

**MARINE MAMMAL COMMISSION**

**GENERAL FUND**

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**FINANCIAL STATEMENTS**

**As of and for the Year Ended September 30, 2011**

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Executive Director and Commissioners  
Marine Mammal Commission  
Bethesda, Maryland

We have audited the accompanying balance sheet of the Marine Mammal Commission (the Commission), an independent agency within the Executive Branch, as of September 30, 2011; the related statements of net cost and changes in net position; the statement of budgetary resources; and the reconciliation of net cost of operations to budget (formerly statement of financing) for the year then ended. Hereinafter the above will be referred to as “financial statements.” The objective of our audit was to express an opinion on the fair presentation of these financial statements. In connection with our fiscal year 2011 audit, we also considered the Commission’s internal control over financial reporting and tested the Commission’s compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on these financial statements.

### ***Executive Summary***

As stated in our opinion on the financial statements, we concluded that the Commission’s financial statements as of and for the year ended September 30, 2011, are presented fairly and, in all material respects, are in conformity with U.S. generally accepted accounting principles.

Our consideration of internal control over financial reporting and performance measures would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses under standards issued by the American Institute of Certified Public Accountants. However, we noted no matters involving the internal control and its operation that we considered to be material weaknesses.

The results of our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04 as amended for 2009 (M-09-33), *Audit Requirements for Federal Financial Statements*. OMB Bulletin No 07-04 applies to fiscal year 2011 as well.

The following sections discuss our opinion on the Commission's financial statements, management's and our responsibilities, consideration of the Commission's internal control over financial reporting and performance, and our tests of Commission compliance with certain provisions of applicable laws, regulations, and other matters.

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

We have audited the accompanying balance sheet of the Marine Mammal Commission as of September 30, 2011; the related statements of net cost and changes in net position; the statement of budgetary resources; and the reconciliation of net cost of operations to budget for the year then ended. Information presented for the year ended September 30, 2010, was audited as shown in the prior year's audit report and is presented for comparative purposes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marine Mammal Commission as of September 30, 2011, and its net costs, changes in net position, budgetary resources, reconciliation of net costs to budgetary obligations, and financing for the year then ended, and are in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information in the footnotes accompanying the financial statements on pages 9 through 13 is presented for purposes of additional analysis in compliance with the generally accepted accounting principle of "full disclosure." This information has been reviewed but was not subjected to auditing procedures and, accordingly, we express no opinion on it.

### ***Misstatements in Previously Issued Financial Statements***

Nothing has come to our attention that previously issued financial statements had any material misstatements that would lead us to believe that our auditor's report would be adversely affected or compromised. If we (auditors) become aware of a material misstatement or likely misstatement(s) affecting previously issued financial statements, then we will advise the Marine Mammal Commission's management to determine the specific amount(s) of the material misstatement(s) or likely misstatement(s) and the related effect(s) of such on the previously issued statements as soon as reasonably possible.

### ***Misstatements Affecting Previously Issued Financial Statements***

We are not aware of any material misstatement(s) or likely misstatement(s) affecting previously issued financial statement(s) as stated above. If at some future point we do become aware of any such misstatement that adversely affects the financial statements of the Marine Mammal Commission, management will be informed and appropriate corrective action will be taken in accordance with guidance provided in OMB Memorandum M-09-33.

## ***Responsibilities***

**Management's Responsibilities.** The Accountability of Tax Dollars Act (ATDA) requires smaller agencies (i.e., the Commission) to report annually to Congress on their financial status and any other information needed to fairly present their financial position and results of operations.

To meet these reporting requirements, Commission financial statements are prepared and submitted in accordance with OMB Circular A-136. Management is responsible for the financial statements, including —

- preparing the financial statements in conformity with U.S. generally accepted accounting principles;
- preparing the Performance and Accountability Report (PAR) to include Management Discussion and Analysis (MD&A);
- establishing and maintaining effective internal controls over financial reporting, which includes safeguarding of assets in accordance with OMB Circular A-123, *Management Responsibility and Internal Control*; and
- complying with laws, regulations, contracts, and grant agreements applicable to the Marine Mammal Commission, such as the Marine Mammal Protection Act of 1972.

