FEDERAL MINE SAFETY AND HEALTH
REVIEW COMMISSION

PERFORMANCE AND ACCOUNTABILITY REPORT,

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2011 AND 2010

Prepared By
Brown & Company CPAs, PLLC
November 8, 2011

FEDERAL MINE SAFETY AND HEALTH
REVIEW COMMISSION
PERFORMANCE AND ACCOUNTABILITY REPORT,

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FINANCIAL STATEMENTS
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FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

OFFICE OF THE CHAIRMAN

November 1, 2011

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of the Federal Mine Safety and Health Review Commission (the Commission), I am pleased to submit our Fiscal Year (FY) 2011 Performance and Accountability Report. This report provides performance information in keeping with the requirements of the Government Performance and Results Act of 1993 (GPRA) and the GPRA Modernization Act of 2010. It also includes audited financial statements and accompanying documentation mandated by the Accountability of Tax Dollars Act of 2002.

The Commission is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Federal Mine Safety and Health Act of 1977, as amended. Most of our cases involve civil penalties assessed against mine operators and address whether the alleged safety and health violations occurred, as well as the appropriateness of the proposed penalty. Other cases concern disputes between the Secretary of Labor and underground coal operators with respect to the contents of emergency response plans; miners' charges of discrimination based on their complaints regarding health or safety; and miners' requests for compensation after being idled by a mine closure order.

The Commission has been challenged by a significant and persistent increase in its caseload every year since FY 2006, when its inventory of cases at the trial level reached the unprecedented level of 2,758 cases. By the end of FY 2010, that inventory had grown to 18,170 cases. I am very happy to report that, as a result of increased staffing levels and process improvements made possible by the Supplemental Appropriations Act of 2010, the Commission ended FY 2011 with 15,817 trial level cases – the first year-to-year decrease in its inventory since FY 2004. I am confident of the accuracy and completeness of the data included in this report.

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There is still much work ahead of us. The Commission is deeply committed to our goal of providing just, speedy, and legally sound adjudication. We are aggressively exploring new, more efficient business practices to assist us in achieving that goal.

If you need any further information, please have a member of your staff contact me or the Commission's Executive Director, Lisa Boyd, at (202) 434-9905.

Respectfully,

Mary Lu Jordan

Mary Lu Jordan
Chairman

Federal Mine Safety and Health Review Commission
FY 2011 Performance Accountability Report

Management Discussion and Analysis

Overview

The Federal Mine Safety and Health Review Commission ("Commission") is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Federal Mine Safety and Health Act of 1977 ("Mine Act"), as amended. Section 113 of the Mine Act establishes the Commission and sets forth its responsibilities. The Commission does not regulate the mining industry, nor does it enforce the Mine Act. Those functions are delegated to the Secretary of Labor acting through the Mine Safety and Health Administration (MSHA).

Most cases filed with the Commission involve civil penalties assessed against mine operators by MSHA and address whether the alleged safety and health violations occurred, and, if so, the appropriate sanctions to be imposed. Other types of cases involve mine operators' contests of mine closure orders, miners' complaints of safety or health related discrimination, miners' applications for compensation after a mine is idled by a closure order, and review of disputes between MSHA and underground coal mine operators relating to those operators' mine emergency response plans.

Mission and Organization Structure

The Commission's mission is to provide just, speedy, and legally sound adjudication of proceedings authorized under the Mine Act, thereby enhancing compliance with the Act and contributing to the improved health and safety of the nation's miners. The Commission carries out its responsibilities through trial-level adjudication by the Commission's Office of Administrative Law Judges (ALJs) and appellate review of ALJ decisions by a five-member Review Commission appointed by the President and confirmed by the Senate. The Office of the General Counsel provides legal support to the Commission's appellate review. Commission operations, such as budget, procurement, human resources, and information technology, are supported by the Office of the Executive Director.

Once a case is filed with the Commission, it is given a docket number and referred to the Chief Administrative Law Judge. Thereafter, litigants in the case must submit additional filings before the case is assigned to an ALJ. To expedite the decisional process, the Chief ALJ may rule on certain motions and, where appropriate, issue orders of settlement, dismissal, or default. Otherwise, once a case is assigned to an individual judge, that judge is responsible for the case and rules upon motions and settlement proposals, schedules the case for hearing, holds the hearing, and issues a decision based upon the record. An ALJ's decision that is not reviewed becomes a final, non-precedential order of the Commission.

