



**U.S. Chemical Safety and  
Hazard Investigation Board**

**Performance and  
Accountability Report  
Fiscal Year 2015**

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*Additional copies of this document may be downloaded from the CSB’s website [www.csb.gov](http://www.csb.gov)*

## MESSAGE FROM THE CHAIRPERSON

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The mission of the U.S. Chemical Safety and Hazard Investigation Board (CSB) is to independently investigate significant chemical incidents and effectively advocate for the implementation of the resulting recommendations to protect workers, the public, and the environment. Our independent investigative reports and videos bolster efforts by government, industry, labor, and local communities to prevent chemical process incidents.

During fiscal year (FY) 2015, the CSB completed twelve safety products, including seven reports and five safety videos. CSB investigations from FY 2015 included a total of 32 recommendations to improve chemical safety and reduce hazards. CSB's investigation of the flash fire and explosion at the U.S. Ink plant in East Rutherford, New Jersey included a reiterated recommendation to the Occupational Safety and Health Administration (OSHA) that it promulgate a general industry combustible dust standard. CSB originally issued this recommendation to OSHA in FY 2006, and CSB designated a combustible dust standard as its first "Most Wanted Safety Improvement" list issue to prevent future accidents.

In FY 2015, the CSB deployed to an incident at a DuPont facility in LaPorte, TX, where 24,000 pounds of highly toxic methyl mercaptan were released onsite and offsite, resulting in the fatal injuries of four employees. The CSB discussed the preliminary findings from the ongoing investigation during a public business meeting in July 2015. The CSB held a public meeting in Texas in September 2015 to discuss preliminary investigation findings and voted to issue interim recommendations to DuPont related to the mitigation of serious hazards.

The agency continues to advance several ongoing major investigations that will have a broad impact on safety throughout the chemical and petrochemical industries. Of particular note, during its investigation of the explosion and fire at the West Fertilizer facility in West, Texas the agency is undertaking the examination of best practices for the use and storage of ammonium nitrate, emergency planning. CSB is also examining land use planning near facilities using and storing hazardous chemicals. The CSB expects to issue in early FY 2016 its final report that contains recommendations learned from this investigation that may be applicable to the 1,351 facilities across the country that store

ammonium nitrate and provide advice on how to better protect their surrounding communities.

The CSB closed 24 safety recommendations from prior years during FY 2015, bringing the cumulative total of successfully implemented recommendations to 76% of those issued. These closures demonstrate that CSB recommendations continue to be successfully implemented to make a real impact in American workplaces and communities.

CSB Safety Videos, similarly, continue to be a way to convey the findings, lessons, and recommendations from CSB investigations and studies in an effective manner. In FY 2015, the CSB released four safety videos and messages to the public focusing on investigation findings and activities. These videos provide stakeholders with incident descriptions through the use of computer-generated animations and staff and witness interviews. The videos released in 2015 include the animation of incidents at Millard Refrigerated Services in Theodore, AL and the Tesoro Refinery in Anacortes, WA. Videos are used widely, with almost 11,000 subscribers to the safety video YouTube channel, and over 1,000,000 total views.

CSB's safety video program was recognized in FY 2015 with awards for three videos from the Television, Internet, and Video Association of DC. The awards recognized the exceptional quality of CSB videos, and the impact they are having on chemical safety in industry and educational settings throughout the country.

To improve transparency and accountability, in June of 2015, the CSB promulgated new governance rules. These rules include the requirement of at least four public meetings in Washington, D.C. each year, in addition to CSB meetings held in communities affected by chemical incidents. The new rules also set requirements for the content of these meetings such as the CSB's review of current investigations and status of on-going investigations, and that all Board members may add items to the public meeting agenda. The rules also require that calendared notation votes are required to be considered at a public meeting within 90 days. The Board is on track to meet, and exceed, the four public meeting requirement. The Board is also reviewing additional governance issues, such as the revisions of outdated Board Orders, in order to improve communication, efficiency, and operational effectiveness.

In FY 2015, the Office of Inspector General reported employee morale, increasing investigations and improving investigative management controls, and determining the

need for a Chemical Reporting Regulation as management challenges. As an initial step to improve the CSB, I conducted a listening tour with staff and stakeholders. The focus was on organizational health and structure, which included not only employee and morale matters but also the procedures, processes and expectations that guide CSB work. The CSB plans to conduct a robust organizational assessment to get information on the best structure to execute our mission to investigate accidents and share our findings. We also plan to complete the investigation protocol to improve investigation management. With respect to the reporting regulation, the CSB may revisit that rulemaking effort.

This Performance and Accountability Report was prepared using guidance from the Office of Management and Budget (OMB), and contains a selection of performance information; the CSB's financial statements, as required by the Accountability of Tax Dollars Act of 2002; and a report on material weaknesses, as required by the Federal Managers' Financial Integrity Act (FMFIA).

The information provided serves as a mechanism for fiscal and programmatic accountability and serves as an accounting to the American people on our stewardship of the funds that have been entrusted to us for fulfillment of our mission in FY 2015. The results also summarize our success in achieving the performance goals the CSB established for FY 2015. The CSB continues to aggressively improve performance planning practices to ensure our goals are results driven and oriented toward achieving specific desired outcomes.

Walker & Co. LLP, an Independent Public Accounting firm, has audited the CSB's FY 2015 consolidated financial statements included in this report and has issued an Unmodified Opinion, the highest level of assurance, which states the financial statements present fairly, in all material respects, the financial position of the CSB as of September 30, 2015 and 2014, and its net costs, changes in net positions, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States. This achievement demonstrates both our continued dedication to sound financial management and the reliability of the financial data upon which the CSB bases our critical decisions.

The FMFIA requires the CSB to annually evaluate its management controls and identify any material weaknesses. This requirement covers all of the CSB's programs and administrative functions. As the CSB works to serve the American people, we must administer our programs as efficiently, economically, and responsibly as possible. The CSB relies on a system of management controls to provide reasonable assurance that our

financial activities comply with all applicable laws, and safeguards resources as well as properly accounts for operational expenditures.

Based on both internal and external evaluations, and knowledge gained from daily operations, I am able to certify with reasonable assurance that the CSB is in compliance with the provisions of the FMFIA.



Vanessa Allen Sutherland  
Chairperson and Board Member

November 16, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Overview**

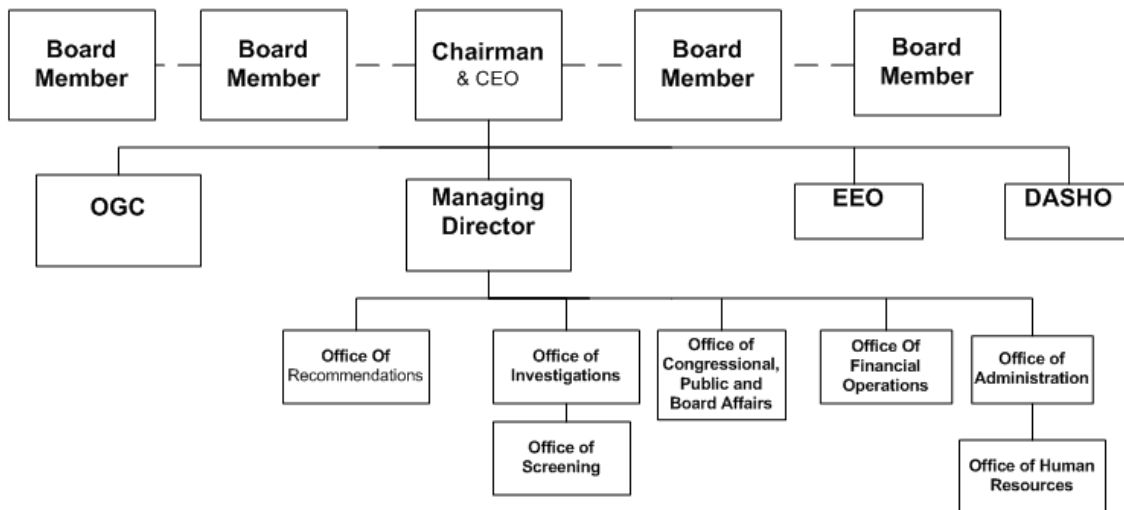
The U.S. Chemical Safety and Hazard Investigation Board (CSB) is an independent federal agency charged with investigating industrial chemical incidents and hazards. CSB investigations look into all aspects of chemical incidents, including proximate causes such as equipment failures, and root causes such as inadequacies in safety management systems and safety culture. The Board makes safety recommendations to regulatory agencies, plants, industry organizations, and labor groups. This discussion and analysis provides a concise overview of the CSB. For detailed information visit our website at [www.csb.gov](http://www.csb.gov).

