



United States  
CONSUMER PRODUCT SAFETY COMMISSION  
Washington, DC 20814

OFFICE OF THE INSPECTOR GENERAL

Audit Report

CONSUMER PRODUCT SAFETY COMMISSION'S  
FISCAL YEAR (FY) 2010 FINANCIAL STATEMENTS

Date Issued: November 15, 2010

# AUDIT OF CPSC'S FY 2010 FINANCIAL STATEMENTS

## TABLE OF CONTENTS

		<u>Page</u>
SECTION I	AUDITOR'S REPORT	1
SECTION II	APPENDICES	
	Appendix 1 – Management Response	4
	Appendix 2 – Financial Statements	7

Chairman Tenenbaum:

In accordance with the Accountability of Tax Dollars Act of 2002, we are responsible for conducting the audits of the financial statements of the U.S. Consumer Product Safety Commission. In our audits of the Commission for fiscal years 2010 and 2009, we found

- that we are unable to give an opinion on the fiscal year of 2010 financial statements of the U.S. Consumer Product Safety Commission because of limitations on the scope of our work. Thus, the financial statements may be materially misstated.
- that we are unable to give an opinion on the effectiveness of internal control for fiscal year 2010 because of the limitation on the scope of our work.
- that we were unable to test compliance with laws and regulations for fiscal year 2010 because of limitations on the scope of our work.

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

#### ***Explanation of Limitations on the Scope of Our Work***

The Commission implemented a new financial accounting system in December 2009. As a result of the new system, the Commission encountered a number of posting, reconciliation, and reporting issues that hindered its ability to assure the accuracy and completeness of financial statement balances and to provide data necessary for audit testing. We noted specific issues in accounting for obligations, monitoring budget execution and control, reconciling payment information with the U.S. Treasury, and resolving posting errors. We noted that reports needed for management, internal control, and audit purposes were not available following system deployment.

#### ***Opinion on Financial Statements***

As described above, the scope of our work was not sufficient to enable us to express an opinion on the Commission's financial statements for the year ended September 30, 2010. Regarding the fiscal year 2009 financial statements, we concluded that the financial statements, including the accompanying notes, presents fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the Commission's assets, liabilities, net position, as of September 30, 2009 and net costs, changes in net position, budgetary resources, and custodial activity for the years ended September 30, 2009.

#### ***Opinion on Internal Control***

As described above, we are unable to give an opinion on internal control for fiscal year 2010. Regarding the fiscal year 2009, the Commission maintained, in all material respects, effective internal control over financial reporting (including safeguarding assets) and compliance as of September 30, 2009 that provided reasonable assurance that misstatements, losses, or noncompliance material in relation to the financial statements would be prevented or detected on a timely basis. Our opinion is based on criteria established under 31 U.S.C. 3512 (c), (d); the *Federal Managers' Financial Integrity Act*; the Office of Management and Budget (OMB)

Circular A-123, *Management Accountability and Control*; OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*; the Government Accountability Office (GAO), *Government Auditing Standards*; and the GAO/President's Council on Integrity and Efficiency (PCIE), *Financial Audit Manual*.

As result of the implementation of new accounting system, we identified issues with internal control regarding financial management and financial reporting that precluded the Commission from preparing its fiscal year 2010 financial statements and supporting documentation timely. Due primarily to the implementation of the new accounting system, the Commission was unable to develop adequate reporting and other internal controls essential to the deployment of the new system. Because of this limitation on the scope of our work, we are unable to an opinion on internal control.

### ***Compliance with Laws and Regulations***

We were unable to test for compliance with the laws we considered necessary; accordingly, we are unable to report on the Commissions compliance with laws and regulations.

### ***Consistency of Other Information***

The Commission's Management Discussion and Analysis, required supplementary information, and other accompanying information contain a wide range of data, some of which are not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with the Commission's officials.

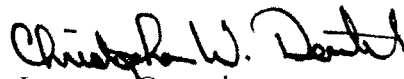
### ***Objectives, Scope, and Methodology:***

The Commission's management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met, (3) ensuring that the Commission's financial management systems substantially comply with FFMIA requirements; and (4) complying with applicable laws and regulations.

Because of the significance of the limitations on the scope of our work, we were unable to and did not perform our audit of internal control in accordance with U.S. generally accepted government auditing standards and OMB audit guidance. We considered the limitation on the scope of our work in forming our conclusion and in testing the financial statements.