The 5-member Review Commission provides administrative appellate review based on the record. It may, in its discretion, review decisions issued by ALJ's when requested by a litigant, or it may, on its own initiative, direct cases for review. The Review Commission's decisions are precedential and appeals from those decisions are to the U.S. Courts of Appeals.

Key Challenges

The Commission has faced great challenges in recent years, as its caseload increased dramatically. From FY 2000 through FY 2005, the average number of new cases filed was 2,307 per year. However, beginning in FY 2006 the number of new cases filed increased steadily, and in FY 2010 and FY 2011 respectively, 11,087 and 10,593 new cases were filed. The Commission began FY 2011 with an inventory of 18,170 trial-level cases. In contrast, the average trial-level caseload from FY 2000 through FY 2004 was only 1,379.

H.R. 4899, the "Supplemental Appropriations Act, 2010, (P.L. 111-212), was enacted on July 29, 2010. Pursuant to that law, the Commission received $3,800,000, available for one year from the date of enactment for the purpose of reducing the backlog. Supported by the Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10), as well as this supplemental appropriation, the Commission took a number of steps to dispose of cases more efficiently and reduce the backlog. Most importantly, the Commission hired additional personnel, including six new full time equivalent judges and the staff to support their work.

In addition, the Commission actively explored the implementation of an electronic case management system to increase the speed and efficiency with which cases are processed. The Commission submitted a report to Congress on March 23, 2011, describing the options, costs and timelines associated with this project. The Commission has initiated pilot projects to increase the use of technology in case handling that will help to identify and ameliorate potential barriers to e-filing.

The Commission promulgated two final rules in FY 2011, both aimed at streamlining the adjudicatory process. On November 30, 2010, the Commission published in the Federal Register a final rule on settlement procedures. See 75 Fed. Reg. 73955. The goal of the rule is to make the settlement of cases more efficient and less time-consuming for Commission judges, by requiring that parties who file motions to approve settlement submit a proposed decision approving settlement with the motion. The rule generally requires the filing party to submit the motion and proposed order electronically. Between December 30, 2010, when the final rule took effect, through the end of FY 2011, over 7,200 settlement motions had been filed with the Commission pursuant to this new procedural rule.

On December 28, 2010, the Commission published in the Federal Register a final Simplified Proceedings rule setting forth procedures that simplify and streamline the processing of certain civil penalty proceedings. See 75 Fed. Reg. 81459. The final rule became effective on March 1, 2011. The Commission has established two new performance metrics to track the number of cases processed through Simplified Proceedings and the time it takes to dispose of those cases. The baseline for this metric will be established using data through the end of FY 2012.

The backlog reduction activities undertaken by the Commission have been highly productive, and case disposals at the trial level increased significantly in FY 2011. In FY 2010, Commission judges disposed of 7,132 cases. In FY 2011, with the additional staff and new backlog reduction initiatives underway, 12,944 cases were disposed of at the trial level. Timeliness also improved significantly, and all of the new performance goals established in FY 2010 for the Commission's Administrative Law Judges function were met.

As a result of the increasing number of cases disposed of by Commission judges, the number of cases appealed to the Review Commission has increased significantly. The scope of this increase in appeals, and the challenges it presents, are detailed later in this report in the discussion of the performance goals and results of the Review Commission function.

Performance Goals and Results

The Commission has set forth the following strategic goals: 1) to ensure expeditious, fair and legally sound adjudication of cases at the trial and appellate levels, and 2) to manage the Commission's human resources, operations, facilities, and systems to ensure a continually improving, effective and efficient organization.

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

Administrative Law Judges Function

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

The Commission received approximately 10,600 new case filings in FY 2011. The Commission estimated that, depending on experience, judges would dispose of 450-500 cases per year per judge. Actual case disposals depend largely on the complexity of the cases before each judge. The average rate of disposals per judge was higher than projected for FY 2011 because the Commission used its additional resources to identify and dispose of hundreds of relatively simple cases, including unassigned cases with pending settlement motions, and cases in which parties were held in default due to procedural deficiencies.

The following new performance goals were established for the Administrative Law Judges function in FY 2010.

