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Certified Public Accountants
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Report of Independent Auditors

Carol Waller Pope
Chairman

Opinion on the Financial Statements

We have audited the accompanying balance sheet of the U.S. Federal Labor Relations Authority (FLRA), as of September 30, 2009, and the related statements of net cost of operations, changes in net position, and budgetary resources, for the year then ended. These financial statements are the responsibility of FLRA management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of FLRA as of September 30, 2008 were audited by other auditors whose report, dated July 9, 2009, expressed an unqualified opinion on those statements.

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. 07-04, *Audit Requirements for Federal Financial Statements,* as amended. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of FLRA as of September 30, 2009, and its net cost of operations, changes in net position, and budgetary resources for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered FLRA's internal control over financial reporting by obtaining an understanding of FLRA's internal control, determining whether these internal controls had been placed in operation, assessing control risk, and performing tests of FLRA's internal controls in order to determine our audit procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 07-04, as amended. We did not test all internal controls relevant to the operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982. Providing an opinion on internal control over financial reporting was not the objective of our audit, accordingly, we do not express an opinion the effectiveness of FLRA's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. Our consideration of the internal control over financial reporting would not necessarily disclose all deficiencies that might be a significant deficiency. A significant deficiency is a deficiency in internal control, or a combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. We noted certain matters involving the internal control and its operation that we considered to be significant deficiencies as defined above; they are described below. Our consideration of the internal control over financial reporting would not necessarily disclose all significant deficiencies that might be a material weakness. A material weakness is a significant deficiency, or combination of significant deficiencies, that result in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected. Because of inherent limitations in internal controls, misstatements, losses, or non-compliance may nevertheless occur and not be detected. However, we noted no matters involving the internal control and its operation that we considered to be material weaknesses as defined above.

Information Systems Security Controls

The Federal Information Security Management Act (FISMA) independent evaluations for fiscal year 2009 identified weaknesses in FLRA's information security program. The independent FISMA evaluation, performed by a third party, specifically identified seventeen (17) weaknesses in FLRA's security policies, procedures, and processes, leading the independent evaluator to conclude FLRA has not established adequate security controls.

Based on a self-evaluation of management controls over information systems, FLRA concluded that the significant deficiencies identified did not reach the level of material weakness and are therefore not included as such in the annual statement of assurance required by the Federal Managers' Financial Integrity Act (FMFIA).

Report on Compliance with Applicable Laws and Regulations

The management of FLRA is responsible for complying with laws and regulations applicable to FLRA. As part of obtaining reasonable assurance about whether FLRA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations including laws governing the use of budgetary authority and government-wide policies identified in OMB Bulletin No. 07-04, as amended, non-compliance with which could have a direct and material effect on the determination of consolidated and combined financial statements.

We limited our tests of compliance to the provisions of laws and regulations referred to in the preceding paragraph. Providing an opinion on compliance with those provisions was not an objective of our audit, accordingly, we do not express such an opinion. However, we noted no noncompliance with laws and regulations, which could have a direct and material effect on the determination of the financial statements.

Other Information

Management's Discussion and Analysis (MD&A) is not a required part of the financial statements but is supplementary information required by the Federal Accounting Standards Advisory Board and OMB Circular A-136, *Financial Reporting Requirements*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the MD&A. However, we did not audit the information and accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements of FLRA taken as a whole. The other accompanying information included in this performance and accountability report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management of the U.S Federal Labor Relations Authority, the U.S. Office of Management and Budget, 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.

Harper, Rains, Knight & Company, P.A.

