

The Administrative Conference of the United States



Performance and Accountability Report Fiscal Year 2021

October 1, 2020 – September 30, 2021



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A Message from the Chief Financial and Operations Officer

I am pleased to transmit the Fiscal Year 2021 Performance and Accountability Report (PAR) of the Administrative Conference of the United States (ACUS). The PAR includes performance information, as required by the Government Performance and Results Act (GPRA) and the GPRA Modernization Act (GPRAMA), and audited financial statements and related documentation as required by the Accountability of Tax Dollars Act of 2002.

As reflected in this PAR and on ACUS's website, Fiscal Year 2021 was a year of continuing success despite the challenges of the ongoing COVID-19 pandemic. ACUS's achievements included the adoption of 11 formal recommendations and one Assembly statement, the implementation of numerous recommendations from prior years, the publication of reports for agencies and Congress, the convening of several virtual forums and symposia, and continued hosting of an online database that allows Congress and the public to track attorneys' fee awards against all federal agencies under the Equal Access to Justice Act.

I am especially pleased to report that ACUS received a clean unqualified opinion from its independent auditor for fiscal year 2021. As in prior years, the independent audit concluded that ACUS's statements are presented fairly in all material aspects and in accordance with generally accepted accounting principles (GAAP). In addition, independent auditor sampling found no instances of noncompliance with laws and regulations and no instances of improper payment. Moreover, this year's audit opinion had no "management comments", indicating the highest level of compliance and oversight and a testament to the agency's strong protocols and active management of financial resources. ACUS strives to be an outstanding steward of taxpayer funds and prioritizes stringent financial management in carrying out its mission.

The outstanding performance described in the pages that follow is a testament to the dedicated work of ACUS's members, Council, research consultants, and staff.

Harry M. Seidman

Chief Financial and Operations Officer
Administrative Conference of the United States





Agency Overview

ACUS is a unique executive branch agency whose principal mission is to recommend improvements in agency rulemaking, adjudication, and other regulatory processes to the President, federal agencies, Congress, and the Judicial Conference of the United States. ACUS has a demonstrated record, as no other agencies do, of improving the fairness and efficiency of administrative programs for the benefit of the American public. As the Chairman and Ranking Member of the House Judiciary Committee have emphasized, “there is no other independent, non-partisan agency” on which “Congress can call . . . to evaluate ways to improve the regulatory process.” They also noted that ACUS “helps save taxpayer dollars.”

ACUS carries out its mission through two components: the *Assembly* and the *Office of the Chairman*. The Assembly, made up of 101 representatives from the public and private sectors, makes recommendations to improve federal administrative processes. The Office of the Chairman, which consists of the Chairman and a small professional staff, assists individual agencies to improve programs, publishes sourcebooks of enormous value to both the government and the public, and prepares reports designed to improve the administration of federal programs. Congress often calls upon the Office of the Chairman to conduct research on issues of enormous importance. The Office of the Chairman also supports all activities of the Assembly and its committees.

All ACUS projects, publications, and a wealth of additional agency information are accessible at www.acus.gov.





Mission and Organizational Structure

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

Vision & Values

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

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

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

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

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

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

ACUS Membership

The Assembly is the name given to ACUS’s 101 statutory members—called “Voting Members”—meeting in plenary session. It is comprised of the Chairman, 10 Council Members, 50 Government Members, and 40 Public Members. Government Members are agency heads or their designees drawn from a wide array of federal agencies. Public Members are academics, practicing lawyers, and other experts in administrative procedure drawn from the private sector. The composition of the Assembly is provided for in the Administrative Conference Act.





Voting Members

The Chairman

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

The Council

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

Current ACUS Council (November 2021)

| Government Members | Non-Government Members |
|----------------------------------|------------------------|
| Vacant (Chairman) | Ronald A. Cass |
| Matthew L. Wiener, Vice Chairman | Jeffrey M. Harris |
| Funmi B. Olorunnipa Badejo | Donald F. McGahn II |
| Leslie B. Kiernan | Michael H. McGinley |
| Nitin Shah | Matthew E. Morgan |
| | Adrian Vermeule |

Government Members

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

Non-Government Members

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





Non-Voting Members

Liaison Representatives

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

Senior Fellows

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

Special Counsels

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

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

Staff

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

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





Performance Goals and Results

In accordance with OMB guidance, ACUS management identified results-oriented performance goals for FY 2015 through FY 2021 that are based on the agency's strategic goals. As detailed in the following section, ACUS was highly successful in meeting its performance goals during FY 2021.

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

Strategic Goals

PARTICIPATION

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

COLLABORATION

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

INNOVATION

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

EDUCATION

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





Strategic Goal: PARTICIPATION

Expand public participation and increase transparency.