PERFORMANCE MEASUREMENT MATRIX
OFFICE OF ADMINISTRATIVE LAW JUDGES*

	FISCAL YEAR								
	2006	**2007**	**2008**	**2009**	**2010**	**2011**		**Goal**	
	Actual	Actual	Actual	Actual	Actual	Goal	Actual	Met	Not Met
Average days from receipt to disposition of penalty cases*	188	223	274	409	499	550	524	√	
Percent of cases disposed of within 365 days of receipt*	81%	79%	71%	37%	27%	30%	33%	√	
Number of cases pending over 365 days	383	1,067	1,796	5,118	7,680	9,500	7,143	√	
Percent of cases pending over 365 days*	14%	26%	18%	36%	42%	49%	45%	√	
Percent of settlement orders issued within 60 days of settlement motion	99%	93%	82%	62%	50%	55%	77%	√	
Percent of dispositions under simplified proceedings**					--	Base -line	1.1%	n/a	
Average days from receipt to disposition under simplified proceedings**					--	Base -line	99 days	n/a	

* The timeframes above include time allowed under the Commission's Procedural Rules for the Secretary of Labor to file a petition (generally 45 days), time under the rules for an operator to answer (generally 30 days), and time granted by a judge when he or she stays a proceeding.
** Simplified proceedings procedural rule became effective March 1, 2011. Insufficient data were available for FY 2011, therefore baseline metrics will be established using data through FY 2012.

Review Commission Function

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

In recent years, the Review Commission's function has seen a significant increase in the number of filings of both default and substantive cases. The trend of an increased number of petitions being filed for substantive review is likely to continue for the foreseeable future, as the Commission's judges issue a greater number of decisions in the course of addressing the Commission's case backlog. In FY 2008, 8 petitions for review of judges' decisions were filed with the Commission, and 4 of those petitions were granted. In FY 2009, 14 petitions for review of judges' decisions were filed with the Commission, and 10 of those petitions were granted. In FY 2010, 32 petitions were filed with the Commission, and 19 of the petitions were granted. In FY 2011, 66 petitions were filed with the Commission, and 43 of the petitions were granted.

The increase in petitions filed by parties and granted by the Review Commission has a significant impact on the Office of General Counsel (OGC), which is responsible for conducting the initial research in substantive cases and preparing draft opinions for Commission members.

New performance metrics were established in FY 2010 for the Review Commission function. The two percentage goals for FY 2011 regarding the aging of substantive cases (undecided cases 12—18 months and undecided cases over 18 months) were both met. However the two corresponding goals for the number of such cases were not met. This is a result of the significant increase in the total number of substantive cases before the Commission.

In addition, during FY 2011, the high number of default cases filed before the Review Commission continued to be a major challenge. Historically, the number of motions to reopen filed by operators with the Commission has been fewer than 50 per year. However, the number of motions to reopen filed with the Commission increased substantially from 68 in FY 2007 to 177 in FY 2008 – a 2.5 fold increase in such cases. Since then, the number of motions to reopen has remained steady at about 200 per year. Each default case must be carefully analyzed by an OGC attorney-advisor, who then prepares a draft order for consideration by the Commissioners.

During FY 2011, the Commission dedicated additional resources to expediting decisions in default cases, and succeeded in significantly decreasing the number of such undecided cases. The Review Commission function met its goal regarding the number of undecided default cases over six months of age. However, as a result of its success in reducing the total number of undecided default cases, the goal of at most 20% of such cases being over six months old was not met. After receiving additional resources, the Commission was able to develop new procedures for disposing of incoming default cases. Because this significantly reduced the total number of pending default cases, the percentage of cases six months or older remaining on our docket increased slightly.

OGC plays an important role in handling substantive cases that have been accepted for review by the Commissioners. The OGC attorneys also perform other duties, such as responding to FOIA requests, ethics counseling and training, review of financial disclosure forms, and equal employment opportunity counseling and training. Those duties have substantially increased with the size of the Commission's staff. In addition, OGC is primarily responsible for formulating and drafting the Commission's rulemaking initiatives.

New performance measures and goals have been established for the Review Commission function. Most of the new metrics were established in FY 2010 for FY 2011 and beyond. Therefore FY 2010 provides the baseline. Two new metrics were added in FY 2011 to capture the age of substantive decisions issued by the Review Commission. The baseline for these two metrics will be established using FY 2011 data.

