

# **The Administrative Conference of the United States**



## **Performance and Accountability Report Fiscal Year 2015**



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## A Message from the Executive Director

I am pleased to transmit the Fiscal Year 2015 Performance and Accountability Report of the Administrative Conference of the United States. The outstanding performance of the Conference reflected in the pages that follow is a testament to the dedicated work of the Conference's members, Council, research consultants, and staff. Special acknowledgment is reserved for Paul R. Verkuil, who led the Conference as Chairman from the resumption of its operations in 2010 until the very end of Fiscal Year 2015. Much of the Conference's work during his tenure—including its 32 recommendations, two statements, and numerous reports—is already discernable in executive orders, agency regulations, and legislation that will improve administrative procedure for many years to come. Chairman Verkuil's leadership will be missed.

Matthew L. Wiener  
Executive Director  
Administrative Conference of the United States





## Agency Overview

ACUS is a unique executive branch agency whose principal mission is to recommend improvements to administrative procedure and process to the President, federal agencies, Congress, and the federal judiciary. Recommendations are designed, in the words of the Administrative Conference Act, to (1) ensure that federal agencies' "regulatory activities . . . are carried out expeditiously in the public interest," (2) "promote more effective participation and efficiency in the rulemaking process," (3) "reduce unnecessary litigation in the regulatory process," (4) "improve the use of science" in that process, and (5) "improve the effectiveness of laws applicable" to that process (5 USC § 591). Through its Office of the Chairman, ACUS also assists individual agencies to improve programs, publishes sourcebooks of enormous value to both the government and public, and provides nonpartisan advice to executive branch officials and members of Congress and their staffs. ACUS's work improves the efficiency and fairness of government processes.

ACUS's oversight committees in Congress have expressed strong bipartisan support for the agency's work. Recently, the Chairmen and Ranking Members of the House Judiciary Committee and its Subcommittee on Regulatory Reform noted in the *Congressional Record* (December 12, 2014) that "there is no other independent, non-partisan agency" on which "Congress can call . . . to evaluate ways to improve the regulatory process"; that "[a]s a result of" ACUS's "excellent work, our Nation's federal administrative procedures are not only looked to as a standard around the world, but constantly in the course of additional improvement;" and that "in recognition of its many accomplishments" ACUS "has enjoyed broad bipartisan and bicameral support over the years." They also noted that ACUS "helps save taxpayer dollars."

Members of the federal judiciary from diverse perspectives have likewise expressed strong support for ACUS. Two Supreme Court Justices (Scalia and Breyer) have even testified before Congress in support of ACUS's reauthorization. In testimony quoted in the above congressional statement on the occasion of ACUS's fiftieth anniversary, Justice Breyer cited the Conference's "unique" role in identifying ways to improve the federal regulatory process, and Justice Scalia said that ACUS is "obviously . . . a worthwhile organization" and that it is "an enormous bargain."





## Mission and Organizational Structure

**The Administrative Conference of the United States brings together experts from the public and private sector to advise the President, Congress, federal agencies and the federal judiciary to collaborate in maximizing fairness and efficiency in the administration of government programs.**

### Vision & Values

The Administrative Conference is given the power to “study the efficiency, adequacy, and fairness of administrative procedure...” 5 USC § 594.

The work of the Conference is guided by these procedural values, which reflect legal and social science measures of performance.

The fairness value derives from law and employs principles in the Administrative Procedure Act and the Due Process Clause of the Constitution.

The efficiency value derives from economics and looks at how procedures employed by the agency achieve the public purposes the regulations are intended to serve. The question is whether the agency procedures and management techniques reflect optimum resource allocations.

The adequacy value borrows from the disciplines of psychology and political science and looks at the effectiveness of regulatory techniques from the public’s perspective, including such factors as trust, transparency, and participation.

In many situations, these values must be balanced by the Conference in crafting recommendations, but in no case will they be ignored.

### Conference Membership

The Assembly is the name given to the 101 statutory voting members of the Conference meeting in plenary session. The 101 members include the Chairman, the Council, Government Members and Public Members. The Conference’s bylaws permit other types of members who are not part of the Assembly. These individuals are afforded all the privileges of membership, except that they may not vote or make motions during plenary sessions.





## Voting Members

### **The Chairman**

The Chairman of the Administrative Conference provides overall management and direction for the Conference. The Chairman is appointed for a five-year term by the President by and with the advice and consent of the Senate. The Chairman is the only full-time member of the Conference. With the exception of the Chairman, Conference Members are unpaid.

### **The Council**

The Council of the Administrative Conference functions as the Conference's Board of Directors. In addition to the Chairman, the Council consists of ten members appointed by the President for three-year terms. Up to five of the Council members are current, senior officials at other government agencies, and the others are drawn from outside the federal government. One of the Council members is designated by the President as the Vice Chairman.

## Current ACUS Council

Government Members	Public Members
Vacant (Chairman)	Ronald Cass
Steven Croley, Vice Chairman	Danielle Gray
Edith Ramirez	Ronald Klain
Jonathan Sallet	Theodore Olson
Vacant (2 Members)	Jane Sherburne

### **Government Members**

Government members come from federal executive departments, agencies, independent regulatory boards, and commissions.

### **Public Members**

Public members come from the private sector, including academia, the practicing bar, industry and public interest organizations.





## **Non-Voting Members**

### **Liaison Representatives**

The Chairman, with the approval of the Council, may enter into liaison arrangements with federal agencies or other organizations that do not have voting members of the Conference. Agencies or organizations so designated appoint their liaison representative. Liaison representatives serve no fixed term.

### **Senior Fellows**

Senior fellows include those who have previously served as Chairman, are former members who have served in the federal judiciary, or have served for six or more years as government or public members, or liaison representatives. Senior fellows are appointed by the Chairman with the approval of the Council. Senior fellows serve for two-year terms and may be reappointed.

### **Special Counsels**

Special Counsels are appointed by the Chairman, with the approval of the Council. They advise and assist the membership in the areas of their special expertise. They serve for 2-year terms and may be reappointed.

A full roster of the Conference's current membership is available at <https://www.acus.gov/about-members>

## **Staff**

The Administrative Conference has a small, full-time, career staff that serves under the Chairman. The staff conducts research, supports the work of Conference committees, organizes Conference events, works to implement Conference recommendations, provides information to Conference members and to the public, and otherwise carries forward the work of the Conference.

A full roster of the Conference's current staff is available at <https://www.acus.gov/about-staff>





## Performance Goals and Results

In accordance with OMB guidance, Conference management identified results-oriented performance goals for FY 2011 through FY 2015 that are based on the agency's strategic goals. As detailed in the following section, the Conference was highly successful in meeting its performance goals during FY 2015.