### ***Agency Comments and Our Evaluation***

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

  
Inspector General  
U.S. Consumer Product Safety  
Commission

November 15, 2010

MANAGEMENT'S RESPONSE



UNITED STATES  
CONSUMER PRODUCT SAFETY COMMISSION  
4330 EAST WEST HIGHWAY  
BETHESDA, MD 20814

**Memorandum**

Date: November 15, 2010

TO : Christopher Dentel  
Inspector General

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

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

SUBJECT : Audit of FY 2010 Financial Statements

The audit report prepared by the Office of the Inspector General regarding CPSC's Financial Statements for fiscal year 2010 has been reviewed by the Division of Financial Services. The Finance Division concurs with the findings expressed in the report. We are taking actions to correct the findings noted in the audit report. We have already implemented some corrections and will complete other corrections in a timely fashion in order to allow the Inspector General to issue an opinion on our future financial statements.

FINANCIAL STATEMENTS

CONSUMER PRODUCT SAFETY COMMISSION  
BALANCE SHEET  
AS OF SEPTEMBER 30, 2010 (CY) AND 2009 (PY)  
(in dollars)

<b>Assets:</b>	<b>2010</b>	<b>2009</b>
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	\$ 70,863,638	\$ 57,346,015
Advances To Others	1,485	-
Accounts Receivable (Note 3)	995,058	2,188,171
Equipment (Note 4)	3,220,477	3,068,556
<b>Total Assets</b>	<u>\$ 75,080,658</u>	<u>\$ 62,602,742</u>
<b>Liabilities:</b>		
Intragovernmental Liabilities: (Note 5)		
Accrued Benefits	\$ 8,023,588	\$ 6,967,920
Accounts Payable	173,078	149,601
Actuarial Federal Employees' Compensation Act Liabilities	353,052	342,040
Imputed Financing Sources	4,775,452	3,024,280
Unemployment Insurance	921	22
Other Liabilities	6,729,053	9,964,440
<b>Total Liabilities</b>	<u>20,055,144</u>	<u>20,448,303</u>
<b>Net Position:</b>		
Unexpended Appropriations	61,404,392	46,472,263
Cumulative Results of Operations	<u>(6,378,878)</u>	<u>(4,317,824)</u>
<b>Total Net Position</b>	55,025,514	42,154,439
<b>Total Liabilities and Net Position</b>	<u>\$ 75,080,658</u>	<u>\$ 62,602,742</u>



CONSUMER PRODUCT SAFETY COMMISSION  
STATEMENT OF NET COST  
FOR THE YEARS ENDED SEPTEMBER 30, 2010 (CY) AND 2009 (PY)  
(in dollars)

<b>Net Cost of Operations:</b>	<b>2010</b>	<b>2009</b>
Program Costs	\$114,939,496	\$92,048,973
Less: Earned Revenue	<u>(2,795,379)</u>	<u>(2,777,337)</u>
<b>Total Net Cost of Operations (Note 6)</b>	<u>\$112,144,117</u>	<u>\$89,271,636</u>

CONSUMER PRODUCT SAFETY COMMISSION  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(in dollars)

	<u>2010</u>	<u>2009</u>
<b>Cumulative Results of Operations:</b>		
Beginning Balances	\$ (4,317,824)	\$ (4,348,450)
<b>Budgetary Financing sources:</b>		
Reimbursement Received	(2,753,072)	(2,796,804)
Accounts Receivable	(67)	22
Advance	1,485	-
Donated Revenue	(13,681)	37,715
Appropriations Used	105,459,619	85,016,493
Decrease prior year unfunded cost	2,613,327	4,020,556
<b>Other Financing Sources(Non-Exchange):</b>		
Imputed Financing	4,775,452	3,024,280
Total Financing Sources	110,083,063	89,302,262
Net Cost of Operations	(112,144,117)	(89,271,636)
Net Change	(2,061,054)	30,626
<b>Cumulative Results of Operations</b>	<b>\$ (6,378,878)</b>	<b>\$ (4,317,824)</b>
<b>Unexpended Appropriations:</b>		
Beginning Balance	\$ 46,472,263	\$ 23,840,212
<b>Budgetary Financing Sources:</b>		
Appropriations Received	118,200,000	105,404,000
Reimbursement Received	2,753,072	2,796,804
Donated Revenue	13,681	(37,715)
Appropriations Used	(105,459,619)	(85,016,493)
Cancellation of expired year	(575,005)	(514,545)
Total Budgetary Financing Sources	14,932,129	22,632,051
<b>Total Unexpended Appropriations</b>	<b>\$ 61,404,392</b>	<b>\$ 46,472,263</b>
<b>Net Position</b>	<b>\$ 55,025,514</b>	<b>\$ 42,154,439</b>