November 13, 2009

FEDERAL LABOR RELATIONS AUTHORITY BALANCE SHEETS

(In Dollars)

As of September 30,	Notes	2009	2008
ASSETS			
Intragovernmental:			
Fund Balance with Treasury	2	$ 10,156,942	$ 10,213,975
Accounts Receivable	3	10,591	
Advances and Prepayments		16,156	
Total Intragovernmental		10,183,689	10,213,975
Accounts Receivable	3	8,930	9,985
General Property, Plant and Equipment, Net	4	668,525	692,370
Total Assets		$ 10,861,144	$ 10,916,330
LIABILITIES			
Intragovernmental Liabilities:			
Accounts Payable		$ 103,575	$ 158,149
FECA Liabilities	5	256,355	262,921
Other		$ 73	
Total Intragovernmental Liabilities		360,003	421,070
Accounts Payable		69,945	296,948
FECA Actuarial Liability	5	1,135,860	1,093,307
Unfunded Annual Leave	5	1,286,960	1,249,890
Accrued Payroll and Benefits		958,120	1,000,842
Total Liabilities		3,810,888	4,062,057
NET POSITION			
Unexpended Appropriations		9,048,592	8,778,644
Cumulative Results of Operations		(1,998,336)	(1,924,371)
Total Net Position		7,050,256	6,854,273
Total Liabilities and Net Position		$ 10,861,144	$ 10,916,330

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

FEDERAL LABOR RELATIONS AUTHORITY STATEMENTS OF NET COST

(In Dollars)

As of September 30,		2009		2008
Program Cost				
Intragovernmental gross cost	$	4,956,405	$	6,161,177
Public Cost	$	18,345,057	$	17,911,000
Net Cost of Operations	$	23,301,462	$	24,072,177

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

FEDERAL LABOR RELATIONS AUTHORITY
STATEMENTS OF CHANGES IN NET POSITION
(In Dollars)

As of September 30,	**2009**	**2008**
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balance	$ (1,924,371)	$ (1,977,387)
Adjustments		
Correction of Error	13,403	-
Beginning Balance, as adjusted	(1,910,968)	(1,977,387)
Budgetary Financing Sources:		
Appropriations-Used	21,970,748	22,882,424
Other Financing Sources:		
Imputed Financing	1,243,346	1,242,769
Total Financing Sources	23,214,094	24,125,193
Net Cost of Operations	(23,301,462)	(24,072,177)
Net Change	(87,368)	53,016
Cumulative Results of Operations	$ (1,998,336)	$ (1,924,371)
Unexpected Appropriations:		
Beginning Balance	$ 8,778,644	$ 9,622,601
Budgetary Financing Sources:		
Appropriations Received	$ 23,900,234	23,641,000
Appropriations Transferred In/(Out)	(1,226,234)	(1,602,533)
Appropriations-Used	(21,970,748)	(22,882,424)
Other Adjustments	(433,304)	-
Total Budgetary Financing Sources	269,948	(843,957)
Unexpended Appropriations	$ 9,048,592	$ 8,778,644
Net Position	$ 7,050,256	$ 6,854,273

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

FEDERAL LABOR RELATIONS AUTHORITY STATEMENTS OF BUDGETARY RESOURCES

(In Dollars) For the Years ended September 30,	2009	2008
Budgetary Resources:		
Unobligated balance, brought forward, October 1:	$ 7,963,702	$ 8,363,788
Recoveries of prior year unpaid obligations	249,344	432,139
Budget Authority:		
Appropriation	23,900,234	23,641,000
Change in receivables from Federal sources	-	(23,955)
Total Budget Authority	23,900,234	23,617,045
Nonexpenditure transfers, net, anticipated and actual	(1,226,234)	(1,602,533)
Permanently not available	(433,304)	-
Total Budgetary Resources	$ 30,453,742	$ 30,810,439
Status of Budgetary Resources:		
Obligations incurred		
Direct	$ 23,972,535	$ 22,846,737
Total Obligations incurred	23,972,535	22,846,737
Unobligated balance		
Apportioned	81,715	2,452,205
Total Unobligated balance	81,715	2,452,205
Unobligated balance not available	6,399,492	5,511,497
Total Status of Budgetary Resources	$ 30,453,742	$ 30,810,439
Change in Obligated Balance:		
Obligated balance, net		
Unpaid obligations, brought forward, October 1	$ 2,250,273	$ 2,440,535
Less: Uncollected customer payments from Federal sources, brought forward, October 1	-	(23,955)
Total unpaid obligated balances, net	2,250,273	2,416,580
Obligations incurred, net	23,972,535	22,846,737
Less: Gross outlays	(22,297,802)	(22,604,860)
Less: Recoveries of prior year unpaid obligations, actual	(249,344)	(432,139)
Change in uncollected customer payments from Federal sources	-	23,955
Total, unpaid obligated balance, net, end of period	3,675,662	2,250,273
Obligated Balance, net, end of period		
Unpaid obligations	3,675,662	2,250,273
Total, unpaid obligated balance, net, end of period (Note 8)	$ 3,675,662	$ 2,250,273
Net Outlays:		
Gross outlays	22,297,802	22,604,860
Net Outlays	22,297,802	22,604,860