A full listing and description of past, current, and pending Conference projects and initiatives is accessible at <https://www.acus.gov/research-projects>, while additional information and materials from Conference workshops, symposia, and other collaborative events is accessible at <https://www.acus.gov/meetings-and-events>.

### Strategic Goals

#### PARTICIPATION

The Conference will expand citizen participation in the regulatory process through increased use of interactive communications technology and creative means of outreach, in order to provide essential information to government officials and to inform the public.

#### COLLABORATION

The Conference will study and promote the most responsive and efficient means of sharing authority and responsibility among the federal government, state and local governments, contractors, grantees, and citizens. This will include exploration of new models of collaborative governance as well as a more effective division of responsibility between government and the private sector.

#### INNOVATION

The Conference will seek new ideas that advance the core values of fairness and efficiency, and will study existing government programs to identify what works, what doesn't, and what's promising. Research will address the use of science, ensuring data quality, and performance evaluation.

#### EDUCATION

The Conference will bring together senior federal officials and outside experts to identify best practices and will advise agencies on revising their rulemaking and hearing processes, technology and management systems to deliver better results. The Conference will be a central resource for agencies by compiling and publishing guidance on solving mutual problems.





## Strategic Goal: PARTICIPATION

Expand public participation and increase transparency.

The Administrative Conference will expand citizen participation in the regulatory process through increased use of interactive communications technology, as well as by alternative means of outreach, in order to provide essential information to government officials and inform the public. The Administrative Conference will improve openness and transparency in government by promoting common standards and formats for information sharing and proposing updates to laws and rules written before the Internet era.

Performance Goal	Results Measure	FY 2015 Results
<p>1) <b><i>Fairness</i></b>            ACUS will encourage more widespread participation by stakeholders in its activities to ensure a fair representation of relevant viewpoints and will generally promote principles of fairness through its work.</p>	<p>Outreach to, and inclusion of, various stakeholders during the course of ACUS activities; and adoption of recommendations that promote fairness.</p>	<p>ACUS held multiple workshops to solicit stakeholder perspectives on ACUS recommendations and other activities.</p> <p>Two ACUS recommendations were adopted to facilitate public participation in the rulemaking process.</p>
<p>2) <b><i>Transparency</i></b>            ACUS will ensure compliance with applicable FACA procedures regarding transparency and will ensure that the process leading to recommendations is transparent to participants and the public.</p>	<p>Publication of required Federal Register notices prior to semi-annual meetings of the full ACUS Assembly; publication of relevant committee documents in a manner accessible to participants and the public; webcasts of committee and Assembly meetings to enhance access and transparency to all.</p>	<p>All required <i>Federal Register</i> notices were published in a timely fashion.</p> <p>All committee documents were made available to the public for comment within one day of circulation to the committee members.</p> <p>New webcasting capabilities were added to increase member participation.</p>
<p>3) <b><i>Access to Information</i></b>            ACUS will make available to all of its stakeholders a searchable library/database of ACUS documents and video recordings—both historical and current—to educate individuals about ACUS activities and information; and will ensure compliance with applicable Open Government and FOIA procedures.</p>	<p>Increased visits to ACUS website by stakeholders and other interested persons/groups; and full, prompt disclosure of information to FOIA requesters to the extent permitted by law.</p>	<p>ACUS employed new social media analytics that demonstrated a 100% increase in engagement from 2014.</p> <p>ACUS continued to adhere to a policy of full (allowable) disclosure under FOIA.</p> <p>ACUS received the top score from the Office of Information Policy (OIP) in every area of FOIA compliance for 2014 and had an average response time to FOIA requests of one day.</p> <p>To ensure a safe environment for online access and communication, ACUS became one of the first federal agencies to</p>





		require a secure (https) connection to its website.
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## Strategic Goal: COLLABORATION

Promote collaborative governance.

The Administrative Conference will study and promote the most responsive and efficient means of sharing authority and responsibility among the federal government, state and local governments, contractors, grantees, and citizens. This will include exploration of new models of collaborative governance as well as the most efficient division of responsibility between government and the private sector.

Performance Goal	Results Measure	FY 2015 Results
<p>1) <b>Public-Private Partnerships</b> ACUS will leverage its public-private partnerships to enhance collaboration and cooperation.</p>	Partnerships with private institutions, universities, and other federal agencies to aid in the development and implementation of ACUS recommendations and projects.	ACUS bestowed the <i>Gellhorn Innovation Award</i> for best practices to the Department of Housing and Urban Development for its <i>Rebuild By Design</i> program—an example of successful public-private partnerships.
<p>2) <b>International Cooperation</b> ACUS will engage in activities that promote better collaboration between U.S. and foreign regulatory agencies, and educate foreign counterparts about how to improve their administrative procedures.</p>	Outreach and education to foreign counterparts; recommendations, collaborations and events that establish best practices for enhancing cooperation between the U.S. Government and its foreign counterparts, particularly in the area of regulation.	ACUS staff held multiple meetings with officials from the EU to exchange information and perspectives on enhancing regulatory cooperation, achieving enhanced stakeholder input in the regulatory process in the EU and US, and promoting more effective coordination among EU and US scientists working on regulatory problems.
<p>3) <b>Alternative Dispute Resolution (ADR)</b> ACUS will review current ADR programs, identify potential improvements, and educate stakeholders about the benefits of ADR techniques.</p>	Programs and activities that promote the use of ADR in government.	ACUS undertook a major study of the use of ombudsmen by federal agencies.  ACUS consistently participated in the Interagency ADR Working Group.
<p>4) <b>Best Practices</b> ACUS will identify and/or develop best practices in government and share that information with agencies, or train agencies how to adopt the best practices.</p>	Recommendations and/or reports that promote adoption of best practices that produce cost savings, increased efficiency, or increased fairness; recognition of agencies that develop innovative best practices.	Four ACUS recommendations recommended best practices for agencies.  SSA adopted a final rule implementing ACUS’s recommendation, endorsed by key members of Congress, to require the submission of all evidence in social security disability cases.





		ACUS’s recommendation to provide public access to otherwise inaccessible private standards incorporated into federal regulations was implemented by a final rule issued by the Office of the Federal Register.
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## Strategic Goal: INNOVATION

Identify innovations to make government procedures more efficient, fair, timely, and data-driven.

The Administrative Conference will seek new ideas that advance the core values of fairness and efficiency, and will study existing government programs to identify what works, what doesn’t, and what’s promising. Because government action should be based on sound data, the Administrative Conference will improve the use of science, empirical data, and performance evaluation in regulations and administrative law, and the Conference’s own activities will be measured to demonstrate the value that they provide.