CONSUMER PRODUCT SAFETY COMMISSION  
STATEMENT OF BUDGETARY RESOURCES  
FOR THE YEARS ENDED SEPTEMBER 30, 2010 (CY) AND 2009 (PY)  
(in dollars)

<b>Budgetary Resources:</b>	<b>2010</b>	<b>2009</b>
Budget authority:		
Unobligated balances-brought forward, October 1	\$ 8,873,910	\$ 762,679
Recoveries of prior year unpaid obligations	681,823	1,438,148
Appropriation	118,200,000	105,404,000
Spending authority from offsetting collections	2,795,379	2,777,337
Cancellation of expired year	(575,005)	(514,545)
Permanently not available	-	-
<b>Total Budgetary Resources</b>	<b>\$ 129,976,107</b>	<b>\$ 109,867,619</b>
<b>Status of Budgetary Resources:</b>		
Direct	119,889,362	98,196,905
Reimbursable	2,795,379	2,796,804
Unobligated balances currently available	4,476,786	8,080,109
Unobligated balances not available	2,814,580	793,801
<b>Total Status of Budgetary Resources</b>	<b>\$ 129,976,107</b>	<b>\$ 109,867,619</b>
<b>Change in Obligated Balances:</b>		
Unpaid obligated balance, brought forward, October 1	40,693,437	25,588,269
Obligations incurred	122,684,741	100,993,709
Gross outlays	(104,860,410)	(84,450,394)
Recoveries of prior year unpaid obligations, actual	(681,823)	(1,438,148)
<b>Unpaid obligated balance, net-end of period (Note 7)</b>	<b>\$ 57,835,945</b>	<b>\$ 40,693,436</b>
<b>Net Outlays</b>		
Gross outlays	104,860,410	84,450,394
Less: Offsetting collections	(2,795,379)	(2,777,337)
Less: Distributed offsetting receipts	(5,736,327)	(61,749)
<b>Total Net Outlays</b>	<b>\$ 96,328,704</b>	<b>\$ 81,611,308</b>

CONSUMER PRODUCT SAFETY COMMISSION  
STATEMENT OF CUSTODIAL ACTIVITY  
FOR THE YEARS ENDED SEPTEMBER 30, 2010 (CY) AND 2009 (PY)  
(in dollars)

<b>Gross Revenue Activity</b>	<b>2010</b>	<b>2009</b>
<hr/>		
Sources of Cash Collections:		
Civil Penalties and Fines	\$ 5,724,833	\$ 7,716,919
FOIA and Misc collections	11,494	61,749
Fees Collected-DOJ	67,350	29,905
	<hr/>	
<b>Total Custodial Revenue</b>	5,803,677	7,808,573
<b>Disposition of Revenue Collected:</b>		
Amounts to be Transferred to:		
Treasury General Fund	5,736,327	7,778,668
Retained by Justice Department-Fees	67,350	29,905
	<hr/>	
<b>Net Custodial Activity</b>	<b>\$ -</b>	<b>\$ -</b>
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# NOTES TO FINANCIAL STATEMENTS

## Note 1 – Summary of Significant Accounting Policies

### Reporting Entity

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

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

### Fund Accounting Structure

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

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

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

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

## **Basis of Accounting and Presentation**

The financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, and custodial activities of the CPSC, in accordance with accounting principles generally accepted in the United States of America and the form and content requirements of OMB Circular A-136-Revised September 2010. Currently, the Statement of Financing (SOF) will be presented as a note per OMB's authority under Statement of Federal Financial Accounting Standards 7 and will no longer be considered a Basis Statement. The Statement of Financing will now be a display in the notes and referred to as "Reconciliation of Net Cost of Operations to Budget". The statements have been prepared from the books and records of the CPSC and include the accounts of all funds under the control of the CPSC.

Accounting principles generally accepted in the United States of America encompass both accrual and budgetary transactions. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. The accompanying financial statements are prepared on the accrual basis of accounting.