### **Mission and Organizational Structure**

The mission of the CSB is to independently investigate significant chemical incidents and hazards and effectively advocate for the implementation of resulting recommendations to protect workers, the public, and the environment. Our vision is to be a recognized leader in protecting people and the environment from hazardous chemicals by issuing quality reports, high-impact recommendations, videos, and other educational tools that promote safety.

The CSB began operations in fiscal year (FY) 1998. The CSB is headquartered in Washington, DC, has a field office in Denver, Colorado, and remote employees in Houston, TX and other locations. The CSB is governed by its Board, which consists of one presidentially appointed chairperson (who also serves as a board member) and four presidentially appointed board members. All nominations to the Board are subject to Senate confirmation; each member serves a five-year fixed term. As of September 30, 2015, there were four appointed board members, including the chairperson, and a professional staff of 38.

The following is the organizational chart, which was in effect September 30, 2015.



## Performance Goals, Objectives, and Results

In continuing work towards our mission to independently investigate significant chemical incidents and hazards and effectively advocate for the implementation of the resulting recommendations, the CSB developed a strategic plan. The specific goals of the strategic plan were to:

- **Goal #1:** Conduct incident investigations and safety studies concerning releases of hazardous chemical substances.
- **Goal #2:** Improve safety and environmental protection by ensuring that CSB recommendations are implemented and by broadly disseminating CSB findings through advocacy and outreach.
- **Goal #3:** Preserve the public trust by maintaining and improving organizational excellence.

**Goal #1 Accomplishments** (Conduct incident investigations and safety studies concerning releases of hazardous chemical substances.)

Goal 1 drives the core mission of the agency by ensuring that we select and complete incident investigations that have the potential to generate thorough recommendations with high preventive impact. It also focuses the agency on developing and completing safety studies with an emphasis on emerging safety issues. In FY 2015, the CSB continued to emphasize investigations and safety by issuing reports or case studies on the incident investigations listed below.

- ***Chevron Refinery Fire.*** In January 2015, the Board approved the third and final investigation report and safety recommendations from the August 6, 2012, crude unit



fire that occurred at the Chevron Refinery in Richmond, California. That fire endangered 19 workers and sent more than 15,000 residents to the hospital for medical attention. In the final investigation report, the CSB made recommendations to Chevron to provide more effective corporate oversight in the implementation of internal safety guidance and industry good practice.

The CSB also worked extensively with and made recommendations to the City of Richmond, Contra Costa County, and the State of California to improve their process safety management (PSM) programs. At the local level, the City of Richmond and Contra Costa County have made significant revisions to the Industrial Safety Ordinances (ISOs) to improve process safety by reducing risk to the greatest extent feasible and promoting additional safeguards in process hazard analyses.

The State of California has drafted regulations entitled *Process Safety Management (PSM) for Refineries* to address safety concerns specific to refineries throughout the state and has increased the number and qualifications of PSM inspectors to enforce the regulatory requirements. The State of California is sharing the lessons learned from its regulatory process with the State of Washington, which is engaged in efforts to implement similar recommendations issued by the CSB in May 2014.

This cooperation among actors for safety change at the local, state and federal level can be a model for reforms that are currently being considered as a result of *Executive Order 13650: Improving Chemical Facility Safety and Security* for the safe handling and storage of hazardous chemicals.

- **U.S. Ink Dust Explosion.** The Board approved the final investigation report into a 2012 combustible dust flash fire and explosion that burned seven workers at the U.S. Ink plant in East Rutherford, New Jersey. The final investigation report included a regulatory analysis that highlighted the need for a national general industry combustible dust standard, which the CSB originally recommended to the OSHA in 2006 in its *Combustible Dust Hazard Study*.

Following a series of combustible dust accident investigations, the CSB revised its *Most Wanted Safety Improvements Program* to include the promulgation of a combustible dust standard in 2013. Based on analysis conducted in the U.S. Ink investigation report, the CSB reiterated its original recommendation to OSHA for a combustible dust standard and recommended that OSHA broaden the industries included in its current National Emphasis Program (NEP) on mitigating dust hazards to include printing ink manufacturers.

- **Millard Refrigerated Services Ammonia Release.** The Board approved a safety bulletin to inform industries that utilize anhydrous ammonia in bulk refrigeration operations of the dangers of hydraulic shock. This safety bulletin was developed following an investigation into a 2010 anhydrous ammonia release at Millard Refrigerated Services in Theodore, Alabama. As a result of this incident one Millard employee sustained injuries trying to escape from equipment engulfed in an ammonia

cloud, and 152 offsite workers responding to the Macondo/Deepwater Horizon oil spill reported symptomatic illnesses from ammonia exposure.

The safety bulletin describes the hazard of hydraulic shock which occurs when a rapid change in the velocity of flowing liquid leads to a sudden, localized pressure surge in piping or equipment. This pressure surge raises the potential for ammonia-containing equipment to suddenly and catastrophically fail. The bulletin also provides guidance on the use of emergency shutdown procedures to reduce the amount of ammonia released during an incident.

- **Laboratory Safety during Methanol Demonstrations.** Following a series of three significant incidents that resulted in injuries to children during laboratory fire demonstrations using methanol, the CSB issued a safety bulletin on the use of flammable chemicals in educational demonstrations. The three incidents occurred at a museum in Reno, Nevada; a high school in Denver, Colorado; and a Boy Scout event in Raymond, Illinois. All three incidents occurred during fire demonstrations using methanol when the flammable material created a flash back into the bulk storage container and fire engulfed both instructors and members of the audience who were not protected by a physical barrier.
- **Horsehead Zinc Distillation Explosion.** In March 2015, the CSB released a technical analysis of a July 2010 explosion and fire at the Horsehead zinc refinery in Monaca, Pennsylvania, that resulted in the deaths of two operators. The report was written by a contracted international expert on zinc distillation processes. Although this process is no longer used in the United States following the closure of the Horsehead facility, the CSB-commissioned report noted that similar zinc distillation columns have been involved in numerous serious incidents around the world, including two explosions in France in 1993 and 1994 that killed a total of eleven workers.

In addition to completing these investigations, CSB deployed to new incidents and continued work on ongoing investigations, including:

- **DuPont.** In November 2014, 24,000 pounds of highly toxic methyl mercaptan were released on- and offsite, resulting in the fatal injuries of four DuPont employees. The CSB discussed the preliminary findings from the ongoing investigation during a public business meeting in July 2015. The CSB held a public meeting in Texas in September 2015 to discuss preliminary investigation findings and made recommendations to DuPont related to the mitigation of serious hazards.
- **ExxonMobil.** On February 18, 2015, the ExxonMobil refinery in Torrance, California, released spent catalyst material into the surrounding community resulting in four minor injuries and extensive property damage. The CSB's investigation will focus on the technical cause of the equipment failure; organizational factors; process hazard analyses and mechanical integrity at the refinery; the community impact; and the State of California's PSM regulatory initiative. The CSB plans to hold an interim public meeting in the community to discuss preliminary findings during FY 2016.

- **Caribbean Petroleum.** In FY 2015, CSB investigators produced a draft investigation report into the 2009 explosion and fire at an aboveground petroleum storage tank farm in San Juan, Puerto Rico, which damaged approximately 300 nearby homes and businesses and resulted in the release of petroleum into the surrounding soil, waterways and wetlands.

The report, which was approved in early FY 2016, contained recommendations to address regulatory gaps in safety oversight of petroleum storage facilities by the Occupational Safety and Health Administration and the Environmental Protection Agency. The report also included an analysis of process safety regulations that exempt atmospheric storage tanks of gasoline and similar flammable liquids.

- **West Fertilizer.** On April 17, 2013, an explosion and fire at the West Fertilizer facility in West, Texas, resulted in the deaths of twelve emergency responders and at least two members of the public following the detonation of ammonium nitrate. The event resulted in the destruction of a nursing home, an apartment complex, and the town's high school and intermediate school. The total damage from this event is estimated to exceed \$230 million.