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

NOTES TO THE PRINCIPAL FINANCIAL STATEMENTS

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a)Reporting Entity

The Federal Labor Relations Authority (FLRA) is an independent administrative Federal agency created by Title VII of the Civil Service Reform Act of 1978 (the Statute) with a mission to carry out five statutory responsibilities: (1) determining the appropriateness of units for Labor organization representation; (2) resolving complaints of unfair labor practices; (3) adjudicating exceptions to arbitrators' awards; (4) adjudicating legal issues relating to duty to bargain; and (5) resolving impasses during negotiations. All work throughout the agency is undertaken to support a single program -to administer and enforce the Statute by determining the respective rights of employees, agencies, and labor organizations in their relations with one another.

FLRA's authority is divided by law and by delegation among a three-member Authority and an Office of General Counsel, appointed by the President and subject to Senate confirmation; and the Federal Service Impasses Panel, which consists of seven part-time members appointed by the President. FLRA does not initiate cases. Proceedings before FLRA originate from filings arising through the actions of Federal employees, Federal agencies, or Federal labor organizations. Nationwide, FLRA includes seven Regional Offices, one satellite office, and a Headquarters site in Washington, D.C.

Authority. The Authority adjudicates appeals filed by either Federal agencies or Federal labor organizations on negotiability issues, exceptions to arbitration awards, appeals of representation decisions, eligibility of labor organizations for national consultation rights, and unfair labor practice complaints.

Office of the General Counsel. The General Counsel investigates allegations of unfair labor practices and processes representation petitions. In addition, the General Counsel conducts elections concerning the exclusive recognition of labor organizations and certifies the results of elections.

Federal Service Impasses Panel. The Panel resolves labor negotiation impasses between Federal agencies and labor organizations.

The FLRA's financial activity is considered to be in the general government and central personnel management budget function.

(b)Basis of Accounting and Presentation

The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, budgetary resources of FLRA in accordance with the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. The financial statements have been prepared from FLRA financial records in accordance with U.S. Generally Accepted Accounting Principles (GAAP) using guidance issued by the Federal

Accounting Standards Advisory Board (FASAB) and Office of Management and Budget (OMB) prescribed in OMB Circular A-136, Financial Reporting Requirements. These financial statements include all funds and accounts under the control of FLRA.

The accounting structure of Federal Government agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases occurs before an accrual-based transaction takes place. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds. The accompanying financial statements are prepared on the accrual basis of accounting.

The financial statements should be read with the realization that they are for a component of the United States Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides the resources and legal authority to do so.

(c)Budget Authority
The Congress passes appropriations annually that provide FLRA with authority to obligate funds for necessary expenses to carry out mandated program activities. These funds are available until expended, subject to OMB apportionment and to congressional restrictions on the expenditure of funds. Also, FLRA places internal restrictions on fund expenditures to ensure the efficient and proper use of all funds.

(d)Fund Balance with Treasury
FLRA receipts and disbursements are processed by Treasury. Fund balances with Treasury consist of appropriated funds that are available to pay current liabilities and to finance authorized purchase commitments. No cash is held in commercial bank accounts.

(e)Accounts Receivable
Accounts Receivable consists of amounts due from other federal entities and from current and former employees and vendors. Amounts due from the public are stated net of an allowance for uncollectible accounts that is based on an analysis of outstanding receivables balances and past collection experience. No allowance is established for intra-governmental receivables, as they are considered fully collectible from other Federal agencies.