## **Budget Authority**

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

## **Fund Balances with the U.S. Treasury**

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

## **Advances and Prepayments**

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

## **Accounts Receivable**

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

## **Property and Equipment**

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

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

## **Accounts Payable and Accrued Liabilities**

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

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

## **Accrued Leave**

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

## **Retirement Plans and Other Benefits**

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

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

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

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participating employees may contribute up to \$16,500 for 2010 but do not receive a matching contribution from the CPSC. FERS participating employees may contribute up to \$16,500 for 2010. For FERS employees, the CPSC's automatic contribution is 1 percent of the employee's gross pay to the TSP. The CPSC matches dollar for dollar on the first 3 percent of basic pay for each pay period. Each dollar of the next 2 percent of basic pay is matched 50 cents on the dollar. CPSC contributions are recognized as current operating expenses.

### **Federal Employees' Compensation Act (FECA)**

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

### **Employee Health Benefits and Life Insurance**

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

### **Net Position**

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

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



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

### **Revenues and Other Financing Sources**

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

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

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

Reimbursable Work Agreements (Exchange) - The CPSC recognizes reimbursable work agreement revenue when earned, i.e. goods have been delivered or services rendered. CPSC has reimbursable agreements which generated collections from trading partners totaling \$2.7 million in 2010. The CPSC's reimbursable agreements are with the following trading partners: the Center for Disease Control, National Institute for Occupational Safety and Health, Health and Human Services, Department of Transportation, and the Health Resources and Services Administration. The majority of these agreements are for CPSC to utilize its hospital reporting system to collect injury data.

Appropriations (Financing Source) – The CPSC receives financing sources through direct appropriation from the general fund of the Treasury to support its operations. Appropriations available for 2010 were \$116,200,000 (annual); FY 2010-2011 \$2,000,000; FY 2009-2010 \$2,000,000; and FY 2009-2011 \$6,000,000.

### **Estimates and Assumptions**

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

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

### Transactions with Related Parties

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

### Note 2 – Fund Balance with Treasury

#### Fiscal Year 2010

	Entity	Non-Entity	Total
General Funds	\$65,127,311		\$65,127,311
Miscellaneous Receipts		\$11,494	\$11,494
Fines and Penalties		\$5,724,833	\$5,724,833
<b>Total</b>	\$65,127,311	\$5,736,327	\$70,863,638

#### Status of Fund Balance with Treasury:

	Not Available	Obligated	Unobligated Available	Total
Entity	\$2,814,580	\$57,835,945	\$4,476,786	\$65,127,311
Non-Entity:				
Miscellaneous Receipts	\$11,494			\$11,494
Fines and Penalties	\$5,724,833			\$5,724,833
<b>Total</b>	\$8,550,907	\$57,835,945	\$4,476,786	\$70,863,638

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

Other Information: Miscellaneous Receipts and Fines and Penalty balances amounting to \$11,494 and \$5,724,833, respectively, are not available to CPSC activities and are classified as non-entity assets. A corresponding liability is also recorded on the balance sheet.

**Fund Balance with Treasury  
Fiscal Year 2009**

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

Status of Fund Balance with Treasury:

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

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

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

**Note 3 – Accounts Receivable**

**Fiscal Year 2010**

The CPSC's entity receivable is \$2,332. CPSC's non-entity receivables are composed of Civil Fines and Penalties and Freedom of Information Act activity. CPSC maintains these accounts in a custodial capacity in the total amount of \$992,726.

**Accounts Receivable**

**Fiscal Year 2009**

Entity accounts receivables for FY 2009 was \$2,399. Non-entity accounts receivable was \$2,185,772. CPSC does not retain these non entity receipts.

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

### Fiscal Year 2010

Classes of PP&E	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life in Years
Equipment	\$6,543,569	( \$3,466,583)	\$3,076,986	5-12
ADP Software	\$965,260	( \$821,769)	\$143,491	5
<b>Total</b>	<b>\$7,508,829</b>	<b>(\$4,288,352)</b>	<b>\$3,220,477</b>	

### Property

### Fiscal Year 2009

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

## Note 5 – Liabilities

Other liabilities are composed of receivables and collections for Civil Penalties and Fines, and Freedom of Information Act (FOIA) fees. These balances reflect Treasury's balance on the Government wide Accounting & Reporting, Report of Unavailable Receipt Transactions, as of 9-30-10. CPSC maintains these accounts in a custodial capacity.