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

| Performance Goal | Results Measure | FY 2021 Results |
|---|---|---|
| <p>1) <i>Fairness</i> ACUS will encourage more widespread participation by stakeholders in its activities to ensure a fair representation of relevant viewpoints and will generally promote principles of fairness through its work.</p> | <p>Outreach to, and inclusion of, various stakeholders during the course of ACUS activities; and adoption of recommendations that promote fairness.</p> | <p>ACUS issued a recommendation on <i>Mass, Computer-Generated, and Falsely Attributed Comments</i> that urged agencies to structure their rulemakings in a way that allows for optimal participation by the public.</p> <p>ACUS organized a forum on <u><i>Underserved Communities and the Regulatory Process that explored ways to enhance the participation of historically underrepresented groups in regulatory policymaking.</i></u></p> <p>ACUS issued eleven recommendations and one statement that promote fairness in administrative procedures and several recommendations that promote widespread access to agency materials of general interest to the public.</p> <p>ACUS worked with the recently reconvened Legal Aid Interagency Roundtable (LAIR) to develop policy recommendations and best practices to improve access to justice and facilitate coordination among federal programs on access-to-justice issues. LAIR’s October 2021 report highlighted ACUS’s recommendation on <i>Virtual Hearings in Agency Adjudication</i>, which provides “access-to-justice recommendations for all virtual Federal agency adjudications.”</p> |





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| | | <p>ACUS’s website allows interested members of the public to sign up to receive alerts regarding projects.</p> |
| <p>2) Transparency ACUS will ensure compliance with applicable FACA procedures regarding transparency and will ensure that the process leading to recommendations is transparent to participants and the public.</p> | <p>Publication of required <i>Federal Register</i> notices prior to semi-annual meetings of the full ACUS Assembly; publication of relevant committee documents in a manner accessible to participants and the public; webcasts of committee and Assembly meetings to enhance access and transparency to all.</p> | <p>All required <i>Federal Register</i> notices were published in a timely fashion.</p> <p>All committee documents were made available to the public for comment within one day of circulation to the committee members, thereby exceeding FACA requirements.</p> <p>All committee and Assembly meetings were webcast to permit remote member participation and public viewing.</p> |
| <p>3) Access to Information ACUS will make available to all of its stakeholders a searchable library/database of ACUS documents and video recordings—both historical and current—to educate individuals about ACUS activities and information; and will ensure compliance with applicable Open Government and FOIA procedures.</p> | <p>Increase visits to ACUS website by stakeholders and other interested persons/groups; and achieve full, prompt disclosure of information to FOIA requesters to the extent permitted by law.</p> | <p>ACUS’s social media analytics demonstrated a significant increase in engagement from 2020.</p> <p>ACUS further enhanced its website by upgrading search functionality to allow improved access to agency publications and events by subject matter.</p> <p>ACUS continued to adhere to a policy of full (allowable) disclosure under FOIA in addition to proactive disclosure.</p> <p>ACUS’s response time for FOIA requests remains among the fastest of all federal agencies.</p> <p>ACUS continues to provide a secure (https:) connection to its website.</p> |





Strategic Goal: COLLABORATION

Promote collaborative governance.

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

| Performance Goal | Results Measure | FY 2021 Results |
|---|--|---|
| <p>1) Public-Private Partnerships ACUS will leverage its public-private partnerships to enhance collaboration and cooperation.</p> | <p>Partnerships with private institutions, universities, and other federal agencies to aid in the development and implementation of ACUS recommendations and projects.</p> | <p>ACUS continued to regularly work with federal agencies to implement its recommendations. That included commenting on proposed agency rules and submitting comments to OMB.</p> <p>ACUS continued to promote a recommendation encouraging agencies to promote greater collaboration in creating public-private partnerships and enhanced its existing MAX.gov page to facilitate such collaboration.</p> <p>ACUS continued to work with the Partnership for Public Service as part of its Federal Innovation Council to improve innovation in federal procedures.</p> <p>ACUS formed a Roundtable on AI in Federal Agencies whose consultative group consists of experts from the private sector. The ACUS Council on Federal Agency Adjudication also has a consultative group made up of private-sector experts.</p> <p>ACUS formed a new Roundtable on State Innovations in Administrative Procedure, through which ACUS will work with public officials and private-sector experts to identify innovative state- and local-government practices that federal agencies may wish to consider.</p> |
| <p>2) International Cooperation</p> | <p>Outreach and education to foreign counterparts; recommendations,</p> | <p>ACUS leadership coordinated with several of the key federal officials and private</p> |





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| ACUS will engage in activities that promote better collaboration between U.S. and foreign regulatory agencies, and educate foreign counterparts about how to improve their administrative procedures. | collaborations and events that establish best practices for enhancing cooperation between the U.S. Government and its foreign counterparts, particularly in the area of regulation. | sector experts working on international regulatory cooperation to plan a 2022 forum that will promote expanded regulator-to-regulator cooperation between the U.S. and key trading partners |
| 3) Alternative Dispute Resolution (ADR) ACUS will review current ADR programs, identify potential improvements, and educate stakeholders about the benefits of ADR techniques. | Programs and activities that promote the use of ADR in government. | ACUS established an ADR advisory group. |
| 4) Best Practices ACUS will identify and/or develop best practices in government and share that information with agencies, or train agencies how to adopt the best practices. | Recommendations and/or reports that promote adoption of best practices that produce cost savings, increased efficiency, or increased fairness; recognition of agencies that develop innovative best practices. | ACUS issued eleven recommendations and one statement to federal agencies that offer a variety of best practices designed to improve the efficiency and fairness of rulemaking and adjudicative programs and to promote greater disclosure with respect to important agency practices, including publicly disclosing important information relating to litigation in which agencies participate and the policies governing agency adjudicators. |