Performance Goal	Results Measure	FY 2015 Results
<p>1) <b>Efficiency</b> ACUS will work to streamline the administrative process through research and innovations that maximize the government’s capacity in a cost-effective manner.</p>	<p>Reports and/or recommendations on innovative administrative procedure reforms that help agencies put their limited resources to the best use. Outcomes measured by agencies adopting these reforms and concomitant increases in efficiency.</p>	<p>ACUS adopted a recommendation that urges agencies to build in plans “that will later make retrospective review easier and more effective” when designing new regulations.</p> <p>ACUS prepared a report to the Social Security Administration suggesting administrative reforms to improve the efficiency of the system for deciding social security disability appeals.</p>
<p>2) <b>Timeliness</b> ACUS will work across federal agencies to reduce backlogs and unnecessary delays in case and rule processing through better use of innovative technologies and collaborative governance techniques.</p>	<p>Reports and/or recommendations that aim to reduce delays in the administrative process. Outcomes measured by the affected agencies’ adoption of the recommended reforms and a reduction in backlogs and delays.</p>	<p>ACUS co-chaired a presidentially appointed workgroup to address the backlog of disability cases caused by SSA’s inability to hire a sufficient number of administrative law judges. Significant administrative reforms were undertaken immediately upon the conclusion of the workgroup’s activities.</p>
<p>3) <b>Technology</b> ACUS will identify and minimize procedural, legal and logistical obstacles that prevent access to the government’s regulatory and adjudicatory activities</p>	<p>Reports and/or recommendations on best practices to eliminate barriers to access.</p>	<p>ACUS continued its work on best practices for use of video conferencing at adjudication hearings. SSA reported that, in accord with an ACUS recommendation, it conducted over</p>





through better use of innovative technologies.		a quarter of its disability hearings by video, at great cost savings.
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## Strategic Goal: EDUCATION

Convene leaders to share information, solve common problems, and encourage adoption of promising innovations government-wide.

The Administrative Conference will bring together senior federal officials and outside experts to identify best practices and will advise agencies on revising their rulemaking and hearing processes, technology, and management systems to deliver better results. The Conference will be a central resource for agencies by compiling and publishing data and guidance on solving mutual problems.

Performance Goal	Results Measure	FY 2015 Results
<p>1) <b>Reconvene Regular Meetings of the Council of Independent Regulatory Agencies (CIRA)</b> ACUS will provide an opportunity for these agencies to share information and solve common administrative problems.</p>	Convene four meetings per year of the Council of Independent Regulatory Agencies (CIRA).	ACUS convened four CIRA meetings.
<p>2) <b>Workshops</b> ACUS will convene and participate in a series of workshops, meetings and symposia to share knowledge and best government practices.</p>	Convene two to four workshops per year and participate in events that educate the public about ACUS programs.	<p>ACUS convened six workshops and symposia.</p> <p>ACUS staff participated in numerous panels sponsored by the American Bar Association and other organizations at which ACUS recommendations and programs were highlighted.</p>
<p>3) <b>Publications</b> ACUS will publish electronic and print media to educate and engage government and private sector stakeholders about ACUS activities; and ACUS will publish useful documents/guides/reports on government procedure and structure.</p>	A website that is compliant with federal requirements, incorporates innovative tools such as social media, and is useful, as measured by increasing number and duration of Web visits and user surveys. Published documents/guides/reports.	<p>ACUS's website remains FISMA compliant.</p> <p>ACUS staff and leaders in the field of administrative law contributed articles and a listing of ACUS historical achievements for a special edition of <i>The George Washington Law Review</i>.</p> <p>ACUS and Stanford Law School published a database cataloging federal administrative adjudication across government agencies.</p>





## ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

		<p>ACUS prepared a report advising SSA on how to best articulate the scope of symptom evaluation in its adjudication process to improve consistency and reduce complaints of bias.</p> <p>ACUS prepared a report for SSA on state guardianship laws and court practices to improve information sharing between SSA and state courts.</p>
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## Agency Management and Compliance

The Conference's management provides strategic planning and operational controls for the agency, including financial and administrative services, technology management, and computer and information security. Management also ensures compliance with both the internal and external policies, procedures, and legal requirements of these vital program areas.

### **Financial Audit**

The Conference undergoes annual audits of its financial statements, including reviews of the adequacy of the agency's internal control systems. The Conference's financial statements have been prepared from the books and records of ACUS in accordance with generally accepted accounting principles (GAAP) for Federal entities and formats prescribed by the Office of Management and Budget (OMB). The statements are in addition to the internal financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

Each independent audit, including FY 2015, has concluded that the Conference's statements are presented fairly in all material aspects and in accordance with generally accepted accounting principles. In addition, independent auditor sampling found no instances of noncompliance with laws and regulations.

During both FY 2014 and 2015, the General Services Administration Office of the Chief Financial Officer (GSA OCFO) provided payroll services, and the United States Department of Agriculture (USDA) provided accounting, disbursement, and financial statement preparation services for the agency. Accordingly, certain aspects of the Conference's financial management system are largely influenced by the practices and procedures of the GSA and USDA. Therefore, the Conference's FY 2014 financial statements were restated in mid-2015 to reflect the correction of a material misstatement due to an error in accounting for interagency transactions. The error, and subsequent need to restate FY 2014 financials, was detected by agency management in accordance with internal controls for overseeing the accounting services for which the Conference contracts with other federal agencies. A more expansive rationale for the Conference's restatement of FY 2014 financials and the associated general ledger transactions are detailed in the independent auditor's FY 2015 report and in Note 13 of the Conference's *FY 2015 Financial Notes* which accompany this document. As noted in the independent audit report, the material weakness is not deemed to be a deficiency in the design of internal controls.

Generally, the Conference's system of internal controls is functioning well and provides reasonable assurance as to the efficiency and effectiveness of programs and operations, reliability of financial and performance information, and compliance with laws and regulations.

The full independent auditor's report for FY 2015 is included as an appendix to this document.





## **Computer and Information Security Program**

Since FY 2010, the Conference has undergone independent evaluations of its computer and information security programs, consistent with the Federal Information Security Management Act (December 17, 2002), which was signed into law as part of the E-Government Act (Public Law 107-347). These evaluations are conducted under the requirements of the Government Information Security Reform Act, as well as the Office of Management and Budget's (OMB) implementing guidelines.

ACUS's FISMA audits have revealed no material weakness in policies and procedures.





ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

## Appendix A

# Report on the Financial Statements Audit of the General Fund of the Administrative Conference of the United States for the Years Ended September 30, 2015 and 2014



# **ADMINISTRATIVE CONFERENCE OF THE UNITED STATES**

## **GENERAL FUND**



## **FINANCIAL STATEMENTS**

**As of And For The Years Ended September 30, 2015 and 2014**

**Independent Auditor's Report**

Chairman and Executive Director  
Administrative Conference of the United States  
Washington, DC

**Report on the Financial Statements**

We have audited the accompanying balance sheets of the Administrative Conference of the United States (the Conference) as of September 30, 2015 and 2014, and the related statements of net cost, changes in net position, and budgetary resources, for the years then ended.

**Opinion on Financial Statements**

In our opinion, the financial statements, including the accompanying notes present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the financial position of the Conference as of September 30, 2015 and 2014, and its net costs; changes in net position; and budgetary resources (the last as restated for 2014) for the years then ended.

As discussed in Note 13 to the financial statements, the fiscal year (FY) 2014 Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position, have been restated to correct a material misstatement. The corrections related to errors in accounting of interagency transactions. We previously issued our auditor's report dated November 12, 2014, on the FY 2014 financial statements. The section of our FY 2014 auditor's report dealing with the FY 2014 balance sheet, statement of net cost, and statement of changes in net position, should no longer be relied upon, as those statements were materially misstated. Our FY 2014 audit's report is replaced by this report, which provides our opinion on the FY 2014 restated financial statements.

**Consideration of Internal Control**

In planning and performing our audit, we considered the Conference's internal control over financial reporting as a basis for designing our auditing procedures and to comply with the Office of Management and Budget (OMB) audit guidance for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on internal control and compliance or on management's assertion on internal control included in the MD&A. Accordingly, we do not express an opinion on internal control over financial reporting and compliance or on management's assertion on the effectiveness of the entity's internal control over financial reporting, or on management's assertion on internal control included in the MD&A.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a deficiency, or 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. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that the design or operation of one or more internal controls will not allow management or employees, in the normal course of performing their duties, to promptly detect or prevent errors, fraud, or noncompliance in amounts that would be material to the financial statements.

Our consideration of internal control over financial reporting was for the purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the Conference's internal control that might be material weaknesses or significant deficiencies. However, in accordance with Government Auditing Standards, we are required to report significant deficiencies and material weaknesses in internal control identified during our audit. During our audit of the Conference's financial statements this year, we identified a material weakness in internal control related to financial reporting as detailed below.

***Financial Reporting:*** The Commission's fiscal year 2014 financial statements were restated to reflect the correction of a material misstatement due to errors in accounting for interagency transactions. As part of the Commission's internal controls, the Commission engages the U.S. Department of Agriculture (USDA) through an interagency agreement to provide financial management reporting, accounting and budget support that includes fiscal year-end financial statement preparation. The accounting error was identified by the Commission's management working with the USDA during fiscal year 2015. However, the error was not appropriately identified by the time the fiscal year 2014 financial statements were issued (November 12, 2014). In addition, the fiscal year 2014 errors were not properly reflected in the 2015 year-end comparative financial statements as fiscal year 2014 amounts were not restated. This material weakness is deemed to be a deficiency of the operation of the Commission's internal control and not the design.

### **Compliance With Laws and Regulations**

As part of obtaining reasonable assurance about whether the Administrative Conference of the United States's financial statements are free from material misstatement, we also performed tests of its compliance with certain provisions of laws and regulations for fiscal year 2015. 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 under Government Auditing Standards.

### **Consistency of Other Information**

The information in the Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

The information in the Chairman's Message, Performance Section, and Other Accompanying Information is presented for purposes of additional analysis and is not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

### **Responsibilities**

**Management's Responsibilities.** Management is responsible for preparing the financial statements; establishing and maintaining effective internal control over financial reporting; and complying with laws, regulations, contracts, and grant agreements applicable to the Administrative Conference of the United States.

**Auditors' Responsibilities.** Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management

and Budget (OMB) Bulletin No. 15-02, Audit Requirements for Federal Financial Statements. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit 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 do not express such an 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.



Rocha & Company, PC  
Gaithersburg, Maryland

*December 18, 2015*

# ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

## BALANCE SHEET

As Of September 30, 2015 and 2014

	2015	2014
<b>Assets:</b>		
<b>Intragovernmental:</b>		
Fund Balance With Treasury (Note 2)	\$ 702,833.44	\$ 761,832.69
<b>Total Intragovernmental</b>	<b>702,833.44</b>	<b>761,832.69</b>
<b>Assets With The Public:</b>		
Accounts Receivable, net (Note 3)	516.46	226.62
General Property, Plant and Equipment (Note 4)	35.10	60,230.02
<b>Total Assets</b>	<b>\$ 703,385.00</b>	<b>\$ 822,289.33</b>
<b>Liabilities:</b>		
<b>Intragovernmental:</b>		
Other:		
Employer Contributions and Payroll Taxes Payable	\$ 12,262.04	\$ 10,068.33
Liability for Advances and Prepayments	233,540.03	130,523.30
<b>Total Intragovernmental</b>	<b>245,802.07</b>	<b>140,591.63</b>
<b>Liabilities With the Public:</b>		
Accounts Payable	30,955.95	11,395.00
Accrued Funded Payroll and Leave	52,194.30	44,314.76
Employer Contributions and Payroll Taxes Payable	2,241.17	1,991.56
Unfunded Leave	135,212.22	156,018.91
<b>Total Liabilities</b>	<b>\$ 466,405.71</b>	<b>\$ 354,311.86</b>
<b>Net Position:</b>		
Unexpended Appropriations - All Other Funds (Consolidated Totals)	365,639.95	75,063.04
Cumulative Results of Operations - All Other Funds (Consolidated Totals)	(128,660.66)	392,914.43
<b>Total Net Position - All Other Funds (Consolidated Totals)</b>	<b>236,979.29</b>	<b>467,977.47</b>
<b>Total Net Position</b>	<b>236,979.29</b>	<b>467,977.47</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 703,385.00</b>	<b>\$ 822,289.33</b>

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

**ADMINISTRATIVE CONFERENCE OF THE UNITED STATES  
STATEMENT OF NET COST**

For The Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Program Costs:</b>		
<b>Gross Costs</b>	3,454,579.02	3,516,217.72
<b>Less: Earned Revenue</b>	398,483.20	129,476.70
<b>Net Program Costs</b>	<u>3,056,095.82</u>	<u>3,386,741.02</u>
<b>Net Cost of Operations</b>	<u>\$ 3,056,095.82</u>	<u>\$ 3,386,741.02</u>