(f)Property, Plant, and Equipment
This category consists of equipment and vehicles and internal use software. The basis for recording purchased General Property and Equipment (P&E) is full cost, including all costs incurred to bring FLRA P&E to and from a location suitable for its intended use. P&E is depreciated using the straight-line method over the estimated useful life of the asset. SFFAS No. 10, *Accounting for Internal Use Software*, provides accounting standards for internal use software used by each agency.

The standards provide for capitalized property to continue to be reported on the Balance Sheets. P&E that are not capitalized because they are under the capitalization threshold are expensed in the year of acquisition.

Major alterations and renovations are capitalized, while maintenance and repair costs are charged to expense as incurred. FLRA's capitalization threshold was $3,500 for individual purchases. Bulk purchases of similar items, which individually are worth less than $3,500, but collectively are worth more than $30,000 are also capitalized using the same property and equipment categories and useful lives as capital acquisitions. Service lives are shown below:

Description	Years
Computer equipment	5
Software	3
Office equipment	7
Office furniture	15
Leasehold Improvements	Life of Lease

(g)Liabilities

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

Liabilities that are covered by budgetary resources consist of intra-governmental and public accounts payable and accrued funded payroll. Liabilities not covered by budgetary resources consist of unfunded *Federal Employees Compensation Act* (FECA) for 2009 and 2008 as well as unfunded actuarial FECA liabilities. Liabilities not covered by budgetary resources also include unfunded leave.

(h)FECA Liabilities

FLRA's FECA Liabilities consist of two factors as defined as follows:

Accrued FECA Liability

A liability is recorded for actual and estimated future payments to be made for workers' compensation pursuant to the FECA. The actual costs incurred are reflected as a liability because Agencies will reimburse the Department of Labor (DOL) two years after the actual payment of expenses. Future revenues will be used for their imbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the un-reimbursed cost paid by DOL for compensation to recipients under the FECA.

Actuarial FECA Liability

An estimated actuarial liability for future Workers' Compensation benefits is included. The liability estimate is based on the Department of Labor's FECA actuarial model that takes the amount of benefit payments over the last 9 to 12 quarters and calculates the annual average of payments for medical expenses and compensation. This average is then multiplied by the liabilities to benefits paid ratios for the whole FECA program for FY2009. The ratios may vary from year to year as a result of economic assumptions and other factors but the model calculates a liability approximately 11 times the annual payments.

(i)Annual, Sick and Other Leave

Amounts associated with the payment of annual leave are accrued while leave is being earned by employees, and this accrual is reduced as leave is taken. Each year the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent that current or prior year appropriations are not available to finance annual leave, future financing sources will be used.

Sick leave and other types of non-vested leave are expensed as taken. Any liability for sick leave that is accrued but not taken by a CSRS-covered employee is transferred to the Office of Personnel Management upon the retirement of that individual. No credit is given for sick leave balances upon the retirement of FERS-covered employees.

(j)Accounts Payable and Other Accrued Liabilities

Accounts Payable and Accrued Liabilities represents a probable future outflow or other sacrifices of resources as a result of past transactions or events. Liabilities are recognized when they are incurred, regardless of whether they are covered by available budgetary resources. FLRA liabilities cannot be liquidated without legislation that provides resources to do so. Since the FLRA is a component of the U.S. Government, a sovereign entity, payments of all liabilities other than contracts can be abrogated by the sovereign entity.

(k)Net Position

The components of Net Position are defined as follows:

Unexpended appropriations include undelivered orders and unobligated balances. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation.

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

(l)Retirement Plans

FLRA's employees participate in the Civil Service Retirement System (CSRS) or the Federal Employee's Retirement System (FERS).

Civil Service Retirement System

For employees hired prior to January 1, 1984, FLRA withholds 7.0 percent of each employee's salary and contributes 7.0 percent of the employee's basic salary to the CSRS Retirement and Disability Fund. These employees may also contribute, on a tax-deferred basis, to a defined contribution plan - the Thrift Savings Plan (TSP). Starting in 2007, employees were no longer limited to a salary percentage, and the regular IRS limit was $15,500. In 2008, the regular IRS limit was $15,500; that limit was increased to $16,500. for 2009. FLRA is not required to and does not contribute any matching amounts for CSRS employees.