Strategic Goal: INNOVATION

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

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

| Performance Goal | Results Measure | FY 2021 Results |
|--|--|---|
| 1) Efficiency ACUS will work to streamline the administrative process through research and innovations that maximize the government's capacity in a cost-effective manner. | Reports and/or recommendations on innovative administrative procedure reforms that help agencies put their limited resources to the best use. Outcomes measured by agencies adopting these reforms and concomitant increases in efficiency. | ACUS issued several recommendations that promote more efficient functioning of regulatory programs. One such recommendation from FY 2021 on managing mass, computer-generated, and falsely attributed comments addressed agency efficiency of rulemaking while upholding the mandates of public participation in the rulemaking process under the APA. |





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| <p>2) Timeliness ACUS will work across federal agencies to reduce backlogs and unnecessary delays in case and rule processing through better use of innovative technologies and collaborative governance techniques.</p> | <p>Reports and/or recommendations that aim to reduce delays in the administrative process. Outcomes measured by the affected agencies' adoption of the recommended reforms and a reduction in backlogs and delays.</p> | <p>ACUS issued several recommendations to promote timely disclosures of information concerning internal agency operations. Notably, ACUS issued a recommendation on bid protests before agencies that offers procedures to improve timelines during the procurement process.</p> |
| <p>3) Technology ACUS will identify and minimize procedural, legal and logistical obstacles that prevent access to the government's regulatory and adjudicatory activities through better use of innovative technologies.</p> | <p>Reports and/or recommendations on best practices to eliminate barriers to access.</p> | <p>Based on two reports issued by ACUS in 2020, ACUS developed a statement on AI to identify issues agencies should consider when adopting or modifying AI systems and developing practices and procedures for their use and regular monitoring. ACUS also launched a roundtable to develop and improve protocols and practices for using AI tools in agency administrative processes.</p> <p>ACUS issued a recommendation urging agencies to use new technology to address problems associated with computer-generated and falsely attributed comments and to more effectively process mass comments.</p> <p>ACUS also issued a recommendation offering best practices for conducting virtual hearings in agency adjudication.</p> |

Strategic Goal: EDUCATION

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

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





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| Performance Goal | Results Measure | FY 2021 Results |
|---|---|---|
| <p>1) Interagency Forums ACUS will provide an opportunity for these agencies to share information and solve common administrative problems.</p> | <p>Convene four meetings per year of both the Council of Independent Regulatory Agencies (CIRA) and the Interagency Roundtable.</p> | <p>CIRA continues to meet to address issues unique to independent regulatory agencies, and the Interagency Roundtable meets to address issues common to all executive branch agencies. Four meetings were held this fiscal year on a variety of topics, including how agencies measure and consider distributional consequences of regulations, as addressed in President Biden's memorandum on <i>Modernizing Regulatory Review</i>.</p> <p>The Council on Federal Agency Adjudication held several meetings on a variety of important topics related to federal agency adjudication.</p> <p>The Working Group on Compiling Administrative Records held several meetings and made significant progress on producing a handbook for agencies on compiling administrative records that will be released early in FY 2022.</p> <p>ACUS established (1) the Alternative Dispute Resolution Advisory Group; (2) the Roundtable on Artificial Intelligence in Federal Agencies; and (3) the Roundtable on State Innovations in Administrative Procedure.</p> |
| <p>2) Workshops ACUS will convene and participate in a series of workshops, meetings, and symposia to share knowledge and best government practices.</p> | <p>Convene two to four workshops per year and participate in events that educate the public about ACUS programs.</p> | <p>ACUS convened numerous workshops examining a variety of salient regulatory issues, including organizing a multi-part forum on underserved communities in the regulatory process.</p> <p>ACUS staff participated in numerous panels hosted by the American Bar Association and other organizations at which ACUS recommendations and programs were highlighted.</p> <p>ACUS staff shared information about ACUS recommendations and other resources in presentations to personnel at multiple federal agencies.</p> |





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| <p>3) Publications ACUS will publish electronic and print media to educate and engage government and private sector stakeholders about ACUS activities; and ACUS will publish useful documents/guides/reports on government procedure and structure.</p> | <p>Maintain a website that is compliant with federal requirements, incorporates innovative tools such as social media, and is useful, as measured by increasing number and duration of Web visits and user surveys. Publish documents/guides/reports.</p> | <p>ACUS’s website remains FISMA compliant.</p> <p>ACUS continues to maintain a webpage that catalogs changes in agency adjudicative practices during the COVID-19 pandemic.</p> <p>ACUS continued its Working Group on Compiling Administrative Records, which will result in a handbook to be published in early FY22 that will help agencies develop the guidance for employees described in a 2013 recommendation on the administrative record in informal rulemaking.</p> <p>ACUS published, at the direction of Congress, an extensive report on agency payment of attorney’s fees under the Equal Access to Justice Act. It also established, and published on its website, an accompanying database.</p> <p>ACUS staff published a quarterly column in the <i>Administrative and Regulatory Law News</i> magazine.</p> <p>ACUS members and staff published a series of articles on recent ACUS recommendations and other ACUS activities in <i>The Regulatory Review</i> and <i>Notice and Comment</i>.</p> |
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Agency Management and Compliance

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

Financial Audit

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

ACUS received a clean unqualified opinion from the independent auditor for fiscal year 2021 with no management comments. The independent audit concluded that ACUS's statements are presented fairly in all material aspects and in accordance with generally accepted accounting principles. In addition, independent auditor sampling found no instances of noncompliance with laws and regulations and no instances of improper payment.