(Note 8)

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

**ADMINISTRATIVE CONFERENCE OF THE UNITED STATES**  
**STATEMENT OF CHANGES IN NET POSITION**  
**For The Years Ended September 30, 2015 and 2014**

FY 2015 (CY)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Consolidated Total
<b>Cumulative Results of Operations:</b>				
Beginning Balances		\$ 392,914.50		\$ 392,914.50
Adjustments:				
Corrections of errors	-	(488,476.77)		(488,476.77)
Beginning balance, as adjusted		(95,562.27)		(95,562.27)
<b>Budgetary Financing Sources:</b>				
Appropriations used		2,938,899.86		2,938,899.86
<b>Other Financing Sources (Non-Exchange):</b>				
Imputed financing		84,097.57		84,097.57
Total Financing Sources		3,022,997.43		3,022,997.43
Net Cost of Operations		3,056,095.82		3,056,095.82
Net Change		(33,098.39)		(33,098.39)
<b>Cumulative Results of Operations</b>		<b>(128,660.66)</b>		<b>(128,660.66)</b>
<b>Unexpended Appropriations:</b>				
Beginning Balance		204,539.81		204,539.81
Beginning Balance, as adjusted		204,539.81		204,539.81
<b>Budgetary Financing Sources:</b>				
Appropriations received		3,100,000.00		3,100,000.00
Appropriations used		(2,938,899.86)		(2,938,899.86)
Total Budgetary Financing Sources		161,100.14		161,100.14
Total Unexpended Appropriations		365,639.95		365,639.95
Net Position		236,979.29		236,979.29

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

**ADMINISTRATIVE CONFERENCE OF THE UNITED STATES**  
**STATEMENT OF CHANGES IN NET POSITION**  
**For The Years Ended September 30, 2015 and 2014**

FY 2014 (PY)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Consolidated Total
<b>Cumulative Results of Operations:</b>				
Beginning Balances		\$ 348,953.73		\$ 348,953.73
Beginning balance, as adjusted		348,953.73		348,953.73
<b>Budgetary Financing Sources:</b>				
Appropriations used		3,322,330.14		3,322,330.14
<b>Other Financing Sources (Non-Exchange):</b>				
Imputed financing		108,371.58		108,371.58
Total Financing Sources		3,430,701.72		3,430,701.72
Net Cost of Operations		3,386,741.02		3,386,741.02
Net Change		43,960.70		43,960.70
<b>Cumulative Results of Operations</b>		392,914.43		392,914.43
<b>Unexpended Appropriations:</b>				
Beginning Balance		1,147,393.18		1,147,393.18
Beginning Balance, as adjusted		1,147,393.18		1,147,393.18
<b>Budgetary Financing Sources:</b>				
Appropriations received		3,000,000.00		3,000,000.00
Other adjustments	-	(750,000.00)		(750,000.00)
Appropriations used		(3,322,330.14)		(3,322,330.14)
Total Budgetary Financing Sources		(1,072,330.14)		(1,072,330.14)
Total Unexpended Appropriations		75,063.04		75,063.04
Net Position		467,977.47		467,977.47

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

**ADMINISTRATIVE CONFERENCE OF THE UNITED STATES  
STATEMENT OF BUDGETARY RESOURCES**

For The Years Ended September 30, 2015 and 2014

	<u>2015</u> <u>Budgetary</u>	<u>2014</u> <u>Budgetary</u>
<b>BUDGETARY RESOURCES</b>		
Unobligated balance brought forward, October 1	\$ 560,366.31	\$ 1,366,687.12
Recoveries of prior year unpaid obligations (unobligated balances)	11,346.01	10,104.79
Other changes in unobligated balance	-	(750,000.00)
Unobligated balance from prior year budget authority, net	<u>571,712.32</u>	<u>626,791.91</u>
Appropriations (discretionary and mandatory)	3,100,000.00	3,000,000.00
Spending authority from offsetting collections	265,321.15	260,106.89
<b>Total budgetary resources</b>	<u><u>\$ 3,937,033.47</u></u>	<u><u>\$ 3,886,898.80</u></u>
 <b>STATUS OF BUDGETARY RESOURCES</b>		
Obligations incurred	\$ 3,486,148.76	\$ 3,326,532.49
Apportioned	365,617.71	229,523.56
Unapportioned	<u>85,267.00</u>	<u>330,842.75</u>
Unobligated balance brought forward, end of year	<u>450,884.71</u>	<u>560,366.31</u>
<b>Total budgetary resources</b>	<u><u>\$ 3,937,033.47</u></u>	<u><u>\$ 3,886,898.80</u></u>
 <b>CHANGE IN OBLIGATED BALANCE</b>		
Unpaid obligations, brought forward, October 1 (gross)	\$ 201,466.38	\$ 194,058.76
Obligations incurred	(Note9) 3,486,148.76	3,326,532.49
Outlays (gross) (-)	(3,424,320.40)	(3,309,020.08)
Recoveries of prior year unpaid obligations (-)	<u>(11,346.01)</u>	<u>(10,104.79)</u>
Unpaid obligations, end of year	(Note 10) 251,948.73	201,466.38
Obligated balance, start of year (net)	201,466.38	194,058.76
Obligated balance, end of year (net)	<u><u>\$ 251,948.73</u></u>	<u><u>\$ 201,466.38</u></u>
 <b>BUDGET AUTHORITY AND OUTLAYS, NET</b>		
Budget authority, gross (discretionary and mandatory)	\$ 3,365,321.15	\$ 3,260,106.89
Actual offsetting collections (discretionary and mandatory) (-)	<u>(265,321.15)</u>	<u>(260,106.89)</u>
Budget authority, net (discretionary and mandatory)	3,100,000.00	3,000,000.00
Outlays, gross (discretionary and mandatory)	3,424,320.40	3,309,020.08
Actual offsetting collections (discretionary and mandatory) (-)	<u>(265,321.15)</u>	<u>(260,106.89)</u>
Outlays, net (discretionary and mandatory)	<u><u>\$ 3,158,999.25</u></u>	<u><u>\$ 3,048,913.19</u></u>
Agency outlays, net (discretionary and mandatory)	<u><u>\$ 3,158,999.25</u></u>	<u><u>\$ 3,048,913.19</u></u>

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

## **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Reporting Entity**

The Administrative Conference of the United States (Conference) is an independent agency of the Executive Branch of the United States Government. The Conference has been re-established after an absence of over 14 years. ACUS was created in 1968 as an independent agency of the federal government, for the purpose of developing recommendations to improve the fairness and effectiveness of the rulemaking, adjudication, licensing, and investigative functions of federal agency programs.