The CSB's investigation report will examine best practices for the use and storage of ammonium nitrate, emergency planning, and land use near facilities using and storing hazardous chemicals. The report will integrate data gathered from the testimony of subject matter experts during an interim public meeting held in West, Texas, in April 2014. Lessons learned from this investigation can be applied in the 1,351 facilities across the country that store ammonium nitrate and provide advice on how to protect their surrounding communities. A final report on the West Fertilizer investigation is anticipated in the first quarter of FY 2016.

- **Macondo/Deepwater Horizon.** CSB continued its investigation of the Macondo/Deepwater Horizon offshore drilling rig explosion and fire, and is scheduled to release the final two volumes of the investigation report into the early FY 2016. The final two volumes of the investigation report will address the human, organizational and safety system factors that contributed to the Deepwater Horizon drilling rig blowout and the gaps in the regulatory oversight of offshore oil and gas operations.
- **Freedom Industries.** The CSB's investigation of the January 2014 release of up to 10,000 gallons of 4-Methylcyclohexane methanol (MCHM) into the Elk River that contaminated the drinking water for up to 300,000 West Virginia residents is anticipated to be released in the spring of 2016. The report will analyze several safety issues including the mechanical integrity of the storage tanks, risk communication following the chemical release, the lack of toxicological information on MCHM, the public health impact of the incident, and facility siting.

**Goal #2 Accomplishments** (Improve safety and environmental protection by ensuring that CSB recommendations are implemented and by broadly disseminating CSB findings through advocacy and outreach.)

Goal 2 focuses on implementing our recommendations and their associated advocacy and outreach. Safety recommendations are one of the CSB's primary tools for bringing about permanent improvements in chemical safety. Most investigations and studies issue multiple recommendations to the parties best able to carry out the recommended action to improve safety. Once the CSB issues a recommendation, our Board members and staff advocate implementation, ensure the recommendations are effectively communicated to the recipient(s), together with any needed justification or explanation, and track the recommendations to completion.

In FY 2015, the CSB issued a total of 32 recommendations, and closed 24 previously issued recommendations. In almost all cases, the recommended actions were successfully implemented by recipients. For example, CSB closed three recommendations to the National Fire Protection Association (NFPA) on ventilation systems, safe building separation distances at industrial facilities, and use of thermoplastics in plants using flammable liquids led NFPA to strengthen widely used fire protection standards.

Throughout FY 2015, the CSB engaged in advocacy and outreach activities with recommendations recipients and other stakeholders to encourage the implementation of key safety changes throughout industry and to distribute findings from CSB investigation reports to stakeholders.

- **Most Wanted Safety Improvements Program.** In December 2014, the Board identified the modernization of PSM regulations as the agency's second issue to be included in the *Most Wanted Safety Improvement Program* as PSM regulations in the U.S. have undergone little reform since their inception in the 1990s. Although recently some positive initial steps have been taken to improve PSM at the federal level, more must be done to ensure that a comprehensive PSM system is in place in the U.S. to protect workers, public health, and the environment. In March 2014, the CSB provided comments in response to OSHA's Request for Information (RFI) on potential revisions to several agency standards, including the Process Safety Management Standard, and the CSB continues to communicate with state agencies in California and Washington as they conduct their statewide PSM reforms.
- **Ammonia Safety.** Following the approval of the safety bulletin *Key Lessons for Preventing Hydraulic Shock in Industrial Refrigeration Systems*, the CSB participated in one of the largest annual ammonia safety training events in the country to discuss the hazards described in the bulletin. Staff shared findings with operators, technicians and safety professionals predominantly from Kansas, Oklahoma, Missouri, Texas, Arkansas, Nebraska, and Iowa who handle anhydrous ammonia to spread awareness about this hazard.

- **Safety Videos.** The CSB distributes computer-animated safety DVDs free of charge within the United States to disseminate investigative findings. The agency makes the videos available on the CSB website and on YouTube for public viewing. In FY 2015, the CSB released two full length safety videos including “Shock to the System” on the hazards of hydraulic shock in industrial refrigeration systems; and “Behind the Curve” depicting the April 2010 explosion and fire at the Tesoro refinery in Anacortes, Washington. The CSB also released a computer-generated animation of the Caribbean Petroleum incident called “Filling Blind.” Finally, the Board released three video safety messages focusing on refinery safety on the ten-year anniversary of the BP Texas City explosion that killed fifteen workers; chemical facility safety thirty years after 500,000 people were exposed to methyl isocyanate (MIC) in Bhopal, India; and an overview of the agency’s recommendations program.

In FY 2015, through September 1<sup>st</sup>, the CSB has distributed 1,900 hard copies of safety videos to stakeholders. The videos have 1,069,783 total views on YouTube, totaling 5,361,556 minutes watched. The CSB also has 10,910 subscribers to the safety video YouTube channel.

The CSB’s safety video program was recognized in November 2014 with awards from the Television, Internet and Video Association of D.C. for the production of educational videos. Three videos, “Animation of Explosion at Anacortes Refinery,” “Deepwater Horizon Blowout Animation,” and “After the Rainbow” received awards in the Government category.

In FY 2015, CSB conducted additional outreach efforts on laboratory safety in both high schools and universities. Following the Texas Tech University laboratory explosion in 2010 that severely injured a graduate student, the CSB made a recommendation to the American Chemical Society (ACS) to develop guidance for assessing and controlling hazards in research laboratories. As a result of this recommendation, ACS created guidance documents and initiated a task force on safety culture to aid in the establishment of best practices at research institutions.

***Goal #3 Accomplishments*** (Preserve the public trust by maintaining and improving organizational excellence.)

Goal 3 serves to bind all agency processes using best practice project management. This includes the agency’s high-performing information technology and administrative functions.

In FY 2015 the CSB implemented career ladders for GS 13-14 chemical incident investigators. The career ladders allow the supervisors to create a development and training plan for each of their investigators. In addition, the career ladders serve as recruitment and retention tools to help the CSB attract and retain a highly qualified investigations staff. The other benefit of the career ladders is that it helps with succession planning by enabling the agency to plan for and develop the skills, knowledge and abilities needed for the future. The CSB also on boarded four new Board Members and five new investigators, giving them an understanding of the CSB’s culture and

performance values, and enabling the new hires to build beneficial relationships throughout the agency.

The CSB undertook several initiatives in FY 2015 to continue implementing the President’s Initiative on Open Government. In addition to public meetings held in the communities surrounding chemical accident sites to release findings to the public, the Board approved regulations to require at least four public business meetings in Washington, D.C. each year. These business meetings will include a review of current investigations and accomplishments related to the agency’s annual action plan. For these business meetings, all board members will be permitted to add topics for discussion to the agenda, and all calendared notation votes<sup>1</sup> are required to be considered at a public meeting within 90 days of the calendared vote.

Finally, the CSB also completed moves of its DC Headquarters and Western Regional offices in FY 2015 with minimal business interruption. Further, the new headquarters office will result in a cost savings of approximately \$529,000 per year during the ten year lease.

### **Analysis of Financial Statements**

The CSB’s financial statements have been prepared to report the financial position and our operational results pursuant to the requirements of the Accountability of Tax Dollars Act of 2002. The principal financial statements include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. The following chart summarizes our budget and outlays since FY 2011.

**CSB’s Budget and Outlays  
(Dollars in Thousands)**

| <b>Fiscal Year</b> | <b>Budget<sup>2</sup></b> | <b>Outlays</b> |
|--------------------|---------------------------|----------------|
| 2015               | \$11,000                  | \$11,146       |
| 2014               | 11,000                    | 10,478         |
| 2013               | 10,547                    | 10,303         |
| 2012               | 11,129                    | 11,044         |
| 2011               | 10,799                    | 11,170         |

We note the CSB’s first full financial audit was conducted for FY 2001. Our financial statements for this and subsequent fiscal years have all received unqualified or unmodified opinions, meaning our statements were fairly presented and free from material misstatements.

<sup>1</sup> For an explanation of “calendared notation votes,” see *CSB Board Order 001: Board Quorum and Voting*, available at [http://www.csb.gov/assets/Record/Board\\_Order\\_001-Quorum\\_Voting\\_and\\_Meeting\\_Procedures1.PDF](http://www.csb.gov/assets/Record/Board_Order_001-Quorum_Voting_and_Meeting_Procedures1.PDF).

<sup>2</sup> Excludes a no-year Emergency Fund, which was provided to be a funding mechanism for investigation cost fluctuations. As of September 30, 2015 the Emergency Fund had not been used and had a balance of \$844,000.