During FY 2021, the General Services Administration Office of the Chief Financial Officer (GSA OCFO) provided payroll services, and the United States Department of Agriculture (USDA) provided accounting, disbursement, and financial statement preparation services for the agency. Accordingly, certain aspects of ACUS's financial management system are largely influenced by the practices and procedures of the GSA and USDA.

In summary, the independent audit concluded that ACUS's system of internal controls is functioning well and provides reasonable assurance as to the efficiency and effectiveness of programs and operations, reliability of financial and performance information, and compliance with laws and regulations.

The full independent auditor's report for FY 2021 is included as an appendix to this document.

Computer and Information Security Program

During FY 2020, ACUS underwent an independent evaluation of its computer and information security programs, consistent with the Federal Information Security Management Act (FISMA).

In FY 2021, ACUS continued to implement the remaining recommendations from the 2020 FISMA audit. Overall, the independent FISMA audit found adequate procedural and policy protections to maintain network integrity while concluding that certain FISMA criteria are either not applicable or not cost effective for a micro-agency like ACUS. The independent audit and analysis were, therefore, conducted in accordance with the level of risk deemed applicable to ACUS.





FMFIA Management Assurance Statement

ACUS management is responsible for establishing and maintaining effective internal controls that meet the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). In accordance with OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, ACUS conducted its annual assessment of the effectiveness of internal controls. Based on the results of the assessment for the period ending September 30, 2021, ACUS can provide reasonable assurance that the internal controls for the agency meet the objectives of the FMFIA. No material weaknesses were found in the design or operation of the internal controls for the Fiscal Year ended September 30, 2021.

All parts of ACUS' operations are efficient and in compliance with applicable statutes, presidential directives and regulations. OMB's Circular A-123, Management's Responsibility for Internal Control, was used as the framework to conduct the assessment of the effectiveness of ACUS' internal controls for all key processes and/or financial controls. Specifically, (1) obligations and costs are compliant with applicable law (2) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (3) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.

ACUS is a non-CFO Act agency and is not subject to requirements outlined in A-123 Appendix A. As a non-CFO agency, ACUS is compliant with the requirements of FMFIA.

There were no reported internal weaknesses identified in the previous reporting year, fiscal year 2020. There are no findings relating to ACUS performance from any GAO or OIG audit or review during the current fiscal year, and no reviews from previous fiscal years. Similarly, there are no IG investigations related to ACUS.

Matthew L. Wiener

Vice Chairman and Executive Director
November 15, 2021

Harry M. Seidman

Chief Financial and Operations Officer
November 15, 2021





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Appendix A: Fiscal Year 2021 Independent Audit Report

Independent Auditor's Report

FY 2021 Audited Financial Statements

Management Discussion & Analysis Notes



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GENERAL FUND



FINANCIAL STATEMENTS

For The Years Ended September 30, 2021 and 2020

Independent Auditor's Report

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

In our audits of the fiscal years 2021 and 2020 financial statements of the Administrative Conference of the United States (the Conference), we found:

- a) The Conference's financial statements as of and for the fiscal years ended September 30, 2021, and 2020, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- b) no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- c) no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI), such as "Management's Discussion and Analysis"; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

In accordance with Generally Accepted Government Auditing Standards (GAGAS) and Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*, we have audited the Conference's financial statements. The Conference's financial statements comprise the balance sheets as of September 30, 2021, and 2020; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with U.S. generally accepted government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

The Conference's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, the Conference's financial statements present fairly, in all material respects, the Conference's financial position as of September 30, 2021 and 2020, and its net costs of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report

omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

The Conference's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on the Conference's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audits of the Conference's financial statements, we considered the Conference's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the Conference's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility for Internal Controls

The Conference's management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

In planning and performing our audit of the Conference's financial statements as of and for the year ended September 30, 2021, in accordance with U.S. generally accepted government auditing standards, we considered the Conference's internal control over financial reporting as a basis for designing 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 Conference's internal control over financial reporting. Accordingly, we do not express an opinion on the Conference's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of the Conference's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the Conference's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the Conference's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of the Conference's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility for Compliance with Laws, Regulations, Contracts and Grant Agreements

The Conference's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Conference.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to the Conference that have a direct effect on the determination of material amounts and disclosures in the Conference's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Conference.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2021 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the Conference. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Rocha & Company, PC