Federal Employees Retirement System

FERS was established by enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984 elected either to join FERS and Social Security or to remain in CSRS.

FLRA withholds 6.2 percent in an old age survivors and disability insurance up to a specified wage ceiling and 0.8 percent of an employee's gross earnings for retirement. FLRA matches the retirement withholdings with a contribution equal to 11.2 percent of the employee's taxable salaries.

All employees are eligible to contribute to the TSP. For those employees participating in FERS, a TSP account is automatically established. FLRA is required to make a mandatory contribution of 1.0 percent of the base salaries of all employees under FERS. FLRA is required to match the employee's contribution up to a maximum of 5.0 percent of their salaries. Matching contributions are not made to the TSP accounts established by CSRS employees.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. CSRS Federal Employees who are 65 and/or older are eligible for Social Security payments (even if they have not retired). In these instances, FLRA remits the employer's share of the required contribution.

FLRA 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 Office of Personnel Management (OPM).

(m)Imputed Financing from Costs Absorbed by Others

The FASAB's SFFAS Number 5, ―Accounting for Liabilities of the Federal Government," requires that employer agencies recognize the full cost of pensions, health, and life insurance benefits, during their employees' active years of service. OPM, as the administrator of the CSRS and FERS plans, the Federal Employees Health Benefits Program and the Federal Employees Group Life Insurance Program, must provide the ―cost factors" that adjust the agency contribution rate to the full cost for the applicable benefit programs. An imputed financing source and corresponding imputed personnel cost is reflected in the Statement of Change in Net Position and the Statement of Net Cost, respectively.

(n)Revenue and Other Financing Sources

FLRA's revenues are derived from reimbursable agreements and direct appropriation.

> ***Reimbursable Work Agreements (Exchange)*** — FLRA recognizes reimbursable work agreement revenue when earned, i.e., goods that have been delivered or services rendered. Each reimbursable work agreement specifies the dollar value of the agreement and is based on estimated resources needed to perform the specified services, whether it is personnel services to include base pay, overtime and benefits, or travel and per diem.

> ***Annual Appropriations (Financing Source)*** — FLRA receives an annual salaries and expenses appropriation from Congress. Annual appropriations are used, within statutory limits, for salaries and administrative expenses and operating and capital expenditures for essential personal property. Appropriations are recognized as non-exchange revenues at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are recognized as expenses when an asset is consumed in operations. The annual appropriation for FY2008 was $23,641,000. The annual appropriation for FY2009 was $22,674,000.

(o)Expired Accounts and Cancelled Authority

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

(p)Transactions with Related Parties

In the course of its operations, the FLRA has relationships and conducts financial transactions with numerous Federal agencies. The most prominent of these relationships are with the United States Department of the Treasury, the Department of the Interior's National Business Center, Health and Human Services, and the General Services Administration.

(q)Contingencies

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible gain or loss to the Agency. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. With the exception of pending, threatened or potential litigation, a contingent liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is more likely than not, and the related future outflow or sacrifice of resources is measurable. For pending, threatened or potential litigation, a liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is likely, and the related future outflow or sacrifice of resources is measurable.

(r) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(s) Advances and Prepayments

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

NOTE 2 – FUND BALANCE WITH TREASURY

Fund balances with Treasury consisted of the following at September 30, 2009 and September 30, 2008 (In Dollars):

Fund Balances:		**2009**	**2008**
Appropriated Funds (General)	$	10,156,869	$ 10,213,975
Other Fund Types	$	73	
Total Fund Balance with Treasury	$	10,156,942	$ 10,213,975
Status of Fund Balance with Treasury			
Unobligated Balance:			
Available	$	81,715	$ 2,452,205
Unavailable		6,399,492	5,511,497
Obligated Balance Not Yet Disbursed		3,675,662	2,250,273
Non-Budgetary FBWT		73	
Total Fund Balance with Treasury	$	10,156,942	$ 10,213,975

U.S. Government cash is accounted for on an overall consolidated basis by Treasury. The amounts shown on the Balance Sheets represent FLRA right to draw on Treasury for valid expenditures. The fund balance as shown on FLRA records is reconciled monthly with Treasury's records.