### ***Limitations of the Financial Statements***

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget (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.

### **Systems, Controls, and Legal Compliance**

The CSB is cognizant of the importance of establishing and maintaining adequate controls for the programs and administrative functions for which it is responsible. As mentioned, the CSB is developing, implementing, evaluating, and modifying our controls to provide reasonable assurance that the CSB has adequate accountability of our resources. In addition, given the small size of our agency, the CSB determined it to be more cost effective to obtain accounting, travel support, and personnel services from outside federal agencies, which also provide additional levels of control.

Based on internal and external evaluations, and knowledge gained from daily operations, our controls provide reasonable assurance that our resources are safeguarded and properly managed. Our board members and managers continue to emphasize the importance of internal controls, and evaluate and further enhance them as necessary.

### **Management Assurances**

#### ***Federal Managers' Financial Integrity Act***

In accordance with the Federal Managers' Financial Integrity Act (FMFIA), the CSB has an internal management control system, which helps provide assurance that obligations and costs comply with applicable law, assets are safeguarded against waste, loss, unauthorized use or misappropriation, and revenues and expenditures are properly accounted for and recorded. This includes appropriate policies and controls to mitigate the risk of fraud and inappropriate charge card practices. The FMFIA also requires assurance that funds are being used in accordance with the agency's mission and that they are achieving their intended results; that resources are protected from waste, fraud and mismanagement, and that appropriate laws and regulations are followed. The FMFIA encompasses program, operational and administrative areas, as well as accounting and financial management.

In FY 2015, the Office of Inspector General (OIG) proposed three management challenges and one internal control weakness for the CSB based upon their prior audit

and evaluation work.<sup>3</sup> The specific management challenges raised by the OIG related to addressing employee morale, increasing investigations and improving investigative management controls, and determining the need for a Chemical Reporting Regulation. As the CSB responded to the OIG, the CSB is in a transition period and welcomes the OIG's findings and recommendations as we work to strengthen the agency. As an initial step to improve the CSB the new Chairperson conducted a listening tour with staff and stakeholders. The focus was on organizational health, which included not only employee and morale matters but also the procedures, processes and expectations that guide CSB work. The CSB plans to conduct a robust organizational assessment to get information on the best structure to execute our mission to investigate accidents and share our findings. We also plan to complete the investigation protocol to improve investigation management. With respect to the reporting regulation, the CSB agreed to revisit that rulemaking effort.

Finally, the OIG identified an internal control weakness related to addressing operational controls, such as submitting a charge card management plan to OMB. The OIG did not find weaknesses in CSB's financial management, and we note that CSB received a clean opinion on its FY 2015 financial statement audit.

The FMFIA requires the agency head to provide an assurance statement on the adequacy of management controls and conformance of financial systems with Government-wide standards. This assurance statement is contained in the Message from the Chairperson.

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<sup>3</sup> The OIG's report is available on EPA's website (<http://www2.epa.gov/office-inspector-general/report-fy-2015-us-chemical-safety-and-hazard-investigation-board-management>).



### ***Improper Payments Information Act***

The Improper Payments Information Act of 2002 (IPIA), as amended by the 2010 Improper Payments Elimination and Recovery Act (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), requires agencies to review annually all programs and activities to identify those susceptible to significant improper payments, estimate the annual improper payments in the susceptible programs and activities, and report the results of their improper payment reduction plans and activities.

The CSB has not identified any significant risk of improper payments. However, we recognize the importance of maintaining adequate internal controls to ensure proper payments, and our commitment to the continuous improvement in the overall disbursement management process remains strong. In FY 2015, the CSB continued our agreement with the Bureau of the Fiscal Service (BFS) to process financial transactions, make administrative payments, and prepare various financial reports. This agreement promotes the accuracy of our financial records and payments.

Finally, in FY 2015 the Office of Inspector General conducted a review of CSB's IPERIA compliance. The OIG found CSB compliant with most IPERIA requirements. The OIG's report (containing the CSB's response) is available on EPA's website (<http://www2.epa.gov/office-inspector-general/report-csb-complied-reporting-requirements-improper-payments-elimination>).

## PERFORMANCE REPORT

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In FY 2012 the CSB updated its multi-year strategic plan. This plan covers FY 2012 through FY 2017, and serves as a guide in setting priorities, allocating resources, and making decisions. The plan has three strategic goals for 2012–2017:

- **Goal #1:** Conduct incident investigations and safety studies concerning releases of hazardous chemical substances.
- **Goal #2:** Improve safety and environmental protection by ensuring that CSB recommendations are implemented and by broadly disseminating CSB findings through advocacy and outreach.
- **Goal #3:** Preserve the public trust by maintaining and improving organizational excellence.

Goal 1 drives the core mission of the agency by ensuring that we select and complete incident investigations that have the potential to generate thorough recommendations with high preventive impact. It also focuses the agency on developing and completing safety studies with an emphasis on emerging safety issues. Goal 2 focuses on implementing our recommendations and their associated advocacy and outreach. The highly successful CSB safety videos are an important component of the agency information dissemination efforts. Goal 3, on organizational excellence, serves to bind all agency processes using best practice project management. This includes the agency's high-performing information technology and administrative functions.

Due to leadership changes, the CSB did not finalize an annual action plan for FY 2015 that identified specific initiatives to accomplish strategic goals. However, CSB used Strategic Plan objectives to guide activities, and the following are FY 2015 results for these objectives.

**GOAL 1:** Conduct incident investigations and safety studies concerning releases of hazardous chemical substances.

| <b>OBJECTIVES</b>  | <b>RESULTS</b>   |
|--|--|
| 1. Select incidents and hazards for investigation with high potential to generate recommendations with broad preventive impact.                              | Initiated investigations of two incidents: <ul style="list-style-type: none"> <li>• DuPont, LaPorte, TX</li> <li>• ExxonMobil, Torrence, CA</li> </ul>   |
| 2. Complete timely, high-quality investigations that examine the technical, management systems, organizational, and regulatory causes of chemical incidents. | Issued the following written products: <ul style="list-style-type: none"> <li>• Methanol Safety Bulletin</li> <li>• Chevron Regulatory Report</li> <li>• Chevron Final Report</li> <li>• Millard Refrigeration Safety Bulletin</li> <li>• US Ink Case Study</li> <li>• DuPont Interim Recommendations</li> <li>• Horsehead – Technical Analysis</li> </ul> |
| 3. Develop recommendations that will help prevent chemical incidents.  | Issued 32 recommendations  |
| 4. Complete studies with broad safety and environmental preventive impact.   | Nothing significant to report  |
| 5. Advance the identification and understanding of new and recurring issues in chemical safety and the environment.  | Nothing significant to report  |

**GOAL 2:** Improve safety and environmental protection by ensuring that CSB recommendations are implemented and by broadly disseminating CSB findings through advocacy and outreach.

| OBJECTIVES  | RESULTS   |
|---|---|
| <p>1. Advocate the timely implementation of high-impact recommendations to the Congress, federal agencies, state governments, and private and non-profit entities</p> | <p>Responded to the following Requests for Information:</p> <ul style="list-style-type: none"> <li>• EPA on potential revisions to Risk Management Plan Rule</li> <li>• OSHA on potential Process Safety Management revisions</li> <li>• BSEE on Blow Out Preventer and Well Control rule</li> <li>• Submitted comments on the Fair Pay and Safe Workplaces Proposed Rule.</li> </ul> <p>Participated and provided comments on Chevron recommendations on California PSM at public meeting in June 2015</p> <p>Prepared an article on high impact CSB recommendations for the Public Health Journal</p> <p>Closed 24 recommendations</p> <p>Advanced 25 recommendations<sup>4</sup></p> |
| <p>2. Emphasize Board and staff advocacy of a “Most Wanted Chemical Safety Improvements” program.</p>   | <p>Created a Most Wanted Webpage</p> <p>Completed an advocacy plan for combustible dust</p> <p>Added “Modernize U.S. Process Safety Management Regulations” to the Most Wanted List</p>   |

<sup>4</sup> Recommendation recipient responses that remained open, but the Board Members voted to change their status (e.g., open – acceptable response) based on staff evaluations during the year.