*Gaithersburg, Maryland
November 12, 2021*

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES
BALANCE SHEET

As Of September 30, 2021 and 2020

| | | 2021 | 2020 |
|---|----------|---------------|---------------|
| Assets: | | | |
| Intragovernmental: | | | |
| Fund Balance With Treasury | (Note 2) | \$ 946,118.27 | \$ 558,465.37 |
| Total Intragovernmental | | 946,118.27 | 558,465.37 |
| General Property, Plant and Equipment, net | (Note 4) | 16,442.77 | 25,741.15 |
| Total Assets | | \$ 962,561.04 | \$ 584,206.52 |
| | | | |
| Liabilities: | (Note 5) | | |
| Intragovernmental: | | | |
| Accounts Payable | | \$ 16,970.39 | |
| Employer Contributions and Payroll Taxes Payable | | | \$ 18,968.89 |
| Other Liabilities | | 5,765.78 | |
| Total Intragovernmental | | 22,736.17 | 18,968.89 |
| Accounts Payable | | 30,365.77 | 20,020.12 |
| Other: | (Note 6) | | |
| Other Liabilities | | 95,468.96 | |
| Accrued Funded Payroll and Leave | | - | 67,268.24 |
| Employer Contributions and Payroll Taxes Payable | | - | 3,298.98 |
| Federal Employee Benefits Payable | | 243,965.04 | |
| Unfunded Leave | | - | 220,022.58 |
| Total Liabilities | | \$ 392,535.94 | \$ 329,578.81 |
| | | | |
| Net Position: | | | |
| Total Unexpended Appropriations (Consolidated) | | 782,461.12 | 437,509.14 |
| Total Cumulative Results of Operations (Consolidated) | | (212,436.02) | (182,881.43) |
| Total Net Position | | 570,025.10 | 254,627.71 |
| Total Liabilities and Net Position | | \$ 962,561.04 | \$ 584,206.52 |

The accompanying notes are an integral part of these statements.

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

For The Years Ended September 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|------------------------|------------------------|
| Program Costs: | | |
| Gross Costs | \$ 3,157,994.70 | \$ 3,614,702.52 |
| Less: Earned Revenue | - | 310,125.00 |
| Net Program Costs | <u>3,157,994.70</u> | <u>3,304,577.52</u> |
| Net Cost of Operations | <u>\$ 3,157,994.70</u> | <u>\$ 3,304,577.52</u> |

The accompanying notes are an integral part of these statements.

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES
STATEMENT OF CHANGES IN NET POSITION
For The Years Ended September 30, 2021 and 2020

FY 2021 (CY)

| | Funds From Dedicated Collections (Consolidated Totals) | All Other Funds (Consolidated Totals) | Eliminations | Consolidated Total |
|--|--|--|--------------|--------------------|
| Unexpended Appropriations: | | | | |
| Beginning Balance | | 437,509.14 | | 437,509.14 |
| Beginning Balance, as adjusted | | 437,509.14 | | 437,509.14 |
| Budgetary Financing Sources: | | | | |
| Appropriations received | | 3,400,000.00 | | 3,400,000.00 |
| Appropriations used | | (3,039,882.95) | | (3,039,882.95) |
| Total Budgetary Financing Sources | | 225,787.77 | | 225,787.77 |
| Total Unexpended Appropriations | | 782,461.12 | | 782,461.12 |
| Cumulative Results from Operations: | | | | |
| Beginning Balances | | \$ (182,881.43) | | \$ (182,881.43) |
| Beginning balance, as adjusted | | (182,881.43) | | (182,881.43) |
| Budgetary Financing Sources: | | | | |
| Appropriations used | | 3,039,882.95 | | 3,039,882.95 |
| Other Financing Sources (Non-Exchange): | | | | |
| Imputed financing | | 88,557.16 | | 88,557.16 |
| Total Financing Sources | | 3,128,440.11 | | 3,128,440.11 |
| Net Cost of Operations | | 3,157,994.70 | | 3,157,994.70 |
| Net Change | | (29,554.59) | | (29,554.59) |
| Cumulative Results of Operations | | (212,436.02) | | (212,436.02) |
| Net Position | | \$ 570,025.10 | | \$ 570,025.10 |

The accompanying notes are an integral part of these statements.

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES
STATEMENT OF CHANGES IN NET POSITION
For The Years Ended September 30, 2021 and 2020

FY 2020 (PY)

| | Funds From Dedicated Collections (Consolidated Totals) | All Other Funds (Consolidated Totals) | Eliminations | Consolidated Total |
|--|--|--|--------------|--------------------|
| Unexpended Appropriations: | | | | |
| Beginning Balance | | \$ 376,135.54 | | \$ 376,135.54 |
| Beginning Balance, as adjusted | | 376,135.54 | | 376,135.54 |
| Budgetary Financing Sources: | | | | |
| Appropriations received | | 3,250,000.00 | | 3,250,000.00 |
| Other adjustments | | (8,761.54) | | |
| Appropriations used | | (3,179,864.86) | | (3,179,864.86) |
| Total Budgetary Financing Sources | | 61,373.60 | | 61,373.60 |
| Total Unexpended Appropriations | | 437,509.14 | | 437,509.14 |
| Cumulative Results from Operations: | | | | |
| Beginning Balances | | \$ (134,119.74) | | \$ (134,119.74) |
| Beginning balance, as adjusted | | (134,119.74) | | (134,119.74) |
| Budgetary Financing Sources: | | | | |
| Appropriations used | | 3,179,864.86 | | 3,179,864.86 |
| Other Financing Sources (Non-Exchange): | | | | |
| Imputed financing | | 75,950.97 | | 75,950.97 |
| Total Financing Sources | | 3,255,815.83 | | 3,255,815.83 |
| Net Cost of Operations | | 3,304,577.52 | | 3,304,577.52 |
| Net Change | | (48,761.69) | | (48,761.69) |
| Cumulative Results of Operations | | (182,881.43) | | (182,881.43) |
| Net Position | | \$ 254,627.71 | | \$ 254,627.71 |

The accompanying notes are an integral part of these statements.