PERFORMANCE MEASUREMENT MATRIX
COMMISSION REVIEW FUNCTION

	FISCAL YEAR								
	2006	**2007**	**2008**	**2009**	**2010**	**2011**		**Goal**	
	Actual	Actual	Actual	Actual	Actual	Goal	Actual	Met	Not Met
OBJECTIVE: Issue opinions in substantive cases accepted for review in a timely manner									
Undecided substantive cases over 18 months of age	1	0	0	0	2	3	5		√
Percent of undecided substantive cases over 18 months of age	*	n/a	n/a	n/a	7%	10%	10%	√	
Undecided substantive cases 12—18 months of age	0	0	0	0	9	6	8		√
Percent of undecided substantive cases 12—18 months of age	n/a	n/a	n/a	n/a	32%	20%	15%	√	
Decisions in substantive cases greater than 18 months of age**	*	*	*	*	*	Base-line	7	n/a	
Percent of substantive decisions greater than 18 months of age**	*	*	*	*	*	Base-line	44%	n/a	
OBJECTIVE: Issue orders in default cases in a timely manner									
Undecided default cases over 6 months of age	*	*	*	*	36	20	19	√	
Percent of undecided default cases over 6 months of age	*	*	*	*	38%	20%	24%		√

* Data not available.
** New metric established for FY 2012.

Office of the Executive Director Function

The OED provides administrative services to support the Commission in fulfilling its mission and strategic goals. The primary functions are financial management, human resources, procurement and contracting, IT, facilities management, and general administrative service support.

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

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

Procurement and contracting, another vital function of OED, covers specifics such as maintaining a simplified acquisition program for supplies and services, contract implementation and oversight, and coordination of services and supplies.

IT, which falls under this office, entails help desk functions, network administration, policy formulation for IT, and telecommunication.

The facilities management covers property and space management, organization management, and physical security.

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

Analysis of Financial Statements

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

The Commission has contracted with the Bureau of Public Debt, Administrative Resource Center, for accounting services since 1998. The Administrative Resource Center prepared the Commission's FY 2011 financial statements, which include comparative data for FY 2010. The principal financial statements include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources.

Analysis of the Balance Sheet

The Commission's assets in fiscal year 2011 were $3,548,843 as of September 30, 2011. The Fund Balance with Treasury of $3,516,313 represents the Commission's largest asset as of September 30, 2011. This is a decrease of approximately 49 percent from fiscal year 2010 and represents approximately 99 percent of the agency's total assets. Property, Equipment, and Software accounts for approximately 1 percent of the Commission's total assets as of September 30, 2011. The net fixed asset value of $31,098 equals the cost less accumulated depreciation and represents the current book value of those assets.

The Commission's liabilities in fiscal year 2011 totaled $1,184,750 as of September 30, 2011. This is an increase of $235,996 from the fiscal year 2010 balance of $948,754. Accounts payable balance at September 30, 2011, was $179,229, an increase of $48,067 from September 30, 2010. Accrued payroll liabilities, payroll taxes payable, and unemployment insurance increased $96,156 in 2011. Unfunded annual leave increased $91,773 in 2011 from 2010. Unfunded annual leave represents approximately 39 percent of total agency liabilities.

Net position is the difference between total assets and total liabilities. The total net position for fiscal year 2011 decreased by $3,647,580 from fiscal year 2010.

Analysis of Statement of Net Cost

The Statement of Net Cost shows the net cost of operations for the agency, and it is broken out between the Commission's two major functions, Administrative Law Judges and Review Commission. The total net cost of operations in 2011 was $14,379,783, which is an increase of $3,963,395, or 38 percent, over the 2010 net cost of operations of 10,416,388.

Analysis of the Statement of Changes in Net Position

The Statement of Changes in Net Position reports the change in the agency's net position during the reporting period. The net position consists of two components, the unexpended appropriations and the cumulative results of operations. The Net Position decreased $3,647,580 in 2011 from 2010, a change of approximately 60 percent.

Analysis of the Statement of Budgetary Resources

The Statement of Budgetary Resources presents how the budgetary resources were made available and the status of the budgetary resources at the end of the reporting period. The total budgetary resources must always equal the total status of budgetary resources. For fiscal year 2011, the Commission had total budgetary resources of $15,961,529, which is $468,859 more than in 2010.