The Conference ceased operations on October 31, 1995, due to termination of funding by Congress, but the statutory provisions that established the Conference were not repealed. Subsequently, Congress reauthorized the Conference in 2004 and again in 2008. The 2004 legislation expanded the responsibilities of the Conference to include specific attention to achieving more effective public participation and efficiency, reducing unnecessary litigation, and improving the use of science in the rulemaking process. Funding was approved in 2009, and the Conference was officially re-established in April 2010, when the Senate confirmed President Obama's nominee, Paul Verkuil as Chairman.

### **(b) Basis of Presentation**

These financial statements have been prepared from the accounting records of the Conference in accordance with Generally Accepted Accounting Principles (GAAP), as promulgated by the Federal Accounting Standards Advisory Board (FASAB); and the form and content for entity financial statements specified in Office of Management and Budget's (OMB) Circular A-136, "*Financial Reporting Requirements*." GAAP for Federal entities is the hierarchy of accounting principles prescribed in Statement of Federal Financial Accounting Standards (SFFAS) 34, "*The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards issued by the Financial Accounting Standards Board*."

OMB Circular A-136, requires agencies to prepare principal statements, which include a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2015 and 2014, amounts of future economic benefits owned or managed by the Conference (assets); amounts owed by the Conference (liabilities); and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the Conference's operations, which includes costs of identifiable supporting services provided by other federal agencies. The Statement of Budgetary Resources reports the Conference's budgetary activity.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Basis of Accounting**

Transactions are recorded on the accrual basis of accounting in accordance with OMB Circular A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to the receipt or payment of cash.

**(d) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**(e) Budgets and Budgetary Accounting**

The Conference follows standard federal budgetary accounting policies and practices in accordance with OMB Circular A-11, “*Preparation, Submission, and Execution of the Budget*,” dated July 2015. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. The Conference recognizes budgetary resources as assets when cash (funds held by Treasury) is made available through warrants and when spending authority from the offsetting collection is incurred.

**(f) Revenues and Other Financing Sources**

The Conference received the funding necessary to support its programs, from appropriations in FY2010, FY2011, FY2012, FY2013, FY2014 and FY2015. None of the appropriations are “earmarked” funds.

**(g) Imputed Financing Sources**

In certain instances, operating costs of the Conference are paid out of funds appropriated to other federal agencies. In accordance with SFFAS 5, “*Accounting for Liabilities of the Federal Government*,” all expenses of a federal entity should be reported by that agency, regardless of whether the agency will ultimately pay those expenses. Amounts for certain expenses of the Conference, which will be paid by other federal agencies, are recorded in the Statement of Net Cost. A related amount is recognized in the Statement of Changes in Net Position as an imputed financing source. The Conference records imputed expenses and financing sources for employee retirement plan contributions, group term life insurance, and health benefit costs, which are paid by the Office of Personnel Management (OPM).

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Personnel Compensation and Benefits**

Salaries and wages of employees are recognized as accrued payroll expenses and related liabilities, as earned. These expenses are recognized as a funded liability when accrued. Annual leave is accrued as it is earned by employees, and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned, but unused annual leave, since from a budgetary standpoint, this annual leave will be paid from future appropriations when employees use the leave. The amount accrued is based upon current pay rates for employees. Sick leave and other types of leave that are not vested are expensed when used, and no future liability is recognized for these amounts.

The Conference's employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS); or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. The Conference and its employees both contribute to these systems. Although the Conference funds a portion of the benefits under CSRS and FERS, and makes the necessary payroll withholdings, it does not report assets associated with these benefit plans, in accordance with SFFAS 5.

For CSRS employees, the Conference contributes an amount equal to 7% of the employees' basic pay, to the plan. For FERS employees, the Conference contributes an amount equal to 13.2% of the employees' basic pay to the plan.

Both CSRS employees and FERS employees are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a defined contribution retirement plan, intended to supplement the benefits provided under CSRS and FERS. For FERS employees, the Conference contributes an amount equal to 1% of the employee's basic pay to the TSP, and matches employee contributions up to an additional 4%. CSRS employees receive no matching contribution from the Conference.

OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees, government-wide, including the Conference's employees. The Conference has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by the Conference and its covered employees. The estimated cost of pension benefits is based on rates issued by OPM.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Personnel Compensation and Benefits (continued)**

Employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain “basic life” term life insurance, with the employee paying two-thirds of the cost, and the Conference 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. OPM administers the FEGLI program, and is responsible for the reporting of related liabilities. Each fiscal year, OPM calculates the U.S. Government’s service cost for the post-retirement portion of basic life coverage. Because the Conference’s contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Conference has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

**(i) Assets and Liabilities**

Intra-governmental assets and liabilities arise from transactions between the Conference and other Federal entities.

Funds with the U.S. Treasury comprise the majority of assets on the Conference’s balance sheet. All other assets result from activity with non-federal sources.

Liabilities represent amounts that are likely to be paid by the Conference as a result of transactions that have already occurred. The accounts payable portion of liabilities consists of amounts owed to federal agencies and commercial vendors, for goods, services, and other expenses received, but not yet paid.

Liabilities covered by budgetary or other resources are those liabilities of the Conference for which Congress has appropriated funds, or funding is otherwise available to pay amounts due.

**(j) Fund Balance with Treasury**

The U.S. Department of the Treasury (Treasury) processes the Conference’s receipts and disbursements. Fund Balance with Treasury is the aggregate amount of the agency’s accounts with Treasury for which the agency is authorized to liquidate obligations, pay funded liabilities, and make expenditures. The fund balance is increased through the receipt of Treasury warrants for appropriations. The Fund Balance with Treasury is reduced through non-expenditure Treasury Warrants for recissions, disbursements, and other expenditure cash outflows of funds.

The Conference’s funds with the U.S. Treasury are cash balances from appropriations as of the fiscal year-end from which the Conference is authorized to make expenditures and pay liabilities resulting from operational activity.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Property, Plant, and Equipment (PPE)**

PPE consists of capitalized equipment, furniture and fixtures, and software. There are no restrictions on the use or convertibility of property, plant, or equipment.

The Conference capitalizes PPE with a useful life of at least two (2) years and individually costing more than \$5,000 (\$15,000 for leasehold improvements). Bulk purchases of lesser value items are capitalized when the aggregate cost is \$10,000 or greater.

Assets are depreciated on a straight-line basis over the estimated used life of the property. Information Technology (IT) equipment and software is depreciated over a useful life of five (5) years. All other equipment is depreciated over a five (5) year useful life, and leasehold improvements are depreciated over the seven (7) years, or the remaining life of the lease.