In fulfilling this responsibility, management is required to make estimates and judgments to assess the expected benefits and related costs of internal control policies.

**Auditor's Responsibilities.** Our responsibility is to express an opinion on the fiscal year 2011 financial statements of the Commission based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. The standards applicable to financial audits are contained in Government Auditing Standards and OMB Bulletin No. 07-04 as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances. The objective of the audit was not to provide an opinion on the Marine Mammal Commission's internal control and, therefore, we do not express such an opinion.

An audit also includes —

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

We limited our testing to those controls necessary to test and report on the internal control over key performance measures in accordance with OMB Bulletin No. 07-04 as amended. However, our procedures were not designed to provide an opinion on internal control over reported performance measures and, accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether the Marine Mammal Commission's fiscal year 2011 financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04 as amended, including certain provisions referred to in the Federal Financial Management Improvement Act (FFMIA), Section 803(b).

We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Commission. However, providing an opinion on compliance with laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

Under OMB Bulletin No. 07-04 and FFMIA, auditors are required to report whether the agency's financial management systems provide reliable, timely, and consistent information. The financial system should substantially comply with (1) federal financial management systems requirements contained in FFMIA, Section 803(b), (2) applicable federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. To meet this requirement, we relied on the SAS 70 "Report on Controls Placed in Operation and Tests of Operating Effectiveness for the Period July 1, 2010 to June 30, 2011," done by the firm of KPMG, LLC, and we performed our own substantive tests of controls and compliance with FFMIA Section 803(a) requirements and found no instances in which the General Services Administration's financial systems supporting the Commission did not substantially comply.

### ***Internal Controls over Financial Reporting***

In planning and performing our fiscal year 2011 audit, we considered the Commission's internal control over financial reporting by obtaining an understanding of the Commission's internal controls. We determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls to determine our substantive tests for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in Government Auditing Standards and OMB Bulletin No. 07-04 as amended and applicable to fiscal year 2011.

We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide an opinion on the Commission's internal control over financial reporting. Consequently, we do not provide an opinion on internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters that might be material weaknesses under standards issued by the American Institute of Certified Public Accountants. The results of our tests disclosed no instances of significant deficiencies or material weaknesses in financial reporting.

### ***Internal Controls relating to the Commission's Performance***

Under OMB Bulletin 07-04 as amended, for periods ending on or after December 15, 2009, the definition of material weaknesses is extended to other controls as follows. *Material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and, corrected on a timely basis.*

A material weakness may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. "Significant deficiencies" found under the Federal Information Security Management Act (FISMA) must also be reported as material weaknesses under FMFIA and as lack of compliance under FFMIA if related to financial management systems.

Significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal controls should be designed with applicable laws, regulations, government-wide policies, and financial laws identified by OMB that are listed in OMB Bulletin 07-04, Appendix E. Our consideration of the design and operation of internal controls related to key performance measures would not necessarily disclose all matters that might be reportable conditions.

In keeping with OMB Memorandum M-10-24, *Performance Improvement guidance: Management Responsibilities and Government Performance and Results Act Documents*, the Marine Mammal Commission performs complex scientific research in coordination with other agencies. The Commission meets regularly with congressional staff and senior officials of other agencies to solicit feedback on research priorities and agency performance.

In our fiscal year 2011 audit, we noted no matters involving deficiencies in agency performance or the design and operation of the internal control over the existence and completeness assertions related to key performance measures that we considered being material weaknesses as defined.