| OBJECTIVES  | RESULTS   |
|---|---|
| <p>3. Disseminate information by producing high-quality videos and outreach products that result in improved worker and environmental protection.</p> | <p>Released Safety Videos on the Millard and Tesoro investigations</p> <p>Conducted Public Meetings on the Chevron, US Ink, Millard, and Caribbean Petroleum investigations.</p> <p>Delivered presentations on:</p> <ul style="list-style-type: none"> <li>• Lab Safety</li> <li>• Macondo</li> <li>• Chevron (multiple)</li> <li>• DuPont and Bayer (People Concerned about Chemical Safety)</li> </ul> <p>Released animations related to the DuPont LaPorte and Caribbean Petroleum investigations.</p> |

**GOAL 3:** Preserve the public trust by maintaining and improving organizational excellence.

| OBJECTIVES  | RESULTS  |
|---|--|
| 1. Institute best practice planning and project management in all CSB processes   | Established a leadership planning team that completed team building, mission clarity, board member orientation and ground rule projects  |
| 2. Ensure optimization of the CSB’s budget and resource management by aligning action plans to strategic goals                              | Approved regulations to require at least four public business meetings in Washington, D.C. each year. These business meetings will include a review of current investigations and accomplishments related to the agency’s annual action plan.  |
| 3. Maintain effective human capital management by promoting development and retention of leadership, technical, and analytical competencies | Implemented investigation GS 13-14 career ladder<br>On boarded for 5 new Investigators<br>Hired an additional Recommendations Specialist   |
| 4. Support the CSB mission by maintaining state-of-the-art information technology and effective administrative processes                    | Completed Headquarters and Western Regional Office moves without business interruption   |
| 5. Foster effective internal communications   | Held educational brown bag sessions for all employees on: <ul style="list-style-type: none"> <li>• Individual Development Plans</li> <li>• Telework Program</li> </ul> OPM viewpoints survey completed 100% employee participation<br>Held four all hands meetings<br>Bi-weekly newsletter for the employees |

**Agency Plans and Schedules for Improving Performance**

In June 2015 CSB held a roundtable with stakeholders as an initial step to develop its next four year strategic plan. We anticipate the new plan will include “stretch goals”, to challenge managers and staff in order to achieve maximum results. Our goal is to write

the plan so that we can develop annual action plans with specific measures to drive performance and monitor accomplishments.

**Completeness and Reliability of Performance Data**

Reported performance data are free from any material inadequacies in the completeness and reliability of the data. As a small agency, the CSB can readily monitor and report on its actual performance in achieving its goals.

## FINANCIAL REPORT

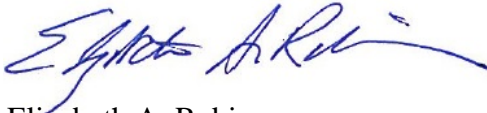
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### A Message from the Chief Financial Officer

The CSB recognizes the significance of accountability and public disclosure. This report is a demonstration of our obligation to fulfill our fiduciary responsibilities to the American taxpayers.

I am pleased to present our financial statements for fiscal years 2015 and 2014. This year the independent public accounting firm, Walker & Co. LLP, issued an Unmodified Opinion, the highest level of assurance, which is consistent with opinions issued since our first full financial audit was conducted in FY 2001.

These financial statements fairly present our financial position and were prepared in accordance with GAAP in the United States of America and formats prescribed by the OMB.



Elizabeth A. Robinson  
Chief Financial Officer

November 16, 2015





U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

*U.S. Chemical Safety Board*

# **Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2015 and 2014 Financial Statements**

Report No. 16-F-0041

November 16, 2015

**Are you aware of fraud, waste or abuse in an EPA or CSB program?**

**EPA Inspector General Hotline**

1200 Pennsylvania Avenue, NW (2431T)  
Washington, DC 20460  
(888) 546-8740  
(202) 566-2599 (fax)

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# At a Glance

## Why We Did This Review

We performed this audit in accordance with the Accountability of Tax Dollars Act of 2002, which requires the U.S. Chemical Safety and Hazard Investigation Board (CSB) to prepare, and the Office of Inspector General (OIG) to audit, the board's financial statements each year.

The U.S. Environmental Protection Agency's OIG, which also serves as the Inspector General for CSB, contracted with Walker and Company, LLP, to perform the audit of the CSB's fiscal year 2015 financial statements. CSB's fiscal year 2014 statements had previously been audited by Brown and Company CPAs, PLLC.

## This report addresses the following CSB goal:

- *Preserve the public trust by maintaining and improving organizational excellence.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit [www.epa.gov/oig](http://www.epa.gov/oig).

Listing of [OIG reports](#).

## ***Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2015 and 2014 Financial Statements***

### What Walker and Company Found

Walker and Company rendered an unmodified opinion on the CSB's financial statements for fiscal year 2015, meaning that the statements were fairly presented and free of material misstatements. Brown and Company had previously rendered an unmodified opinion on the CSB's financial statements for fiscal year 2014.

**The CSB received an unmodified opinion on its fiscal year 2015 financial statements.**

In planning and performing its audit, Walker and Company considered the CSB's internal control over financial reporting. Walker and Company noted no matters involving the internal control and the CSB operation that it considered to be a material weakness. 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.

As part of obtaining reasonable assurance about whether the CSB's financial statements are free of material misstatement, Walker and Company performed tests of the CSB's compliance with certain provisions of laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Walker and Company's fiscal year 2015 audit disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or Office of Management and Budget Bulletin No. 15-02.

Walker and Company is responsible for the enclosed auditor's report and the conclusions expressed in the report. We do not express any opinion or conclusions on the CSB's financial statements, internal control, or compliance with laws and regulations.

### CSB Comments

The CSB agreed with Walker and Company's report.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OFFICE OF  
INSPECTOR GENERAL

November 16, 2015

The Honorable Vanessa Allen Sutherland  
Chairperson and Board Member  
U.S. Chemical Safety and Hazard Investigation Board  
1750 Pennsylvania Avenue NW, Suite 910  
Washington, D.C. 20006

Subject: Report No. 16-F-0041, Audit of the U.S. Chemical Safety and Hazard Investigation Board's  
Fiscal Years 2015 and 2014 Financial Statements

Dear Ms. Sutherland:

This letter transmits the audit report on the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) fiscal year 2015 financial statements. The audit is required by Public Law 107-289, the Accountability of Tax Dollars Act of 2002. The fiscal year 2014 financial statement had previously been audited.

The independent public accounting firm of Walker and Company, LLP, performed the audit of the CSB financial statements as of and for the fiscal year ended September 30, 2015. The audit was required to be done in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*; and the Financial Audit Manual of the Government Accountability Office/President's Council on Integrity and Efficiency. The fiscal year 2014 financial statements as of and for the fiscal year ended September 30, 2014, had previously been audited by the independent public accounting firm of Brown and Company CPAs, PLLC.

Walker and Company is responsible for the enclosed auditor's report dated November 16, 2015, and the opinions and conclusions expressed in the report. We do not express any opinion or conclusions on the CSB's financial statements, internal control or compliance with laws and regulations.

We will post this report to our website at [www.epa.gov/oig](http://www.epa.gov/oig).

Sincerely,

Paul C. Curtis  
Director, Financial Statement Audits

Enclosure



Walker & Co., LLP  
*Assurance, Business and Advisory Services*

## **REPORT OF INDEPENDENT AUDITORS**

Office of Inspector General  
and  
Chairman and CEO  
United States Chemical Safety and Hazard Investigation Board  
Washington, D.C.

We have audited the accompanying balance sheet of the United States Chemical Safety and Hazard Investigation Board (CSB) as of September 30, 2015 and the related statements of net cost, changes in net position and budgetary resources for the years then ended and the related notes. The balance sheet of the CSB as of September 30, 2014, and the related statements of net cost, changes in net position and budgetary resources for the year then ended were audited by other auditors. Those auditors expressed an unmodified opinion on the statements in their report dated November 14, 2014.

### **Management's Responsibilities**

Management of the CSB is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. Management of the CSB is also responsible for effective internal control over compliance with laws, regulations, contracts, and grant agreements applicable to the CSB.