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

For The Years Ended September 30, 2021 and 2020

| | <u>2021 Budgetary</u> | <u>2020 Budgetary</u> |
|--|---------------------------|---------------------------|
| BUDGETARY RESOURCES | | |
| Unobligated balance from prior year budget authority, net | \$ 238,874.48 | \$ 564,700.39 |
| Appropriations (discretionary and mandatory) | 3,400,000.00 | 3,250,000.00 |
| Spending authority from offsetting collections (discretionary and mandatory) | - | |
| Total budgetary resources | <u>\$ 3,638,874.48</u> | <u>\$ 3,814,700.39</u> |
| STATUS OF BUDGETARY RESOURCES | | |
| New obligations and upward adjustments (total) | (Note 8) \$ 3,074,791.63 | \$ 3,594,639.94 |
| Unobligated balance, end of year | | |
| Apportioned, unexpired account | 463,893.25 | 155,205.20 |
| Unapportioned, unexpired account | - | 7,321.00 |
| Unexpired unobligated balance, end of year | <u>463,893.25</u> | <u>162,526.20</u> |
| Expired unobligated balance, end of year | 100,189.60 | 57,534.25 |
| Unobligated balance, end of year (total) | <u>564,082.85</u> | <u>220,060.45</u> |
| Total budgetary resources | <u>\$ 3,638,874.48</u> | <u>\$ 3,814,700.39</u> |
| OUTLAYS, NET | | |
| Outlays, net (total) (discretionary and mandatory) | \$ 2,997,182.03 | \$ 3,207,367.35 |
| Agency outlays, net (discretionary and mandatory) | (Note 11) \$ 2,997,182.03 | \$ 3,207,367.35 |

The accompanying notes are an integral part of these statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

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

(b) Basis of Presentation

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

OMB Circular A-136, requires agencies to prepare principal statements, which include a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2021 and 2020, amounts of future economic benefits owned or managed by the Conference (assets); amounts owed by the Conference (liabilities); and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the Conference's operations, which includes costs of identifiable supporting services provided by other federal agencies. The Statement of Budgetary Resources reports the Conference's budgetary activity.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of Accounting

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

(d) Use of Estimates

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

(e) Budgets and Budgetary Accounting

The Conference follows standard federal budgetary accounting policies and practices in accordance with OMB Circular A-11, *“Preparation, Submission, and Execution of the Budget,”* dated August 2021. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. The Conference recognizes budgetary resources as assets when cash (funds held by Treasury) is made available through warrants and when spending authority from the offsetting collection is incurred.

(f) Revenues and Other Financing Sources

The Conference received the funding necessary to support its programs, from appropriations in FY2016, FY2017, FY2018, FY2019, FY2020 and FY2021. None of the appropriations are “earmarked” funds.

(g) Imputed Financing Sources

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Personnel Compensation and Benefits

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

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

For CSRS employees, the Conference contributes an amount equal to 7% of the employees' basic pay, to the plan. For FERS employees, the Conference contributes an amount equal to 13.7% of the employees' basic pay to the plan.

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Personnel Compensation and Benefits (continued)

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

(i) Assets and Liabilities

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

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

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

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

(j) Fund Balance with Treasury

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

(l) Prepaid and Deferred Charges

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

(m) Liabilities

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

(n) Contingencies

The criteria for recognizing contingencies for claims are: (1) a past event or exchange transaction has occurred as of the date of the statements; (2) a future outflow or other sacrifice of resources is probable; and (3) the future outflow or sacrifice of resources is measurable (reasonably estimated). The Conference recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings and environmental suits that have been brought to the attention of legal counsel, some of which will be paid by the Treasury Judgment Fund. It is the opinion of management and legal counsel that the ultimate resolution of these proceedings, actions and claims, will not materially affect the financial position or results of operations.

Administrative Conference of the United States
Notes to Financial Statements
September 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Net Position

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

NOTE 2 – FUND BALANCE WITH TREASURY

The Conference’s funds with the U.S. Treasury consist only of appropriated funds. In FY 2021, the Conference received a multi-year appropriation of \$3,400,000. The status of these funds as of September 30, 2021 is as follows:

| | 2021 | 2020 |
|--|---------------|---------------|
| A. Fund Balance with Treasury | | |
| General Fund | \$ 946,118.27 | \$ 558,465.37 |
| Total | \$ 946,118.27 | \$ 558,465.37 |
| B. Status of Fund Balance with Treasury | | |
| 1) Unobligated Balance | | |
| a) Available | 463,893.25 | 162,526.20 |
| b) Unavailable | 100,189.60 | 57,534.25 |
| c) Unfilled Customer Order Without Advance | - | - |
| 2) Obligated Balance not yet Disbursed | 382,035.42 | 338,404.92 |
| Total | \$ 946,118.27 | \$ 558,465.37 |

NOTE 3 – ACCOUNTS RECEIVABLE, NET

For September 30, 2021 and 2020 there are no accounts receivable to report.