Management Assurances

Systems, Controls, and Legal Compliance

The Commission is responsible for establishing and maintaining effective internal control over financial reporting which includes safeguarding assets and complying with applicable laws and regulations. As a micro independent agency, the Commission must rely heavily on the systems and controls provided by servicing agencies to meet the OMB's guidelines and the requirements of law with respect to financial management, accounting systems, and financial reporting. These services are supplemented by internal control procedures within the Commission sufficient to assure that the performance and financial data included in this audit report are complete and reliable.

All financial data reported was obtained from the FY 2011 accounting reports prepared by the Bureau of Public Debt, the Commission's accounting servicing provider, and the performance data on case intake and dispositions has been verified by Commission managers. There are no material inadequacies or non-conformance in either the completeness or reliability of the data reported.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Federal Mine Safety and Health Review Commission, pursuant to the requirements of 31 U.S.C. 3515 (b).

The statements have been prepared from the books and records of the Commission in accordance with Generally Accepted Accounting Principles (GAAP) for Federal entities and the formats prescribed by OMB. The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2011 AND 2010

Prepared By
Brown & Company CPAs, PLLC
November 8, 2011

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

We have audited the accompanying balance sheet of the Federal Mine Safety and Health Review Commission (FMSHRC) as of September 30, 2011 and 2010 and the related statements of net cost, changes in net position, and budgetary resources, for the years then ended (collectively referred to as the financial statements). These financial statements are the responsibility of FMSHRC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements,* as amended. Those standards and OMB Bulletin No. 07-04, as amended, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the FMSHRC as of September 30, 2011 and 2010 and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *U.S. Government Auditing Standards* and OMB Bulletin No. 07-04, as amended, we have also issued our reports dated November 8, 2011 on our consideration of the FMSHRC internal control over financial reporting and its compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with *U.S. Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by OMB Circular A-136, *Financial Reporting Requirements*, as revised, that considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America
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which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Brown & Company

Largo, Maryland
November 8, 2011

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

We have audited the financial statements of the Federal Mine Safety and Health Review Commission (FMSHRC) as of and for the year ended September 30, 2011 and have issued our report thereon dated November 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

In planning and performing our audit, we considered the FMSHRC's internal control over financial reporting by obtaining an understanding of the FMSHRC's internal control, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 07-04, as amended. The objective of our audit was not to provide an opinion on internal control and therefore, we do not express an opinion on internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness or significant deficiencies. Under standards issued by the American Institute of Certified Public Accountants and OMB Bulletin No. 07-04, as amended, a material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency in internal control, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Because of inherent limitations in internal controls, misstatements, losses, or non-compliance may nevertheless occur and not be detected. However, we noted no matters involving the internal control and its operation that we considered to be a material weakness as defined above.

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

Brown & Company
Largo, Maryland
November 8, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

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

We have audited the financial statements of the Federal Mine Safety and Health Review Commission (FMSHRC) as of and for the year ended September 30, 2011 and have issued our report thereon dated November 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements,* as amended.

The management of the FMSHRC is responsible for complying with laws and regulations applicable to the FMSHRC. As part of obtaining reasonable assurance about whether the FMSHRC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 07-04, as amended. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the FMSHRC.

The results of our tests of compliance with laws and regulations disclosed no reportable instances of noncompliance with laws and regulations discussed in the preceding paragraph that are required to be reported under *U.S. Government Auditing Standards* or OMB Bulletin No. 07-04, as amended.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion. However, we noted no noncompliance with laws and regulations, which could have a direct and material effect on the determination of financial statement amounts.

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

Brown & Company
Largo, Maryland
November 8, 2011

FINANCIAL STATEMENTS AND NOTES

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION
BALANCE SHEET
AS OF SEPTEMBER 30, 2011 AND 2010
(In Dollars)

		2011		2010
Assets:				
Intragovernmental				
Fund Balance With Treasury (Note 2)	$	3,516,313	$	6,898,231
Total Intragovernmental		3,516,313		6,898,231
Accounts Receivable, Net (Note 3)		1,432		-
Property, Equipment, and Software, Net (Note 4)		31,098		62,196
Total Assets	$	3,548,843	$	6,960,427
Liabilities:				
Intragovernmental				
Accounts Payable	$	17	$	3,176
Other (Note 6)		84,803		66,065
Total Intragovernmental		84,820		69,241
Accounts Payable		179,212		127,986
Other (Note 6)		920,718		751,527
Total Liabilities	$	1,184,750	$	948,754
Net Position:				
Unexpended Appropriations - Other Funds		2,795,934		6,319,787
Cumulative Results of Operations - Other Funds		(431,841)		(308,114)
Total Net Position	$	2,364,093	$	6,011,673
Total Liabilities and Net Position	$	3,548,843	$	6,960,427