### **Auditors' Responsibilities**

Our responsibility is to express an opinion on the financial statements of the CSB as of and for the year ended September 30, 2015 based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 15-02, as amended. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

5101 Wisconsin Avenue, NW, Ste. 210, Washington, DC 20016. | T. 202.363.9300 F. 202.363.0531  
Member AICPA Private Companies Practice Section & Government Audit Quality Center

In planning and performing our audit as of and for the year ended September 30, 2015, we considered the CSB's internal control over financial reporting by obtaining an understanding of the CSB's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CSB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the CSB's internal control over financial reporting. We did not test all controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

As part of obtaining reasonable assurance about whether the CSB's financial statements as of and for the year ended September 30, 2015 are free of material misstatement, we performed tests of the CSB's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 15-02, as amended. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the CSB. However, providing an opinion on compliance with laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

Our responsibilities also included expressing an opinion on the CSB's compliance with FFMIA section 803(a) requirements as of and for the year ended September 30, 2015, based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence about the CSB's compliance with the requirements of FFMIA section 803(a) and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the CSB's compliance with specified requirements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CSB as of September 30, 2015, and its net costs, changes in net position, and budgetary resources for the year then ended, in conformity with U.S. generally accepted accounting principles.

## ***Other Matters***

### *Required supplementary information*

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

### *Other information*

The information in the supplementary section is not a required part of the financial statements, but is supplementary information required by OMB Circular A-136, *Financial Reporting Requirements*. We have applied certain limited procedures to such information, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We also reviewed such information for consistency with the related information presented in the CSB's financial statements. We did not audit this information, however and, accordingly, express no opinion on it.

## **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the CSB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CSB's internal control. Accordingly, we do not express an opinion on the effectiveness of the CSB's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

The results of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in the FFMIA, disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 15-02.

### **Opinion on Compliance with FFMIA**

The CSB represented that, in accordance with the provisions and requirements of FFMIA, the Chairman determined that CSB's financial management systems were in substantial compliance with FFMIA as of September 30, 2015.

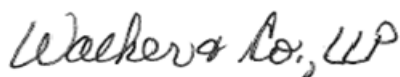
We have examined the CSB's compliance with section 803(a) of the *Federal Financial Management Improvement Act of 1996* as of September 30, 2015. Under section 803(a) of FFMIA, the CSB financial management systems are required to substantially comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger (USSGL) at the transaction level. We used OMB's *Implementation Guidance for the Federal Financial Management Improvement Act*, dated January 9, 2009, to determine compliance.

We issued a draft of this report to the CSB's management and requested its comments. Management replied by indicating its general agreement with the audit results.

The purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters sections of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the CSB's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CSB's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

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

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Washington, D.C.  
November 16, 2015



**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2015 AND 2014**  
**(In Dollars)**

|  | 2015                | 2014                |
|--|---------------------|---------------------|
| <b>Assets:</b>                                   |                     |                     |
| Intragovernmental                                |                     |                     |
| Fund Balance With Treasury (Note 2)              | \$ 3,254,350        | \$ 4,019,604        |
| <b>Total Intragovernmental</b>                   | <b>3,254,350</b>    | <b>4,019,604</b>    |
| Accounts Receivable, Net (Note 3)                | 59,000              | 59,133              |
| Property, Equipment, and Software, Net (Note 4)  | 437,879             | 21,095              |
| <b>Total Assets</b>                              | <b>\$ 3,751,229</b> | <b>\$ 4,099,832</b> |
| <b>Liabilities:</b>                              |                     |                     |
| Intragovernmental                                |                     |                     |
| Accounts Payable                                 | \$ 15,459           | \$ 78,721           |
| Other  | 103,703             | 52,970              |
| <b>Total Intragovernmental</b>                   | <b>119,162</b>      | <b>131,691</b>      |
| Accounts Payable                                 | 389,128             | 350,201             |
| Federal Employee and Veterans' Benefits (Note 5) | 3,908               | -                   |
| Other (Note 6)                                   | 690,389             | 671,679             |
| <b>Total Liabilities (Note 5)</b>                | <b>\$ 1,202,587</b> | <b>\$ 1,153,571</b> |
| <b>Net Position:</b>                             |                     |                     |
| Unexpended Appropriations - Other Funds          | \$ 2,571,752        | \$ 3,365,173        |
| Cumulative Results of Operations - Other Funds   | (23,110)            | (418,912)           |
| <b>Total Net Position</b>                        | <b>\$ 2,548,642</b> | <b>\$ 2,946,261</b> |
| <b>Total Liabilities and Net Position</b>        | <b>\$ 3,751,229</b> | <b>\$ 4,099,832</b> |

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

**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**STATEMENT OF NET COST**  
**FOR THE YEARS ENDING SEPTEMBER 30, 2015 AND 2014**  
(In Dollars)

|                               | 2015                 | 2014                 |
|-------------------------------|----------------------|----------------------|
| <b>Program Costs:</b>         |                      |                      |
| Gross Costs (Note 8)          | \$ 11,130,123        | \$ 10,936,110        |
| <b>Net Cost of Operations</b> | <b>\$ 11,130,123</b> | <b>\$ 10,936,110</b> |

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

**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEARS ENDING SEPTEMBER 30, 2015 AND 2014**  
(In Dollars)

|  | 2015<br>All Other Funds | 2014<br>All Other Funds |
|--|-------------------------|-------------------------|
| <b>Cumulative Results of Operations:</b>       |                         |                         |
| Beginning Balances                             | \$ (418,912)            | \$ (476,454)            |
| <b>Budgetary Financing Sources:</b>            |                         |                         |
| Appropriations Used                            | \$ 11,167,085           | \$ 10,617,782           |
| <b>Other Financing Sources (Non-Exchange):</b> |                         |                         |
| Imputed Financing Sources (Note 9)             | 358,840                 | 375,870                 |
| Total Financing Sources                        | 11,525,925              | 10,993,652              |
| Net Cost of Operations (Note 8)                | (11,130,123)            | (10,936,110)            |
| Net Change                                     | 395,802                 | 57,542                  |
| Cumulative Results of Operations               | \$ (23,110)             | \$ (418,912)            |
| <b>Unexpended Appropriations:</b>              |                         |                         |
| Beginning Balances                             | \$ 3,365,173            | \$ 4,050,887            |
| <b>Budgetary Financing Sources:</b>            |                         |                         |
| Appropriations Received                        | \$ 11,000,000           | \$ 11,000,000           |
| Other Adjustments                              | (626,336)               | (1,067,932)             |
| Appropriations Used                            | (11,167,085)            | (10,617,782)            |
| Total Budgetary Financing Sources              | \$ (793,421)            | \$ (685,714)            |
| Total Unexpended Appropriations                | \$ 2,571,752            | \$ 3,365,173            |
| Net Position                                   | \$ 2,548,642            | \$ 2,946,261            |

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

**U.S. CHEMICAL SAFETY & HAZARD INVESTIGATION BOARD**  
**STATEMENT OF BUDGETARY RESOURCES**  
**FOR THE YEARS ENDING SEPTEMBER 30, 2015 AND 2014**  
(In Dollars)

|   | 2015                 | 2014                 |
|---|----------------------|----------------------|
| <b>Budgetary Resources:</b>                               |                      |                      |
| Unobligated Balance Brought Forward, October 1            | \$ 1,891,083         | \$ 2,732,717         |
| Recoveries of Prior Year Unpaid Obligations               | 186,967              | 185,059              |
| Other changes in unobligated balance                      | (626,336)            | (1,067,931)          |
| Unobligated balance from prior year budget authority, net | 1,451,714            | 1,849,845            |
| Appropriations  | 11,000,000           | 11,000,000           |
| Spending authority from offsetting collections            | 7,384                | 4,247                |
| <b>Total Budgetary Resources</b>                          | <b>\$ 12,459,098</b> | <b>\$ 12,854,092</b> |
| <b>Status of Budgetary Resources:</b>                     |                      |                      |
| Obligations Incurred (Note 11)                            | \$ 10,967,382        | \$ 10,963,009        |
| Unobligated balance, end of year:                         |                      |                      |
| Apportioned   | 986,126              | 905,161              |
| Unapportioned   | 505,590              | 985,922              |
| Total unobligated balance, end of year                    | 1,491,716            | 1,891,083            |
| <b>Total Budgetary Resources</b>                          | <b>\$ 12,459,098</b> | <b>\$ 12,854,092</b> |
| <b>Change in Obligated Balance</b>                        |                      |                      |
| <b>Unpaid Obligations:</b>                                |                      |                      |
| Unpaid Obligations, Brought Forward, October 1            | \$ 2,128,521         | \$ 1,828,535         |
| Obligations Incurred (Note 11)                            | 10,967,382           | 10,963,009           |
| Outlays (gross)   | (11,146,302)         | (10,477,964)         |
| Recoveries of Prior Year Unpaid Obligations               | (186,967)            | (185,059)            |
| Unpaid Obligations, End of Year (Gross)                   | \$ 1,762,634         | \$ 2,128,521         |
| Obligated Balance, End of Year                            | \$ 1,762,634         | \$ 2,128,521         |
| <b>Budget Authority and Outlays, Net:</b>                 |                      |                      |
| Budget authority, gross                                   | \$ 11,007,384        | \$ 11,004,247        |
| Actual offsetting collections                             | (7,384)              | (4,247)              |
| <b>Budget Authority, net, (total)</b>                     | <b>\$ 11,000,000</b> | <b>\$ 11,000,000</b> |
| Outlays, gross  | \$ 11,146,302        | \$ 10,477,964        |
| Actual offsetting collections                             | (7,384)              | (4,247)              |
| <b>Agency outlays, net</b>                                | <b>\$ 11,138,918</b> | <b>\$ 10,473,717</b> |