Liabilities Covered by Budgetary Resources:	2010	2009
Accrued Benefits	\$3,549,841	\$2,945,483
Accounts Payable	173,078	149,601
Total Liabilities Covered by Budgetary Resources	3,722,919	3,095,084

Liabilities Not Covered by Budgetary Resources		
Actuarial Federal Employees' Compensation Act Liabilities	353,052	342,040
Accrued Annual Leave	4,473,747	4,022,437
Imputed Financing Sources	4,775,452	3,024,280
Unemployment Insurance	921	22
Other Liabilities	6,729,053	9,964,440
Total Liabilities not Covered by Budgetary Resources	16,332,225	17,353,219

Total Liabilities	\$20,055,144	\$20,448,303
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## Note 6 – Reconciliation of Net Cost of Operations to Budget

FOR THE YEARS ENDED SEPTEMBER 30, 2010 (CY)  
AND 2009 (PY) (in dollars)

	<b>2010</b>	<b>2009</b>
<b>Resources Used to Finance Activities</b>		
Budgetary Resources Obligated		
Obligations incurred	\$122,684,741	\$100,993,709
Less: Collections	(2,795,379)	(2,777,337)
Less: Adjustment-downward	(681,823)	(1,438,148)
Obligations net of offsetting collections and recoveries	119,207,539	96,778,224
Less: Offsetting receipts	(5,736,327)	(61,749)
Net Obligations	113,471,212	96,716,475
Other Resources		
Obligations-Beginning of the Period	40,693,437	25,588,269
Imputed Financing Sources	4,775,452	3,024,280
Total Resources Used to Finance Activities	158,940,101	125,329,024
<b>Resources Used to finance items not Part of the Net Cost of Operations</b>		
Changes in Undelivered Orders	(54,113,026)	(37,598,353)
Other/Accrual/Accounts Payable prior year	(3,095,084)	(2,510,736)
Offsetting receipts	5,736,327	61,749
Resources that finance the acquisition of assets	(203,788)	(354,910)
Total resources used to finance items not part of the net cost of operations	(51,675,571)	(40,402,250)
<b>Total Resources Used to Finance the Net Cost of Operations</b>	\$107,264,530	\$84,926,774
<b>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</b>		
Components Requiring Resources in Future Periods:		
Actuarial Federal Employees' Compensation Act Liabilities	353,052	342,040
Unfunded Annual Leave	4,473,747	4,022,437
Unemployment Insurance	921	22
Total components of Net Cost of Operations that will Require Resources in the Future Period	4,827,720	4,364,499
Components not Requiring or Generating Resources:		
Depreciation	51,867	(19,637)
<b>Total Components of Net Cost of operations that will not Require or Generate Resources in the Current Period</b>	4,879,587	4,344,862
<b>Net Cost of Operations</b>	\$112,144,117	\$89,271,636

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

	<b>2010</b>	<b>2009</b>
Total Unpaid Undelivered Orders	\$57,835,945	\$40,693,436

**Note 8 – Commitments and Contingencies**

CPSC may face reasonably possible claims estimated at \$820,346 from 9 claims placed under the Federal Torts Claim Act and the Equal Employment Opportunity Act.

**Note 9 – Analysis of Material Differences – FY 2010**

	<b>Budgetary Resources</b>	<b>Obligations Incurred</b>	<b>Net Outlays</b>
Combined Statement of Budgetary Resources	<b>\$129,976,107</b>	<b>\$122,684,741</b>	<b>\$96,328,704</b>
SF 133, Report on Budget Execution and Budgetary Resources	<b>\$129,976,107</b>	<b>\$122,684,741</b>	<b>\$102,065,031</b>

CPSC does not have any material differences between the Statement of Budgetary Resources and SF 133 as of 9/30/2010. The \$5,736,327 represents the distributed offsetting receipts reported on the Combined Statement of Budgetary Resources but is not required to be reported on the SF 133.

**Analysis of Material Differences – FY 2009**

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

The \$61,749 represents the distributed offsetting receipts reported on the Combined Statement of Budgetary Resources but is not required to be reported on the SF 133.

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Deferred Maintenance**

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

### **Intragovernmental Amounts**

See Note 2 on financial statements.

### **Statement of Budgetary Resources**

The statement is prepared on a total Commission basis.

### **Statement of Custodial Activity**

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

### **Segment Information**

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