## *Compliance with Laws and Regulations and Other Matters*

The results of our tests of compliance described in the Responsibilities section of this report, exclusive of those referred to in the Federal Financial Management Improvement Act of 1996 (FFMIA), disclosed no instances of noncompliance by the Commission with applicable laws and regulations that would have a direct and material effect on the determination of financial statement amounts or other matters that are required to be reported herein under Government Auditing Standards and OMB Bulletin No. 07-04 of September 4, 2007, as amended.

We did not find any instances of noncompliance with the Marine Mammal Protection Act of 1972 that established the Commission and defines its mission.

We limited our tests of compliance to those provisions and did not test compliance with all laws and regulations applicable to the Commission. Providing an opinion on compliance with those provisions was not an objective of this financial audit and, accordingly, we do not express an opinion.

Because the Commission does not have its own financial systems and relies upon GSA Heartland for financial transactions processing and GSA National Payroll Center for payroll processing to meet this requirement, we performed tests of compliance by —

- Evaluating the SAS 70 “Report on Controls Placed in Operation and Test of Operating Effectiveness for the Period July 1, 2010 to June 30, 2011 for the GSA Pegasys Financial System,” dated October 4, 2011, and the SAS 70 “Report on Controls Placed in Operation and Test of Operating Effectiveness for the Period July 1, 2010 to June 30, 2011” for the GSA’s National Payroll Center, Payroll Accounting and Reporting System (PAR), dated September 13, 2011. These reports were issued by the CPA firm of KPMG, LLC.
- Performing substantive tests of transactions to evaluate the effectiveness of controls at the Marine Mammal Commission that interface with GSA’s control systems throughout the accounting cycle.
- Considering the financial system requirements, accounting standards, and standard general ledger at the transaction level for FFMIA compliance set forth in original OMB Memorandum M-08-24, dated August 25, 2008, and “Technical Amendments to OMB Bulletin 07-04,” *Audit Requirements for Federal Financial Statements* as applicable to 2010 reporting requirements.

The results of our tests of FFMIA disclosed no instances in which the Commission’s financial management systems did not substantially comply with the three requirements discussed in the Responsibilities section of this report.

***RESTRICTED USE***

This report is intended solely for the information and use of the Marine Mammal Commission's management and Commissioners, the 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.

November 12, 2011

A handwritten signature in blue ink, reading "Frank G. Woodward". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.



**MARINE MAMMAL COMMISSION**

**GENERAL FUND**

**FINANCIAL STATEMENTS**

**As of and For The Years Ended September 30, 2011 & 2010**

**MARINE MAMMAL COMMISSION**

**BALANCE SHEET**

**As Of September 30, 2011 and 2010**

		2011	2010
		<u>                    </u>	<u>                    </u>
<b>Assets:</b>			
<b>Intragovernmental:</b>			
Fund Balance With Treasury	(Note 2)	\$ 1,273,031	\$ 1,337,106
Total Intragovernmental		<u>1,273,031</u>	<u>1,337,106</u>
<b>Total Assets</b>		<u>\$ 1,273,031</u>	<u>\$ 1,337,106</u>
<b>Liabilities:</b>	(Note 3)		
<b>Intragovernmental:</b>			
Accounts Payable		\$ 17,627	\$ 1,542
Other	(Note 4)	<u>8,769</u>	<u>20,275</u>
Total Intragovernmental		26,397	21,817
<b>With The Public</b>			
Accounts Payable		43,613	55,271
Other	(Note 4)	<u>211,733</u>	<u>229,497</u>
Total Liabilities		281,743	306,586
<b>Net Position:</b>			
Unexpended Appropriations - Other Funds		1,169,138	1,186,222
Cumulative Results of Operations - Other Funds		<u>(177,851)</u>	<u>(155,702)</u>
Total Net Position		<u>991,287</u>	<u>1,030,520</u>
<b>Total Liabilities and Net Position</b>		<u>\$ 1,273,031</u>	<u>\$ 1,337,106</u>

\*Amounts may be off by a dollar due to rounding.