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



## CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The United States Chemical Safety and Hazard Investigation Board (CSB) is an independent Federal agency with the mission of ensuring the safety of workers and the public by promoting chemical safety and accident prevention. The CSB was established by the Clean Air Act Amendments of 1990 and is responsible for advising the President and Congress on key issues related to chemical safety and evaluating the effectiveness of other Government agencies on safety requirements. The CSB receives all of its funding through appropriations. The CSB 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. The CSB manages Operations and Facilities, Engineering and Development General Fund accounts.

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

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

#### B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the CSB. The Balance Sheet presents the financial position of the agency.

The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. They have been prepared from, and are fully supported by, the books and records of the CSB in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and the CSB 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 the CSB'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. 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.

**D. Fund Balance with Treasury**

Fund Balance with Treasury is the aggregate amount of the CSB’s funds with Treasury in expenditure and receipt fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The CSB does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand. Foreign currency payments are made either by Treasury or the Department of State and are reported by the CSB in the U.S. dollar equivalents.

**E. Accounts Receivable**

Accounts receivable can consist of amounts owed to the CSB 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 and a security deposit prior to 2003 which was reclassified to a receivable. 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.

**F. 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. The CSB’s capitalization threshold is \$10,000 for individual purchases and \$50,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization

criteria are expensed upon receipt. 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:

| <u>Description</u>     | <u>Useful Life (years)</u> |
|------------------------|----------------------------|
| Leasehold Improvements | Lease Term                 |
| Office Furniture       | 7                          |
| Office Equipment       | 5                          |
| Computer Equipment     | 3                          |
| Software               | 3                          |

**G. Liabilities**

Liabilities represent the amount of funds likely to be paid by the CSB as a result of transactions or events that have already occurred.

The CSB reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual

leave and the amounts due to Treasury for collection and accounts receivable of civil penalties and Freedom of Information Act (FOIA) request fees.

#### **H. 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. Non-vested 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 the Office of Personnel Management (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% for the 1<sup>st</sup> quarter of FY 2014 and 100% thereafter.

#### **I. 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 CSB 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 CSB 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 the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

#### **J. Retirement Plans**

The CSB employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the CSB 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. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the CSB matches any employee contribution up to an additional four percent of pay. For FERS participants, the CSB 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, the CSB remits the employer's share of the required contribution.

The CSB 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 the CSB for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The CSB recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The CSB 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, as the administrator.

#### **K. Other Post-Employment Benefits**

The CSB employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGSIP) may continue to participate in these programs after their retirement. The OPM has provided the CSB with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The CSB 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 CSB through the recognition of an imputed financing source.

#### **L. 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.

#### **M. 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. The CSB recognized imputed costs and financing sources in fiscal years 2015 and 2014 to the extent directed by accounting standards.



## NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2015 and 2014 were as follows:

|                       | 2015                | 2014                |
|-----------------------|---------------------|---------------------|
| <b>Fund Balances:</b> |                     |                     |
| Appropriated Funds    | \$ 3,254,350        | \$ 4,019,604        |
| <b>Total</b>          | <b>\$ 3,254,350</b> | <b>\$ 4,019,604</b> |

### Status of Fund Balance with Treasury:

|                                     |                     |                     |
|-------------------------------------|---------------------|---------------------|
| Unobligated Balance                 |                     |                     |
| Available                           | \$ 986,126          | \$ 905,161          |
| Unavailable                         | 505,590             | 985,922             |
| Obligated Balance Not Yet Disbursed | 1,762,634           | 2,128,521           |
| <b>Total</b>                        | <b>\$ 3,254,350</b> | <b>\$ 4,019,604</b> |

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

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 fund balance on hand (see Note 13).

## NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2015 and 2014 were as follows:

|                                  | 2015             | 2014             |
|----------------------------------|------------------|------------------|
| With the Public                  |                  |                  |
| Accounts Receivable              | \$ 59,000        | \$ 59,133        |
| <b>Total Accounts Receivable</b> | <b>\$ 59,000</b> | <b>\$ 59,133</b> |

The accounts receivable is primarily made up of a security deposit of \$59,000 made prior to 2003, which was reclassified to a receivable. The remaining accounts receivable balance is reimbursements due from employees.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2015 and 2014.

#### NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2015:

| Major Class            | Acquisition Cost    | Accumulated Amortization/Depreciation | Net Book Value    |
|------------------------|---------------------|---------------------------------------|-------------------|
| Leasehold Improvements | \$ 983,356          | \$ 756,814                            | \$ 226,542        |
| Furniture & Equipment  | 1,669,364           | 1,458,027                             | 211,337           |
| Software               | 131,270             | 131,270                               | -                 |
| <b>Total</b>           | <b>\$ 2,783,990</b> | <b>\$ 2,346,111</b>                   | <b>\$ 437,879</b> |

Schedule of Property, Equipment, and Software as of September 30, 2014:

| Major Class              | Acquisition Cost    | Accumulated Amortization/Depreciation | Net Book Value   |
|--------------------------|---------------------|---------------------------------------|------------------|
| Leasehold Improvements   | \$ 711,505          | \$ 711,505                            | \$ -             |
| Furniture & Equipment    | 1,649,613           | 1,649,613                             | -                |
| Software                 | 131,270             | 117,499                               | 13,771           |
| Construction-in-Progress | 7,324               | N/A                                   | 7,324            |
| <b>Total</b>             | <b>\$ 2,499,712</b> | <b>\$ 2,478,617</b>                   | <b>\$ 21,095</b> |

#### NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the CSB as of September 30, 2015 and 2014 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.

|   | 2015                | 2014                |
|---|---------------------|---------------------|
| Intragovernmental – FECA                                    | \$ 1,020            | \$ -                |
| Unfunded Leave  | 456,061             | 440,141             |
| Actuarial FECA  | 3,908               | -                   |
| <b>Total Liabilities Not Covered by Budgetary Resources</b> | <b>\$ 460,989</b>   | <b>\$ 440,141</b>   |
| <b>Total Liabilities Covered by Budgetary Resources</b>     | <b>741,598</b>      | <b>713,430</b>      |
| <b>Total Liabilities</b>                                    | <b>\$ 1,202,587</b> | <b>\$ 1,153,571</b> |

FECA represents the unfunded liability for actual workers compensation claims and unemployment benefits paid on CSB's behalf and payable to the DOL. CSB also records an actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

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, 2015 were as follows:

|  | Current           | Non Current | Total             |
|--|-------------------|-------------|-------------------|
| Intragovernmental                                |                   |             |                   |
| FECA Liability                                   | \$ 1,020          | \$ -        | \$ 1,020          |
| Payroll Taxes Payable                            | 43,683            | -           | 43,683            |
| Custodial Liability                              | 59,000            | -           | 59,000            |
| <b>Total Intragovernmental Other Liabilities</b> | <b>\$ 103,703</b> | <b>\$ -</b> | <b>\$ 103,703</b> |

|                                       |                   |             |                   |
|---------------------------------------|-------------------|-------------|-------------------|
| With the Public                       |                   |             |                   |
| Payroll Taxes Payable                 | \$ 30,854         | \$ -        | \$ 30,854         |
| Accrued Funded Payroll and Leave      | 203,474           | -           | 203,474           |
| Unfunded Leave                        | 456,061           | -           | 456,061           |
| <b>Total Public Other Liabilities</b> | <b>\$ 690,389</b> | <b>\$ -</b> | <b>\$ 690,389</b> |