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION
STATEMENT OF NET COST
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(In Dollars)

		2011		2010
Program Costs:				
Commission Review:				
Gross Costs (Note 8)	$	5,555,189	$	4,777,479
Net Program Costs	$	5,555,189	$	4,777,479
Administrative Law Judge Determinations:				
Gross Costs (Note 8)	$	8,824,594	$	5,638,909
Net Program Costs	$	8,824,594	$	5,638,909
Net Cost of Operations	$	14,379,783	$	10,416,388

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(In Dollars)

	2011	2010
Cumulative Results of Operations:		
Beginning Balances	$ (308,114)	$ (164,099)
Budgetary Financing Sources:		
Appropriations Used	13,581,548	9,710,896
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources (Note 9)	674,508	561,477
Total Financing Sources	14,256,056	10,272,373
Net Cost of Operations	(14,379,783)	(10,416,388)
Net Change	(123,727)	(144,015)
Cumulative Results of Operations	$ (431,841)	$ (308,114)
Unexpended Appropriations:		
Beginning Balances	$ 6,319,787	$ 2,645,321
Budgetary Financing Sources:		
Appropriations Received	10,358,000	14,158,000
Other Adjustments	(300,305)	(772,638)
Appropriations Used	(13,581,548)	(9,710,896)
Total Budgetary Financing Sources	(3,523,853)	3,674,466
Total Unexpended Appropriations	$ 2,795,934	$ 6,319,787
Net Position	$ 2,364,093	$ 6,011,673

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(In Dollars)

	2011	2010
Budgetary Resources:		
Unobligated Balance:		
Unobligated Balance Brought Forward, October 1	$ 5,106,996	$ 1,934,246
Recoveries of Prior Year Unpaid Obligations	796,838	173,062
Budget Authority		
Appropriation	10,358,000	14,158,000
Permanently Not Available	(300,305)	(772,638)
Total Budgetary Resources	$ 15,961,529	$ 15,492,670
Status of Budgetary Resources:		
Obligations Incurred (Note 11)		
Direct	$ 14,514,634	$ 10,385,674
Unobligated Balance		
Apportioned	111,121	1,957,414
Unobligated Balance Not Available	1,335,774	3,149,582
Total Status of Budgetary Resources	$ 15,961,529	$ 15,492,670
Change in Obligated Balance:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	$ 1,791,235	$ 1,084,895
Obligations Incurred Net	14,514,634	10,385,674
Gross Outlays	(13,439,613)	(9,506,272)
Recoveries of Prior Year Unpaid		
Obligations, Actual	(796,838)	(173,062)
Total, Unpaid Obligated Balance, Net, End of Period	$ 2,069,418	$ 1,791,235
Net Outlays:		
Gross Outlays	$ 13,439,613	$ 9,506,272
Net Outlays	$ 13,439,613	$ 9,506,272

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues.

General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

MSC has rights and ownership of all assets reported in these financial statements. MSC does not possess any non-entity assets.

B. Basis of Presentation

The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and the status and availability of budgetary resources of MSC. The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of MSC in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards approved by the Federal Accounting Standards Advisory Board (FASAB), OMB Circular A-136, *Financial Reporting Requirements* and MSC accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control MSC's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Budgets and Budgetary Accounting

Congress usually enacts appropriations to permit MSC to incur obligations for specified purposes. In fiscal years 2011 and 2010, MSC was accountable for General Fund appropriations. MSC recognizes budgetary resources as assets when cash (funds held by the U.S. Treasury) is made available through the Department of Treasury General Fund warrants.

D. Basis of Accounting

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

E. Revenues & Other Financing Sources

Congress enacts annual, multi-year, and no-year appropriations to be used, within statutory limits, for operating, and capital expenditures. Appropriations are recognized as a financing source when expended.