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

**MARINE MAMMAL COMMISSION**

**STATEMENT OF NET COST**

**For The Years Ended September 30, 2011 and 2010**

	2011	2010
Program Costs:		
Program A:		
Gross Costs	(Note 5) \$ 3,422,788	\$ 3,511,593
Net Program Costs	<u>3,422,788</u>	<u>3,511,593</u>
Net Cost of Operations	<u>\$ 3,422,788</u>	<u>\$ 3,511,593</u>

\*Amounts may be off by a dollar due to rounding.

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

**MARINE MAMMAL COMMISSION**  
**STATEMENT OF CHANGES IN NET POSITION**  
For The Years Ended September 30, 2011 and 2010

2011

	Earmarked Funds	All Other Funds	Eliminations	Consolidated Total
<b>Cumulative Results of Operations:</b>				
Beginning Balances	\$	\$ (155,702)	\$	\$ (155,702)
<b>Budgetary Financing Sources:</b>				
Appropriations Used		3,260,203		3,260,203
<b>Other Financing Resources (Non-Exchange):</b>				
Imputed Financing		140,435		140,435
Total Financing Sources		3,400,639		3,400,639
Net Cost of Operations (+/-)		3,422,788		3,422,788
Net Change		(22,149)		(22,149)
<b>Cumulative Results of Operations</b>	\$	\$ (177,851)	\$	\$ (177,851)
<b>Unexpended Appropriations:</b>				
Beginning Balances	\$	\$ 1,186,222	\$	\$ 1,186,222
<b>Budgetary Financing Sources:</b>				
Appropriations Received		3,250,000		3,250,000
Other Adjustments		(6,880)		(6,880)
Appropriations Used		(3,260,203)		(3,260,203)
Total Budgetary Financing Sources		(17,084)		(17,084)
Total Unexpended Appropriations		1,169,138		1,169,138
Net Position	\$	\$ 991,287	\$	\$ 991,287

\*Amounts may be off by a dollar due to rounding.

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

**MARINE MAMMAL COMMISSION**  
**STATEMENT OF CHANGES IN NET POSITION**  
For The Years Ended September 30, 2011 and 2010

2010

	Earmarked Funds	All Other Funds	Eliminations	Consolidated Total
<b>Cumulative Results of Operations:</b>				
Beginning Balances	\$	\$ (190,752)	\$	\$ (190,752)
Adjustments:				
(b) Corrections of Errors (+/-)		9,146		9,146
Beginning Balances, as Adjusted	\$	\$ (181,606)	\$	\$ (181,606)
<b>Budgetary Financing Sources:</b>				
Appropriations Used		3,434,727		3,434,727
<b>Other Financing Resources (Non-Exchange):</b>				
Imputed Financing		102,771		102,771
Total Financing Sources		3,537,497		3,537,497
Net Cost of Operations (+/-)		3,511,593		3,511,593
Net Change		25,904		25,904
<b>Cumulative Results of Operations</b>	<b>\$</b>	<b>\$ (155,702)</b>	<b>\$</b>	<b>\$ (155,702)</b>
<b>Unexpended Appropriations:</b>				
Beginning Balances	\$	\$ 1,408,973	\$	\$ 1,408,973
Adjustments:				
(b) Corrections of Errors (+/-)		(9,146)		(9,146)
Beginning Balances, as Adjusted	\$	\$ 1,399,827	\$	\$ 1,399,827
<b>Budgetary Financing Sources:</b>				
Appropriations Received		3,250,000		3,250,000
Other Adjustments		(28,878)		(28,878)
Appropriations Used		(3,434,727)		(3,434,727)
Total Budgetary Financing Sources		(213,605)		(213,605)
Total Unexpended Appropriations		1,186,222		1,186,222
Net Position	\$	\$ 1,030,520	\$	\$ 1,030,520

\*Amounts may be off by a dollar due to rounding.