NOTE 3 – ACCOUNTS RECEIVABLE

The reported amount for accounts receivable consists of amounts owed to FLRA by other Federal agencies (intra-governmental) or by the public.

The following tables show the status of accounts receivable as of September 30, 2009 and 2008 respectively (In Dollars):

	2009	**2008**
Accounts Receivable from the Public:		
Billed:		
Current	$ 8,930	$ 9,985
Total Accounts Receivable	8,930	9,985
Allowance for Uncollectible Accounts	-	-
Accounts Receivable from the Public, Net	$ 8,930	$ 9,985

Amounts due from various Federal agencies as of September 30, 2009 and 2008 are shown below (In Dollars):

	2009	2008
Accounts Receivable from Federal Agencies:		
Accounts Receivable	$ 10,591	-
Total Accounts Receivable	10,591	-
Allowance for Uncollectible Accounts	-	-
Accounts Receivable from Federal Agencies, Net	$ 10,591	$ -

	2009	2008
Department of Agriculture	3,460	
Department of Defense	1,469	-
Environmental Protection Agency	1,226	
Department of Energy	$ 1,023	-
Department of the Army	831	
Department of Housing and Urban Development	712	
Department of Veterans Affairs	668	-
Department of Justice	$ 662	-
Department of the Navy	540	
Total Accounts Receivable from Federal Agencies	$ 10,591	$ -

NOTE 4 – PROPERTY AND EQUIPMENT

Capitalized property and equipment, net of accumulated depreciation, consisted of the following as of September 30, 2009 and September 30, 2008 (In Dollars):

	Service Life	Acquisition Value	Accumulated Depreciation	2009 Net Book Value	2008 Net Book Value
Construction in Progress		$ 101,555	$ -	$ 101,555	$ 101,555
Computer Equipment	5 yrs	463,973	(307,098)	156,875	139,502
Office Equipment	7 yrs	339,042	(230,343)	108,699	139,502
Office Furniture	15 yrs	526,039	(271,349)	254,690	295,078
Software	3 yrs	301,636	(254,930)	46,706	16,733
Leashold Improvements	Life of Lease	226,580	(226,580)	-	-
Total		$ 1,958,825	$ (1,290,300)	$ 668,525	$ 692,370

NOTE 5 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

(a) Intragovernmental and With the Public (In Dollars):

	2009	2008
Intragovernmental:		
FECA Liabilities	256,355	262,921
Total Intragovernmental	256,355	262,921
Federal Employee Benefits-FECA Actuarial Liability	1,135,860	1,093,307
Unfunded Annual Leave	1,286,960	1,249,890
Total Liabilities Not Covered by Budgetary Resources	$ 2,679,175	$ 2,606,118
Total Liabilities Covered by Budgetary Resources	1,131,713	1,455,939
Total Liabilities	$ 3,810,888	$ 4,062,057

(b) Other Information

Unfunded Payroll Liabilities consists of workers' compensation claims payable to the Department of Labor (DOL), which will be funded in a future period, and an unfunded estimated liability for future workers' compensation claims based on data provided from the DOL. Unfunded FECA liabilities for 2009 and 2008 were $256,355 and $262,921, respectively. The actuarial calculation is based on benefit payments made over 12 quarters, and calculates the annual average of payments. The actuarial FECA liabilities for 2009 and 2008 were $1,135,860 and $1,093,307 respectively. For medical expenses and compensation this average is then multiplied by the liability-to-benefit paid ratio for the whole FECA program.

Unfunded Annual Leave represents a liability for earned leave and is reduced when leave is taken. At year end, the balance in the accrued annual leave account is adjusted to reflect the liability at current pay rates and leave balances. Accrued annual leave is 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.

All other liabilities are considered to be covered by budgetary resources.

NOTE 6 – OPERATING LEASES

FLRA has operating leases for rental of office space and office equipment. As a Federal Agency, the FLRA is not liable for any lease terms beyond one year. FLRA anticipates that space levels consistent with FY2009 will be required for the next five years.