MSC recognizes as an imputed financing source the amount of accrued pension and post-retirement benefit expenses for current employees paid on our behalf by the Office of Personnel Management (OPM).

F. Taxes

MSC, as a Federal entity, is not subject to Federal, State, or local income taxes, and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

G. Fund Balance with Treasury

The U.S. Treasury processes cash receipts and disbursements. Funds held at the Treasury are available to pay agency liabilities. MSC does not maintain cash in commercial bank accounts or foreign currency balances. Foreign currency payments are made either by Treasury or the Department of State and are reported by MSC in the U.S. dollar equivalents.

H. Accounts Receivable

Accounts receivable consists of amounts owed to MSC by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

I. Property, Equipment, and Software

Property, equipment and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. MSC's capitalization threshold is $50,000 for individual purchases and $500,000 for bulk purchases. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows: Leasehold Improvements is the period of the lease, and the Office Equipment is 5 years.

J. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

K. Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by the MSC as a result of transactions or events that have already occurred. No liability can be paid, however, absent an appropriation or other funding. Liabilities for which an appropriation has not been enacted or other funds received are, therefore, classified as not covered by budgetary resources. There is no certainty that the appropriation will be enacted. Additionally, the Government, acting in its sovereign capacity, can abrogate liabilities.

L. Accounts Payable

Accounts payable consists primarily of amounts owed to other Federal agencies and the public for contracts for goods or services, such as leases, utilities, telecommunications and consulting and support services.

M. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to OPM upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 50% beginning FY2010 and 100% in 2014.

N. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the MSC employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the MSC terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

O. Retirement Plans

MSC employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of MSC matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. FERS offers a savings plan to which MSC automatically contributes one percent of pay and matches any employee contribution up to an additional four percent of pay. For FERS participants, MSC also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, MSC remits the employer's share of the required contribution.

MSC recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to MSC for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. MSC recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

MSC does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM.

P. Other Post-Employment Benefits

MSC employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The OPM has provided the MSC with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The MSC recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the MSC through the recognition of an imputed financing source.

Q. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

R. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. MSC recognized imputed costs and financing sources in fiscal years 2011 and 2010 to the extent directed by OMB.

S. Expired Accounts and Cancelled Authority

Unless otherwise specified by law, annual authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account in which the annual authority is placed is called the expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period. Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period but not previously reported. At the end of the fifth expired year, the expired account is cancelled.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2011 and 2010 were as follows:

	2011	2010
Fund Balances:		
Appropriated Funds	$ 3,516,313	$ 6,898,231
Total	$ 3,516,313	$ 6,898,231
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 111,121	$ 1,957,414
Unavailable	1,335,774	3,149,582
Obligated Balance Not Yet Disbursed	2,069,418	1,791,235
Total	$ 3,516,313	$ 6,898,231

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

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

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the cash balance on hand (see also Note 12).

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2011 and 2010, were as follows:

	2011	2010
With the Public		
Accounts Receivable - Employee	1,432	-
Total Accounts Receivable	$ 1,432	$ -

The accounts receivable is primarily made up of employee receivables.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2011 and 2010.

NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2011

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Leasehold Improvements	$ 120,123	$ 89,025	$ 31,098
Furniture & Equipment	99,597	99,597	-
Total	$ 219,720	$ 188,622	$ 31,098

Schedule of Property, Equipment, and Software as of September 30, 2010

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Leasehold Improvements	$ 120,123	$ 57,927	$ 62,196
Furniture & Equipment	99,597	99,597	-
Total	$ 219,720	$ 157,524	$ 62,196

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for MSC as of September 30, 2011 and 2010, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2011	2010
Intragovernmental – Unemployment Insurance	$ -	$ (2,286)
Unfunded Leave	464,368	372,595
Total Liabilities Not Covered by Budgetary Resources	$ 464,368	$ 370,309
Total Liabilities Covered by Budgetary Resources	720,382	578,445
Total Liabilities	$ 1,184,750	$ 948,754

Unemployment Insurance liabilities represent the unfunded liability for unemployment benefits paid on MSC's behalf and payable to the DOL.

