
Total	\$7,305,041	(\$4,236,485)	\$3,068,556	

Property

Fiscal Year 2008

Classes of PP&E	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life in Years
Equipment	\$6,048,626	(\$3,653,507)	\$2,395,119	5-12
ADP Software	\$901,506	(\$602,615)	\$298,891	5
Total	\$6,950,132	(\$4,256,122)	\$2,694,010	

Note 5 – Liabilities

Other liabilities are composed of receivables and collections for Civil Penalties and Fines, and Freedom of Information Act (FOIA) fees. These balances reflect Treasury's balance on the Government wide Accounting & Reporting, Report of Unavailable Receipt Transactions, as of 9-30-09. CPSC maintains these accounts in a custodial capacity.

Liabilities Covered by Budgetary Resources:	2009	2008
Accrued Benefits	\$2,945,483	\$2,328,111
Accounts Payable	149,601	182,625
Total Liabilities Covered by Budgetary Resources	3,095,084	2,510,736

Liabilities Not Covered by Budgetary Resources

Actuarial Federal Employees' Compensation Act Liabilities	342,040	361,600
Accrued Annual Leave	4,022,437	3,653,789
Imputed Financing Sources	3,024,280	3,024,280
Unemployment Insurance	22	5,167
Other Liabilities (Note5)	9,964,440	4,378,360
Total Liabilities not Covered by Budgetary Resources	17,353,219	11,423,196

Total Liabilities	<u>\$20,448,303</u>	<u>\$13,933,932</u>
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Note 6 – Reconciliation of Net Cost of Operations to Budget

FOR THE YEARS ENDED SEPTEMBER 30, 2009 (CY)
AND 2008 (PY) (in dollars)

Resources Used to Finance Activities	2009	2008
Budgetary Resources Obligated		
Obligations incurred	\$100,993,709	\$84,087,662
Less: Collections	(2,777,337)	(2,861,433)
Less: Adjustment-downward	(1,438,148)	(1,379,620)
Obligations net of offsetting collections and recoveries	96,778,224	79,846,609
Less: Offsetting receipts	(61,749)	(40,534)
Net Obligations	96,716,475	79,806,075
Other Resources		
Obligations-Beginning of the Period	25,588,269	12,494,570
Imputed Financing Sources	3,024,280	3,024,280
Total Resources Used to Finance Activities	125,329,024	95,324,925
Resources Used to finance items not Part of the Net Cost of Operations		
Changes in Undelivered Orders	(37,598,353)	(23,077,533)
Other/Accrual/Accounts Payable prior year	(2,510,736)	(2,014,678)
Offsetting receipts	61,749	40,534
Resources that finance the acquisition of assets	(354,910)	1,914,959
Total resources used to finance items not part of the net cost of operations	(40,402,250)	(23,136,718)
Total Resources Used to Finance the Net Cost of Operations	\$84,926,774	\$ 72,188,207
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring Resources in Future Periods:		
Actuarial Federal Employees' Compensation Act Liabilities	342,040	361,600
Unfunded Annual Leave	4,022,437	3,653,789
Unemployment Insurance	22	5,167
Total components of Net Cost of Operations that will Require Resources in the Future Period	4,364,499	4,020,556
Components not Requiring or Generating Resources:		
Depreciation	(19,637)	(2,250,413)
Total Components of Net Cost of operations that will not Require or Generate Resources in the Current Period	4,344,862	1,770,143
Net Cost of Operations	\$89,271,636	\$ 73,958,350

Note 7 – Unpaid Undelivered Orders, net - end of period

	2009	2008
Total Unpaid Undelivered Orders	\$40,693,436	\$25,588,269

Note 8 – Commitments and Contingencies

CPSC may face reasonably possible claims estimated at \$252,197 from 8 claims placed under the Federal Torts Claim Act and the Equal Employment Opportunity Act.

Note 9 – Analysis of Material Differences – FY 2009

	Budgetary Resources	Obligations Incurred	Net Outlays
Combined Statement of Budgetary Resources	\$109,867,619	\$100,993,710	\$81,611,308
SF 133, Report on Budget Execution and Budgetary Resources	\$109,867,619	\$100,993,710	\$81,673,057

CPSC does not have any material differences between the Statement of Budgetary Resources and SF 133 as of 9/30/2009. The \$61,749 represents the distributed offsetting receipts reported on the Combined Statement of Budgetary Resources but is not required to be reported on the SF 133.

Analysis of Material Differences – FY 2008

	Budgetary Resources	Obligations Incurred	Net Outlays
Combined Statement of Budgetary Resources	\$84,850,341	\$84,087,662	\$66,712,375
Difference			40,534
SF 133, Report on Budget Execution and Budgetary Resources	\$84,850,341	\$84,087,662	\$66,752,909

The \$40,534 represents the distributed offsetting receipts reported on the Combined Statement of Budgetary Resources but is not required to be reported on the SF 133.

REQUIRED SUPPLEMENTARY INFORMATION

Deferred Maintenance

CPSC does not have any items for which maintenance has been deferred.

Intragovernmental Amounts

See Note 2 on financial statements.

Statement of Budgetary Resources

The statement is prepared on a total Commission basis.

Statement of Custodial Activity

The Commission collects civil penalties and fines, Freedom of Information Act and miscellaneous collections, and Department of Justice fees.

Segment Information

CPSC does not have a franchise fund or other intragovernmental support revolving fund.