Future minimum lease payments due under leases of government-owned property as of September 30, 2009, are as follows (In Dollars):

Fiscal Year	Office Equipment	Building	Total
2010	$ 8,237	$ 2,158,166	$ 2,166,403
2011	8,237	1,939,565	$ 1,947,802
2012	8,237	1,691,716	$ 1,699,953
2013	8,237	722,290	$ 730,527
2014	5,990	39,234	$ 45,224
Thereafter	0	80,957	$ 80,957
Total Future Lease Payments	$ 38,938	$ 6,631,928	$ 6,670,866

NOTE 7 – COMMITMENTS

FLRA is a party in various administrative proceedings, legal actions, and claims brought by or against the agency. In the opinion of FLRA management, the ultimate resolution of proceedings, actions, and claims, will not materially affect financial position or results of operations of the FLRA. The FLRA has examined its obligations related to cancelled FY 2004 authority and believes that it has no outstanding commitments that will require future resources.

NOTE 8 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred reported on the Statement of Budgetary Resources in 2009 and 2008 consisted of the following (In Dollars):

	2009	2008
Direct Obligations:		
Category A	$ 23,972,535	$ 22,846,737

NOTE 9 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

The amount of budgetary resources obligated for undelivered orders at the end of September 30, 2009 and 2008, is 2,544,023 and $794,183, respectively

NOTE 10 – EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanation of material differences between amounts reported in the Statement of Budgetary

Resources (SBR) and the actual balances published in the Budget of the United States Government (President's Budget). The President's Budget can be found at the OMB website: **http://www.whitehouse.gov/omb.**

A comparison of FY2008 Statement of Budgetary Resources to the President's Budget is shown in the following table (Dollars in Thousands).

	Amount per Statement of Budgetary Resources	Amount per President's Budget	Difference	Explanation
Budgetary Resources:				
Unobligated balance, beginning of Fiscal Year	$ 7,964	$ -	7,964	A, B
Status of Budgetary Resources:				
Unobligated balance not available	6,399			
Total Unobligated balance available & unavailable	**7,964**	**2,000**	5,964	A, C
Total Status of Budgetary Resources	$ 30,454	$ 2,000		

Following is an explanation of those reason codes from the table above:

A. Rounding differences as a result of the President's Budget being rounded in millions of dollars while the Statement of Budgetary Resources is rounded in thousands of dollars.
B. Unobligated balance, beginning of Fiscal Year amounts incorrect in the President's Budget. Amount on the Statement of Budgetary Resources matches the final SF132, Apportionment and Reapportionment Schedule.
C. Line items are not reported on the President's Budget.

NOTE 11 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET (FORMERLY THE STATEMENT OF FINANCING)

In fiscal year 2006 this reconciliation was presented as a fifth statement, the statement of financing. In accordance with OMB Circular A-136, revised June 2007, presentation requirement for this information is now a footnote disclosure. Details of the relationship between budgetary resources obligated and the net costs of operations for the fiscal year 2009 and fiscal year 2008 years ending September 30 are shown in the table below (In Dollars).

Reconciliation of Net Cost of Operations (Proprietary) to Budget

	2009	2008
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	$ 23,972,535	$ 22,846,737
Budgetary Resources from Offsetting Collections		
Spending Authority from Offsetting Collections		
Change in Receivable from Federal Sources	$ -	(23,955)
Recoveries of Prior Year Unpaid Obligations	$ (249,344)	(432,139)
Other Financing Resources		
Imputed Financing Sources	$ 1,243,346	1,242,769
Total Resources Used to Finance Activity	$ 24,966,537	23,633,412
Resources Used That Do Not Fund Net Cost of Operations		
Budgetary Obligations and Resources not in the Net Cost of Operations		
Change in Undelivered Orders	$ (1,765,996)	456,746
Assets Capitalized	$ (102,511)	(101,555)
Components of the Net Cost of Operations which do not Generate or Use Resources in the Reporting Period		
Revenues without Current Year Budgetary Effect		
Other Financing Sources Not in the Budget	$ (1,243,346)	(1,242,769)
Costs without Current Year Budgetary Effect		
Depreciation and Amortization	$ 126,355	195,906
Future Funded Expenses	$ 30,505	(170,447)
Imputed costs	$ 1,243,346	1,242,769
Bad Debt Expense	$ -	10,198
Other Expenses Not Requiring Budgetary Resources	$ -	47,917
	$ 46,572	
Net Cost of Operations	$ 23,301,462	$ 24,072,177