**(l) Prepaid and Deferred Charges**

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

**(m) Liabilities**

Liabilities represent amounts expected to be paid as the result of a transaction or event that has already occurred. Liabilities covered by budgetary resources are liabilities incurred, which are covered by realized budgetary resources as of the balance sheet date. Available budgetary resources include new budget authority, spending authority from the offsetting collections, recoveries of unexpired budget authority through downward adjustments of prior year obligations, and unobligated balances of budgetary resources at the beginning of the year. Unfunded liabilities are not considered to be covered by such budgetary resources. Examples of unfunded liabilities are actuarial liabilities for future Federal Employees' Compensation Act payments and annual leave. The Government, acting in its sovereign capacity, can abrogate liabilities arising from other than contracts.

**(n) 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 Conference recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings and environmental 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.

Administrative Conference of the United States  
Notes to Financial Statements  
September 30, 2015

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) Net Position**

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent amounts of budget authority to include unobligated or obligated balances not rescinded or withdrawn. Cumulative results of operations are comprised of the following: (1) the difference between revenues and expenses, (2) the net amount of transfers of assets in and out, without reimbursement; and (3) donations, all since inception of the fund(s).

**NOTE 2 – FUND BALANCE WITH TREASURY**

The Conference's funds with the U.S. Treasury consist only of appropriated funds. In FY 2015, the Conference received a multi-year appropriation of \$3,100,000. The status of these funds as of September 30, 2015 is as follows:

	2015	2014
A. Fund Balance with Treasury		
General Fund	\$ 702,833.44	\$ 761,832.69
Total	\$ 702,833.44	\$ 761,832.69
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	365,617.71	229,523.56
b) Unavailable	85,267.00	330,842.75
2) Obligated Balance not yet Disbursed	251,948.73	201,466.38
Total	\$ 702,833.44	\$ 761,832.69

Administrative Conference of the United States  
Notes to Financial Statements  
September 30, 2015

**NOTE 3 – ACCOUNTS RECEIVABLE**

The line item represents the combined balance of Accounts Receivable Claims from Associates and the Accounts Receivable Debt Referred for FY 2015.

	2015	2014
Accounts Receivable	\$ 516.46	\$ 226.62
Total Accounts Receivable With the Public	\$ 516.46	\$ 226.62

**NOTE 4 - GENERAL PROPERTY, PLANT AND EQUIPMENT, NET**

The Conference's total cost, accumulated depreciation, and net book value for PPE for the year ended September 30, 2015 is as follows.

	2015	Equipment	Furniture & Fixtures	Software	Total
Cost		\$ 335,581.61			\$ 335,581.61
Accum. Depr.		\$ (335,546.51)			\$ (335,546.51)
Net Book Value		\$ 35.10	\$ -	\$ -	\$ 35.10

  

	2014	Equipment	Furniture & Fixtures	Software	Total
Cost		\$ 335,581.61			\$ 335,581.61
Accum. Depr.		\$ (275,351.59)			\$ (275,351.59)
Net Book Value		\$ 60,230.02	\$ -	\$ -	\$ 60,230.02

Administrative Conference of the United States  
Notes to Financial Statements  
September 30, 2015

**NOTE 5 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES**

Liabilities of the Conference are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2015, the Conference had liabilities covered by budgetary resources of \$331,193.49 and liabilities not covered by budgetary resources of \$135,212.22. As of September 30, 2014, the Conference had liabilities covered by budgetary resources of \$198,292.95 and liabilities not covered by budgetary resources of \$156,018.91.

As of September 30, 2015, liabilities covered by budgetary resources are composed of Accounts Payable of \$30,955.95; Liability for Advances of \$233,540.03; Employer Contributions and Payroll Taxes Payable of \$14,503.21; and Accrued Funded Payroll and Leave of \$52,194.30. As of September 30, 2014, liabilities covered by budgetary resources are composed of Accounts Payable of \$11,395; Disbursements in transit of \$130,523.30; Employer Contributions and Payroll Taxes Payable of \$12,059.89; and Accrued Funded Payroll and Leave of \$44,314.76.

	<u>2015</u>	<u>2014</u>
With the Public		
Other	<u>135,212.22</u>	<u>156,018.91</u>
Total liabilities not covered by budgetary resources	<u>135,212.22</u>	<u>156,018.91</u>
Total liabilities covered by budgetary resources	<u>331,193.49</u>	<u>198,292.95</u>
Total Liabilities	<u><u>\$ 466,405.71</u></u>	<u><u>\$ 354,311.86</u></u>

Administrative Conference of the United States  
Notes to Financial Statements  
September 30, 2015

**NOTE 6 – OTHER LIABILITIES**

Other liabilities with the public for fiscal year 2015 consist of Accrued Funded Payroll and Leave of \$52,194.30; Unfunded leave of \$135,212.22; and Employer Contributions and Payroll Taxes Payable – TSP of \$2,241.17, Other Intragovernmental liabilities consist of Employer Contributions and Payroll Taxes Payable of \$12,262.04; and Liability for Advances and Prepayments of \$233,540.03.

Other liabilities with the public for fiscal year 2014 consist of Accrued Funded Payroll and Leave of \$44,314.76; Unfunded leave of \$156,018.91; and Employer Contributions and Payroll Taxes Payable – TSP of \$1,991.56, Other Intragovernmental liabilities consist of Employer Contributions and Payroll Taxes Payable of \$10,068.33; and Liability for Advances and Prepayments of \$130,523.30.

	<u>With the Public</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2015	Other Liabilities	\$ 135,212.22	\$ 54,435.47	\$ 189,647.69
2014	Other Liabilities	\$ 156,018.91	\$ 46,306.32	\$ 202,325.23

	<u>Intragovernmental</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2015	Other Liabilities	\$ 233,540.03	\$ 12,262.04	\$ 245,802.07
2014	Other Liabilities	\$ 130,523.23	\$ 10,068.33	\$ 140,591.56

**NOTE 7 – LEASES**

**Entity as Lessee:**

The Conference leases office space, located at 1120 20<sup>th</sup> Street, NW; Suite 706 South, in Washington, DC. The lease was entered into, and became effective, on August 9, 2015; and has a term of 60 months. The lease terminates on August 8, 2020.