NOTE 4 - GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

The Conference’s total cost, accumulated depreciation, and net book value for PPE for the years ended September 30, 2021 and 2020 is as follows.

Administrative Conference of the United States
Notes to Financial Statements
September 30, 2021

| 2021 | Equipment | Leasehold Improvements | Software | Total |
|----------------|--------------------|---------------------------|-------------|---------------------|
| Cost | \$ 358,125.83 | \$ 41,248.00 | | \$ 399,373.83 |
| Accum. Depr. | \$ (356,895.10) | \$ (26,035.96) | | \$ (382,931.06) |
| Net Book Value | <u>\$ 1,230.73</u> | <u>\$ 15,212.04</u> | <u>\$ -</u> | <u>\$ 16,442.77</u> |

| 2020 | Equipment | Leasehold Improvements | Software | Total |
|----------------|--------------------|---------------------------|-------------|---------------------|
| Cost | \$ 358,125.83 | \$ 41,248.00 | | \$ 399,373.83 |
| Accum. Depr. | \$ (353,484.65) | \$ (20,148.03) | | \$ (373,632.68) |
| Net Book Value | <u>\$ 4,641.18</u> | <u>\$ 21,099.97</u> | <u>\$ -</u> | <u>\$ 25,741.15</u> |

NOTE 5 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities of the Conference are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2021, the Conference had liabilities covered by budgetary resources of \$152,257.15 and liabilities not covered by budgetary resources of \$240,278.79. As of September 30, 2020, the Conference had liabilities covered by budgetary resources of \$109,556.23 and liabilities not covered by budgetary resources of \$220,022.58.

Administrative Conference of the United States
Notes to Financial Statements
September 30, 2021

**NOTE 5 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES
(CONTINUED)**

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Intragovernmental | | |
| Accounts Payable | \$ 16,970.39 | |
| Employer Contributions & Payroll Taxes | | \$ 18,968.89 |
| Other Liabilities | 5,765.78 | |
| Liability for Advances and Prepayments | - | - |
| Total | 22,736.17 | 18,968.89 |
| Intragovernmental | 22,736.17 | 18,968.89 |
| With the Public | | |
| Accounts Payable | 30,365.77 | 20,020.12 |
| Other Liabilities | 95,468.96 | |
| Accrued Funded Payroll & Leave | | 67,269.24 |
| Employer Contributions & Payroll Taxes | | 3,298.98 |
| Federal Employee Benefits Payable | 243,965.04 | |
| Unfunded Leave | | 220,022.58 |
| Total With the Public | 369,799.77 | 310,610.92 |
| Total Liabilities | \$ 392,535.94 | \$ 329,579.81 |
| | | |
| Total liabilities not covered by budgetary resources | \$ 240,278.79 | \$ 220,022.58 |
| Total liabilities covered by budgetary resources | 152,257.15 | 109,557.23 |
| Total Liabilities | \$ 392,535.94 | \$ 329,579.81 |

NOTE 6 – OTHER LIABILITIES

Other liabilities with the public for the year ended September 30, 2021 and 2020 consist of Accrued Funded Payroll and Leave, Employer Contributions and Payroll Taxes Payable and Unfunded Leave in the amounts shown below. Other Intragovernmental liabilities consist of Employer Contributions and Payroll Taxes Payable and Liability for Advances and Prepayments.

Administrative Conference of the United States
Notes to Financial Statements
September 30, 2021

NOTE 6 – OTHER LIABILITIES (CONTINUED)

| | 2021 | | |
|--|--------------------------|--------------------------|--------------------------|
| | Non-Current | Current | Total |
| Intragovernmental | | | - |
| Employer Contributions and Payroll Taxes | - | | - |
| Other Liabilities | - | 5,765.78 | 5,765.78 |
| Total Intragovernmental | <u>-</u> | <u>5,765.78</u> | <u>5,765.78</u> |
| Liabilities with the Public | | | |
| Other Liabilities | - | 95,468.96 | 95,468.96 |
| Federal Employee Benefits Payable | 240,278.79 | 3,686.25 | 243,965.04 |
| Unfunded Leave | | - | - |
| Total Liabilities with the Public | <u>240,278.79</u> | <u>99,155.21</u> | <u>339,434.00</u> |
| Total Other Liabilities | <u><u>240,278.79</u></u> | <u><u>104,920.99</u></u> | <u><u>345,199.78</u></u> |
| | | | |
| | 2020 | | |
| | Non-Current | Current | Total |
| Intragovernmental | | | |
| Employer Contributions and Payroll Taxes | - | 18,968.89 | 18,968.89 |
| Total Intragovernmental | <u>-</u> | <u>18,968.89</u> | <u>18,968.89</u> |
| Liabilities with the Public | | | |
| Accrued Funded Payroll & Leave | - | 67,268.24 | 67,268.24 |
| Employer Contributions and Payroll Taxes | - | 3,298.98 | 3,298.98 |
| Unfunded Leave | 220,022.58 | - | 220,022.58 |
| Total Liabilities with the Public | <u>220,022.58</u> | <u>70,567.22</u> | <u>290,589.80</u> |
| Total Other Liabilities | <u><u>220,022.58</u></u> | <u><u>89,536.11</u></u> | <u><u>309,558.69</u></u> |