Other liabilities account balances as of September 30, 2014 were as follows:

|  | Current          | Non Current | Total            |
|--|------------------|-------------|------------------|
| Intragovernmental                                |                  |             |                  |
| Payroll Taxes Payable                            | \$ 52,970        | \$ -        | \$ 52,970        |
| <b>Total Intragovernmental Other Liabilities</b> | <b>\$ 52,970</b> | <b>\$ -</b> | <b>\$ 52,970</b> |

|                                       |                   |             |                   |
|---------------------------------------|-------------------|-------------|-------------------|
| With the Public                       |                   |             |                   |
| Payroll Taxes Payable                 | \$ 5,105          | \$ -        | \$ 5,105          |
| Accrued Funded Payroll and Leave      | 167,433           | -           | 167,433           |
| Unfunded Leave                        | 440,141           | -           | 440,141           |
| Custodial Liability                   | 59,000            | -           | 59,000            |
| <b>Total Public Other Liabilities</b> | <b>\$ 671,679</b> | <b>\$ -</b> | <b>\$ 671,679</b> |

## NOTE 7. LEASES

### Operating Leases

The CSB occupies offices in Washington, DC and Denver, CO under lease agreements. The total operating lease expenses for the years ended September 30, 2015 and 2014 were \$1,199,842 and \$1,064,570, respectively. The CSB began sub-leasing a portion of the DC office space in October 2012 for \$8,333 per month, ending in August 2014. Therefore, these collections have reduced their rent expense by \$91,667 as of September 30, 2014.

The lease agreement for office space in Washington, DC is accounted for as an operating lease. In FY 2014, the CSB signed a new lease agreement for a ten-year term commencing on October 1, 2015 and ending on September 30, 2025. According to Section 1.03 of this agreement, beginning in the 4<sup>th</sup> year of the lease and continuing through the 10<sup>th</sup> year of the lease, the first two (2) months of rent in each year (totaling 14 months of free rent) shall be entirely abated.

Below is a schedule of future payments for the term of the lease, including estimated real estate taxes and operating expenses which are subject to annual adjustments.

Washington, DC

| Fiscal Year                | Building            |
|----------------------------|---------------------|
| 2016                       | \$ 594,398          |
| 2017                       | 655,197             |
| 2018                       | 655,197             |
| 2019                       | 545,997             |
| 2020                       | 545,997             |
| Thereafter                 | 2,729,987           |
| <b>Net Future Payments</b> | <b>\$ 5,726,773</b> |

The two lease agreements for office space in Denver, CO are accounted for as operating leases. The first lease term began on February 1, 2013 and was to expire on January 31, 2018. The second lease term began on September 29, 2013 and was to expire on September 28, 2017. However, during 2013 CSB identified the need for a larger space to house all of the CSB's Denver employees contiguously, so a move to a different building was made in November 2014. The new lease agreement is for a period of 60 months commencing on or about 12/1/2014.

Lease payments are increased annually based on the adjustments for operating cost. The CSB may relinquish space upon four (4) months' notice. Thus, at any future time, the CSB's financial obligation can be reduced to four (4) months of rent, plus the unamortized balance of any tenant improvements financed through Public Buildings Service (PBS) plus any rent concessions not yet earned. Below is a schedule of future payments for the Denver lease.

Denver, CO

| Fiscal Year                  | Building          |
|------------------------------|-------------------|
| 2016                         | \$ 88,528         |
| 2017                         | 96,693            |
| 2018                         | 97,684            |
| 2019                         | 98,696            |
| 2020 (2 months)              | 16,511            |
| <b>Total Future Payments</b> | <b>\$ 398,112</b> |

**NOTE 8. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE**

Intragovernmental costs and revenue represent exchange transactions between the CSB and other federal government entities, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

|                          | 2015              | 2014              |
|--------------------------|-------------------|-------------------|
| Program Costs            |                   |                   |
| Intragovernmental Costs  | \$ 2,122,713      | \$ 2,139,620      |
| Public Costs             | 9,007,410         | 8,796,490         |
| <b>Net Program Costs</b> | <b>11,130,123</b> | <b>10,936,110</b> |

## NOTE 9. IMPUTED FINANCING SOURCES

The CSB 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, 2015 and 2014, respectively, imputed financing was as follows:

|  | 2015              | 2014              |
|--|-------------------|-------------------|
| Office of Personnel Management         | \$ 358,840        | \$ 375,870        |
| <b>Total Imputed Financing Sources</b> | <b>\$ 358,840</b> | <b>\$ 375,870</b> |

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

The President's Budget that will include fiscal year 2015 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2016 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2016 Budget of the United States Government, with the "Actual" column completed for 2014, 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 for 2015 and 2014 consisted of the following:

|                                   | 2015                 | 2014                 |
|-----------------------------------|----------------------|----------------------|
| Direct Obligations, Category B    | \$ 10,967,382        | \$ 10,963,009        |
| <b>Total Obligations Incurred</b> | <b>\$ 10,967,382</b> | <b>\$ 10,963,009</b> |

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.

## NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2015 and 2014, budgetary resources obligated for undelivered orders amounted to \$1,080,036 and \$1,474,089, respectively.

## NOTE 13. CUSTODIAL LIABILITY

The CSB'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 the CSB nor material to the overall financial statements. The CSB's total custodial collections are \$1,237 and \$1,556 for the years ended September 30, 2015, and 2014, respectively.

#### NOTE 14. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

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

|   | 2015          | 2014          |
|---|---------------|---------------|
| <b>Resources Used to Finance Activities:</b>  |               |               |
| Budgetary Resources Obligated   |               |               |
| Obligations Incurred  | \$ 10,967,382 | \$ 10,963,009 |
| Spending Authority From Offsetting Collections and Recoveries   | (194,351)     | (189,306)     |
| Net Obligations   | 10,773,031    | 10,773,703    |
| Other Resources   |               |               |
| Imputed Financing From Costs Absorbed By Others   | 358,840       | 375,870       |
| Total Resources Used to Finance Activities  | 11,131,871    | 11,149,573    |
| Resources Used to Finance Items Not Part of the Net Cost of Operations                                      | (84,354)      | (242,659)     |
| Total Resources Used to Finance the Net Cost of Operations  | 11,047,517    | 10,906,914    |
| Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period: | 82,606        | 29,196        |
| Net Cost of Operations  | \$ 11,130,123 | \$ 10,936,110 |

#### NOTE 15. SUBSEQUENT EVENTS

In preparing these financial statements, the CSB's management has evaluated events and transactions for potential recognition or disclosure through November 16, 2015, which is the date the financial statements were available to be issued.

## ABBREVIATIONS AND ACRONYMS

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|        |   |
|--------|---|
| ACS    | American Chemical Society   |
| BFS    | Bureau of the Fiscal Service (within the U.S. Department of the Treasury)                   |
| BSEE   | Bureau of Safety and Environmental Enforcement (within the U.S. Department of the Interior) |
| CSB    | U.S. Chemical Safety and Hazard Investigation Board   |
| EPA    | Environmental Protection Agency   |
| FMFIA  | Federal Manager's Financial Integrity Act   |
| FY     | Fiscal Year (October 1 to September 30)   |
| GAAP   | Generally Accepted Accounting Principles  |
| GAO    | Government Accountability Office  |
| IPERA  | 2010 Improper Payments Elimination and Recovery Act   |
| IPERIA | Improper Payments Elimination and Recovery Improvement Act of 2012                          |
| IPIA   | Improper Payments Information Act of 2002   |
| ISO    | Industrial Safety Ordinance   |
| MCHM   | 4-Methylcyclohexane Methanol  |
| MIC    | Methyl Isocyanate   |
| NFPA   | National Fire Protection Association  |
| OIG    | Office of Inspector General   |
| OMB    | Office Management and Budget  |
| OSHA   | Occupational Health and Safety Administration (within the U.S. Department of Labor)         |
| PSM    | Process Safety Management   |
| RFI    | Request for Information   |

## **THE CSB WELCOMES YOUR COMMENTS!**

Thank you for your interest in the CSB's FY 2015 Performance and Accountability Report. The CSB welcomes your comments on how we can make this report a more informative document for our readers. The CSB is particularly interested in your comments on the usefulness of this information and the manner in which it is presented. Please send your comments to [cfo@csb.gov](mailto:cfo@csb.gov) or write to:

**Chemical Safety and Hazard Investigation Board**  
Chief Financial Officer  
1750 Pennsylvania Ave, NW, Suite 910  
Washington, DC 20006

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