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

NOTE 6. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2011 were as follows:

	Current	Non Current	Total
Intragovernmental Liabilities			
Payroll Taxes Payable	$ 84,803	$ -	$ 84,803
Total Intragovernmental Other Liabilities	$ 84,803	$ -	$ 84,803
With the Public			
Payroll Taxes Payable	$ 17,468	$ -	$ 17,468
Accrued Funded Payroll and Leave	438,882	-	438,882
Unfunded Leave	464,368	-	464,368
Total Public Other Liabilities	$ 920,718	$ -	$ 920,718

Other liabilities account balances as of September 30, 2010 were as follows:

	Current	Non Current	Total
Intragovernmental Liabilities			
Unemployment Insurance Liability	$ (2,286)	$ -	$ (2,286)
Payroll Taxes Payable	68,351	-	68,351
Total Intragovernmental Other Liabilities	$ 66,065	$ -	$ 66,065
With the Public			
Payroll Taxes Payable	$ 12,950	$ -	$ 12,950
Accrued Funded Payroll and Leave	365,982	-	365,982
Unfunded Leave	372,595	-	372,595
Total Public Other Liabilities	$ 751,527	$ -	$ 751,527

NOTE 7. LEASES

Operating Leases

MSC occupies office space under a lease agreement that is accounted for as an operating lease. The lease term begins on October 1, 2002 and expires on October 1, 2012. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. The total operating lease expense for Fiscal Years 2011 and 2010 were $1,454,577 and $1,345,462 respectively. Below is a schedule of future payments for the term of the lease.

Fiscal Year	Building
2012	$ 1,687,320
Total Future Payments	$ 1,687,320

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

NOTE 8. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and intragovernmental exchange revenue represent goods and services exchange transactions made between two reporting entities within the Federal government, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

	2011	2010
Commission Review		
Intragovernmental Costs	$ 1,634,531	$ 1,608,341
Public Costs	3,920,658	3,169,138
Net Program Costs	$ 5,555,189	$ 4,777,479
Administrative Law Judge Determinations		
Intragovernmental Costs	2,924,957	1,928,036
Public Costs	5,899,637	3,710,873
Net Program Costs	$ 8,824,594	$ 5,638,909
Total Intragovernmental costs	4,559,488	3,536,377
Total Public costs	9,820,295	6,880,011
Total Net Cost	$ 14,379,783	$ 10,416,388

NOTE 9. IMPUTED FINANCING SOURCES

MSC recognizes as imputed financing the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the fiscal years ended September 30, 2011 and 2010, respectively, imputed financing was as follows:

	2011	2010
Office of Personnel Management	$ 674,508	$ 561,477
Total Imputed Financing Sources	$ 674,508	$ 561,477

NOTE 10. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President's Budget that will include FY11 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2012 and can be found at the OMB Web site: *http://www.whitehouse.gov/omb/*. The 2012 Budget of the United States Government, with the "Actual" column completed for 2010, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 11. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2011 and 2010 consisted of the following:

	2011	2010
Direct Obligations, Category A	$ 14,514,634	$ 10,385,674
Total Obligations Incurred	$ 14,514,634	$ 10,385,674

Category A apportionments distribute budgetary resources by fiscal quarters.

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, states that the amount of budgetary resources obligated for undelivered orders at the end of the period should be disclosed. For the fiscal years ended September 30, 2011 and 2010, undelivered orders amounted to $1,349,037 and $1,212,790 respectively.

NOTE 13. CUSTODIAL ACTIVITY

MSC's custodial collection primarily consists of Freedom of Information Act requests. While these collections are considered custodial, they are neither primary to the mission of MSC nor material to the overall financial statements. MSC's total custodial collections are $865 and $89 for the years ended September 30, 2011, and 2010, respectively.

NOTE 14. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

MSC has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

	2011	2010
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	$14,514,634	$10,385,674
Spending Authority from Offsetting Collections and Recoveries	(796,838)	(173,062)
Net Obligations	13,717,796	10,212,612
Other Resources		
Imputed Financing from Costs Absorbed by Others	674,508	561,477
Net Other Resources Used to Finance Activities	674,508	561,477
Total Resources Used to Finance Activities	14,392,304	10,774,089
Resources Used to Finance Items Not Part of the Net Cost of Operations	(136,247)	(503,661)
Total Resources Used to Finance the Net Cost of Operations	14,256,057	10,270,428
Components of Net Cost of Operations That will not Require or Generate Resources in the Current Period:	123,726	145,960
Net Cost of Operations	$14,379,783	$10,416,388