The following is a schedule of future minimum lease payments required by the lease:

	2016	\$ 414,253.96
	2017	\$ 418,139.24
	2018	\$ 422,141.09
	2019	\$ 426,262.99
	2020	\$ 352,732.41
Total Future Lease Payments		<u>\$2,033,529.69</u>

Administrative Conference of the United States  
Notes to Financial Statements  
September 30, 2015

**NOTE 8 – INTRAGOVERNMENTAL COSTS**

The portion of the Conference’s program costs related to Intragovernmental Costs and Costs with the Public, are shown as follows (note that as the Conference earns no revenue from its operations, gross and net costs are identical). Intragovernmental costs are costs incurred from exchange transactions with other federal entities (e.g., building lease payments to GSA). Costs with the Public are incurred from exchange transactions with non-Federal entities (i.e., all other program costs).

	Total 2015	Total 2014
Program A		
Intragovernmental costs	1,205,977.00	1,096,296.84
Intragovernment earned revenue	398,483.20	129,476.70
Total Intragovernment	807,493.80	966,820.14
Public costs	2,248,602.02	2,419,920.88
Net Costs	3,056,095.82	3,386,741.02

**NOTE 9 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED:  
DIRECT VS. REIMBURSABLE OBLIGATIONS**

The Conference is subject to apportionment. All direct obligations are category B, which is the amount of direct obligations incurred against amounts apportioned under category B on the latest SF 132. All reimbursable obligations are category B, which is the amount of reimbursable obligations incurred against amounts apportioned under category B on the latest SF132.

	Total 2015	Total 2014
Direct		
Category B	3,077,165.56	3,156,274.72
Reimbursable		
Category B	408,983.20	170,257.77
Total Obligations	3,486,148.76	3,326,532.49

Administrative Conference of the United States  
Notes to Financial Statements  
September 30, 2015

**NOTE 10 – UNDELIVERED ORDERS AT THE END OF THE PERIOD**

The amount of Unpaid Obligated Balance, Net, End of Period, shown on the Statement of Budgetary Resources includes obligations relating to Undelivered Orders (goods and services contracted for, but not yet received at the end of the year), and Accounts Payable (amounts owed at the end of the year by the Conference for goods and services received). The amount of each is as follows:

	Undelivered Orders	Accounts Payable		Unpaid Obligated Balance Net
2015	154,295.27	97,653.46	\$	251,948.73
2014	133,696.73	67,769.65	\$	201,466.38

**NOTE 11 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET**

Budgetary resources obligated are obligations for personnel, goods, services, benefits, etc. made by the Conference in order to conduct operations or acquire assets. Other (i.e., non-budgetary) financing resources are also utilized by the Conference in its program (proprietary) operations. For example, spending authority from offsetting collections and recoveries are financial resources from the recoveries of prior year obligations (e.g., the completion of a contract where not all the funds were used) and refunds or other collections (i.e., funds used to conduct operations that were previously budgeted). An imputed financing source is recognized for future federal employee benefits costs incurred for Conference employees that will be funded by OPM. Changes in budgetary resources obligated for goods, services, and benefits ordered, but not yet provided, represents the difference between the beginning and ending balances of undelivered orders. (Note that goods and services received during the year based on obligations incurred in the prior year represent a cost of operations not funded from budgetary resources). Resources that finance the acquisition of assets, are budgetary resources used to finance assets, and not cost of operations (e.g., increases in accounts receivables or capitalized assets). Financing sources yet to be provided represents financing that will be provided in future periods for future costs that are recognized in determining the net cost of operations for the present period. Finally, components not requiring or generating resources, are costs included in the net cost of operations that do not require resources (e.g., depreciation and amortized expenses of assets previously capitalized).

Administrative Conference of the United States  
Notes to Financial Statements  
September 30, 2015

**NOTE 11 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET (CONTINUED)**

A reconciliation between budgetary resources obligated, and net cost of operations (i.e. providing an explanation between budgetary and financial (proprietary) accounting) is as follows: (Please note that in prior years, this information was presented as a separate financial statement (the Statement of Financing)):

	<b>FY 2015</b>	<b>FY 2014</b>
Budgetary Resources Obligated	3,486,148.76	3,326,532.49
Spending Authority from Recoveries and Offsetting Collections	(276,667.16)	(270,211.68)
Imputed Financing from Costs Absorbed by Others	84,097.57	108,371.58
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(276,581.74)	136,532.63
Resources that Finance the Acquisition of Assets	(289.84)	(149.19)
Financing Sources Yet to be Provided	(20,806.69)	18,544.03
Components Not Requiring or Generating Resources	60,194.92	67,121.16
Net Cost of Operations	\$3,056,095.82	\$3,386,741.02

Liabilities not covered by budgetary resources total \$135,212.22 and the change in components requiring or generating resources in future period shows \$20,806.69. The \$20,806.69 is the net decrease of future funded expenses – leave between appropriations of annual fund 2014 and annual fund 2015. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the increase in annual leave liability for which the budgetary resources will be provided in a subsequent period.

	<u>2015</u>	<u>2014</u>
Liabilities not covered by budgetary resources	135,212.22	156,018.91
Change in components requiring/generating resources	(20,806.69)	15,738.00

**NOTE 12 – SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 18, 2015, which is the date the financial statements were available to be issued.

Administrative Conference of the United States  
Notes to Financial Statements  
September 30, 2015

**NOTE 13- PRIOR PERIOD ADJUSTMENT DUE TO CORRECTION OF ERRORS**

A prior period adjustment was made related to an interagency agreement in the amount of \$129,476.77. The entry was to Expended Appropriations (USSGL Account Number 5700) and Unexpended Appropriations – Used (USSGL Account Number 3107). Entries to these accounts have to be made when costing expenditures related to reimbursable agreements. However, these entries were not made in FY 2014.

A second prior period adjustment was also made related to the interagency agreement in the amount of \$359,000. Specifically, in FY 2014 funds in the amount of \$359,000 were received and recorded as revenue without the associated services and expenses being delivered.

The impact of these changes was a decrease in the cumulative results of operations during FY 2014 from \$392,914 as previously stated, to (\$95,562.27) as restated. The amended cumulative results of operations balance of (\$95,652.27) brought forward from FY 2014 to FY 2015 reflects this change.

The effect of the restatement on each principal statement is detailed in the schedule below:

	<b>FY 2014</b>		<b>FY 2014</b>
<b>Balance Sheet</b>	<b>Previously Stated</b>	<b>Increase/Decrease</b>	<b>Restated</b>
Liability for Advances and Prepayments	\$ 130,524	\$ 358,999	\$ 489,523
Cumulative Results of Operations – All other funds	\$ 392,914	\$ (488,476)	\$ (95,562)
<b>Statement of Changes in Net Position</b>			
Appropriations used	\$ 3,322,330	\$ (129,477)	\$ 3,192,853