OTHER ACCOMPANYING INFORMATION

MANAGEMENT AND PERFORMANCE CHALLENGES IDENTIFIED BY THE INSPECTOR GENERAL

UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY
OFFICE OF THE INSPECTOR GENERAL
WASHINGTON, D.C. 20424-0001

October 20, 2010

Memorandum

TO: Carol Waller Pope
Chairman

FROM: Francine Eichler
Inspector General

SUBJECT: 2010 Inspector General's Identified Management Challenges

Attached you will find the Federal Labor Relation's Authority Inspector General's definitions of challenges for FLRA management. Although throughout 2009, many programs and issues have been improved and the FLRA is once again a good Federal Agency to work in, there still are some previously diminished programs that need to be addressed. Thank you in advance for addressing these challenges.

Cc: FLRA Executive Director

UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY
OFFICE OF THE INSPECTOR GENERAL
WASHINGTON, D.C. 20424-0001

2010 Management Challenges of the Federal Labor Relations Authority

The Federal Labor Relations Authority Inspector General has identified the following issues as the challenges for management during 2010. Hopefully, they will all be addressed.

- **Resource shortages in the proper places**
- **Inadequate updated policies**
- **FLRA Headquarters safety and health care material**
- **Improving succession planning**
- **Improving procurement integrity**
- **Improving FLRA's security as well as information technology security**
- **Proper handling of hard copy and electronic records that do not have legal retention requirements**
- **Improve senior managements' interactions with lower management and employees**

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

TABLE 1: SUMMARY OF FINANCIAL STATEMENT AUDIT

Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0

TABLE 2: SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control Over Financial Reporting (FMFIA Para. 2)(FMFIA Para. 2)						
Statement of Assurance	Qualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance	Beginning Balance
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control Over Operations (FMFIA Para. 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance	Beginning Balance
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA Para. 4)						
Statement of Assurance	Unqualified					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Ending Balance	Beginning Balance
	0	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0	0

APPENDICES

APPENDIX A: ACRONYMS

ADR	Alternative Dispute Resolution
ALJ	Administrative Law Judges
ARB	Arbitration (type of FLRA case)
CBJ	Congressional Budget Justification
CFO	Chief Financial Officer
CIO	Chief Information Officer
CIP	Case Intake Processing
CSRS	Civil Service Retirement System
CTS	Case Tracking System
D&O	Decision & Order
DOL	Department of Labor
FASAB	Financial Accounting Standards Advisory Board
FECA	Federal Employees Compensation Act
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act
FLRA	Federal Labor Relations Authority
FMCS	Federal Mediation and Conciliation Service
FMFIA	Federal Managers' Financial Integrity Act
FSIP	Federal Service Impasse Panel
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GC	General Counsel
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
MD&A	Management's Discussion and Analysis
N/A	Not Applicable
NEG	Negotiability (Type of FLRA case)
NLRA	National Labor Relations Act
OALJ	Office of Administrative Law Judges
OGC	Office of General Counsel
OMB	Office of Management and Budget
OPM	Office of Personnel Management
P&E	Property & Equipment

REP	Representation (Type of FLRA Case)
SFFAS	Statement of Federal Financial Accounting Standards
TSP	Thrift Savings Plan
UAE	Union of Authority Employees
ULP	Unfair Labor Practice (Type of FLRA case)
US C	United States Code

ACKNOWLEDGMENTS

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The Performance and Accountability Report for Fiscal Year 2009 is published by the
Federal Labor Relations Authority
An electronic version is available on the World Wide Web at
http://flra.gov
Please e-mail SSpooner@flra.gov with comments, suggestions, or requests

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