Administrative Conference of the United States
Notes to Financial Statements
September 30, 2021

NOTE 7 – LEASES

Entity as Lessee:

The Conference leases office space, located at 1120 20th Street, NW; Suites 702 and 706 South, in Washington, DC. The lease was entered into, and became effective, on August 9, 2020; and has a term of 180 months. The lease terminates on August 8, 2035.

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

| | | |
|-----------------------------|------------|-----------------------|
| | 2022 | \$413,541.43 |
| | 2023 | \$418,569.00 |
| | 2024 | \$423,747.40 |
| | 2025 | \$429,081.14 |
| | 2026 | \$434,574.91 |
| | Thereafter | <u>\$3,744,774.18</u> |
| Total Future Lease Payments | | \$5,864,288.06 |

NOTE 8 – APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS: DIRECT VS REIMBURSABLE OBLIGATIONS

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

| | Total 2021 | Total 2020 |
|-------------------|---------------------|---------------------|
| Direct | | |
| Category B | 3,074,791.63 | 3,284,514.94 |
| Reimbursable | | |
| Category B | - | 310,125.00 |
| Total Obligations | <u>3,074,791.63</u> | <u>3,594,639.94</u> |

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NOTE 9 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

The amount of budgetary resources obligated for undelivered orders was \$259,623.49 and \$228,848.69 as of September 30, 2021, and 2020, respectively.

| | Unpaid Undelivered Orders | Paid Undelivered Orders | Total Undelivered Orders |
|------|---------------------------------|-------------------------------|--------------------------------|
| 2021 | 259,623.49 | - | \$ 259,623.49 |
| 2020 | 228,848.69 | - | \$ 228,848.69 |

NOTE 10 – EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE US GOVERNMENT

SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the *Budget of the United States Government* (Budget). The Budget that will include FY 2020 actual budgetary execution information is scheduled for publication in February 2021, which will be available through OMB’s website at <http://www.whitehouse.gov/omb>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements. Balances reported in the FY 2020 SBR and the related President’s Budget reflected the following:

| FY2020 | Budgetary Resources | New Obligations & Upward Adjustments (Total) | Distributed Offsetting Receipts | Net Outlays |
|--------------------------------------|------------------------|---|---------------------------------------|-----------------------|
| Statement of Budgetary Resources | \$ 3,814,700.39 | \$ 3,594,639.94 | \$ - | \$ 3,207,367.35 |
| Difference | <u>\$ 564,700.39</u> | <u>\$ 344,639.94</u> | <u>\$ -</u> | <u>\$ (42,632.65)</u> |
| <i>Budget of the U.S. Government</i> | <u>3,250,000.00</u> | <u>3,250,000.00</u> | <u>\$ -</u> | <u>3,250,000.00</u> |

The difference between the Statement of Budgetary Resources and the *Budget of the United States Government* for budgetary resources, obligations incurred and net outlays are primarily due to rounding. A portion of the difference in the budgetary resources is due to expired unobligated balances being reported in the Statement of Budgetary Resources but not in the Budget of the United States Government.

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NOTE 11 – RECONCILIATION OF NET COST TO OUTLAYS

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

| | Intragovernmental | With the Public | Total |
|--|--------------------------|------------------------|---------------------|
| Net Operating Cost (SNC) | \$ 773,517.39 | \$ 2,384,477.31 | \$ 3,157,994.70 |
| Components of Net Operating Cost Not Part of the Budgetary Outlays | | | |
| Property, plant, and equipment depreciation | | (9,298.28) | (9,298.28) |
| (Increase)/Decrease in Assets not affecting Budget Outlays: | | | |
| Accounts receivable | | | - |
| (Increase)/Decrease in Liabilities not affecting Budget Outlays: | | | |
| Accounts payable | | (10,345.65) | (10,345.65) |
| Other liabilities | (3,767.28) | (28,587.99) | (32,355.27) |
| Federal employee benefits payable | | (20,256.21) | (20,256.21) |
| Other financing sources | | | |
| Imputed Cost | (88,557.16) | | (88,557.16) |
| Total Components of Net Operating Cost Not Part of the Budget Outlays | (92,324.44) | (68,488.13) | (160,812.57) |
| Net Outlays (Calculated Total) | 681,192.95 | 2,315,989.18 | 2,997,182.13 |
| Related Amounts on the Statement of Budgetary Resources | | | |
| Outlays, net (SBR Line 4190) | | | 2,997,182.03 |
| Agency Outlays, Net (SBR Line 4210) | | | 2,997,182.03 |

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 12, 2021, which is the date the financial statements were available to be issued.