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

**MARINE MAMMAL COMMISSION**  
**STATEMENT OF BUDGETARY RESOURCES**  
**For The Years Ended September 30, 2011 and 2010**

	2011	2011	2010	2010
	Budgetary	Credit Program Financing Accounts	Budgetary	Non-Budgetary Credit Program Financing Accounts
<b>Budgetary Resources:</b>				
<b>Unobligated Balance:</b>				
Beginning of Period	\$ 17,955	\$	\$ 59,611	\$
Recoveries of Prior Year Obligations	22,567		21,042	
<b>Budget Authority:</b>				
Appropriations Received	3,250,000		3,250,000	
Earned				
Collected	346,759		6,872	
Subtotal	<u>\$ 3,596,759</u>	<u>\$</u>	<u>\$ 3,256,872</u>	<u>\$</u>
Permanently Not Available	(6,880)		(28,878)	
<b>Total Budgetary Resources</b>	<u><u>\$ 3,630,402</u></u>	<u><u>\$</u></u>	<u><u>\$ 3,308,646</u></u>	<u><u>\$</u></u>
<b>Status of Budgetary Resources:</b>				
Obligations Incurred	(Note 6)			
Direct	\$ 3,598,425	\$	\$ 3,231,158	\$
Reimbursable			59,532	
Subtotal	<u>\$ 3,598,425</u>	<u>\$</u>	<u>\$ 3,290,691</u>	<u>\$</u>
<b>Unobligated Balances</b>				
Apportioned	11,101		7,631	
Subtotal	<u>\$ 11,101</u>	<u>\$</u>	<u>\$ 7,631</u>	<u>\$</u>
Unobligated Balances - Not Available	20,876		10,325	
<b>Total Status of Budgetary Resources</b>	<u><u>\$ 3,630,402</u></u>	<u><u>\$</u></u>	<u><u>\$ 3,308,646</u></u>	<u><u>\$</u></u>
<b>Change in Obligated Balances:</b>				
Obligated Balance, Net:				
Unpaid Obligations, Brought Forward, October 1	\$ 1,319,151	\$	\$ 1,516,565	\$
Total, Unpaid Obligated Balance, Brought Forward, Net	<u>\$ 1,319,151</u>	<u>\$</u>	<u>\$ 1,516,565</u>	<u>\$</u>
Obligations Incurred	3,598,425		3,290,691	
Gross Outlays (-)	(3,653,955)		(3,467,063)	
Recoveries of Prior-Year Unpaid Obligations, Actual (-)	(22,567)		(21,042)	
Obligated Balance, Net, End of Period:				
Unpaid Obligations (+)	1,241,054		1,319,151	
Total, Unpaid Obligated Balance, Net, End of Period	<u>\$ 1,241,054</u>	<u>\$</u>	<u>\$ 1,319,151</u>	<u>\$</u>
<b>Net Outlays:</b>				
Gross Outlays (+)	3,653,955		3,467,063	
Offsetting Collections (-)	(346,759)		(6,872)	
<b>Net Outlays</b>	<u><u>\$ 3,307,195</u></u>	<u><u>\$</u></u>	<u><u>\$ 3,460,191</u></u>	<u><u>\$</u></u>

\*Amounts may be off by a dollar due to rounding.

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

# MARINE MAMMAL COMMISSION

## GENERAL FUND

### Note 1 – Significant Accounting Policies

#### **Reporting Entity**

The Marine Mammal Commission (MMC) is an independent agency of the U.S. Government, established under Title II of the Marine Mammal Protection Act of 1972. The Commission consists of three members who are nominated by the President and confirmed by the Senate. The Commission is charged with developing, reviewing, and making recommendations on domestic and international actions and policies of all federal agencies with respect to marine mammal protection and conservation and with carrying out a research program.

#### **Basis of Presentation**

These financial statements have been prepared from the accounting records of MMC in accordance with Generally Accepted Accounting Principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136, as amended. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the federal government by the American Institute of Certified Public Accountants.

OMB Circular No. A-136 requires agencies to prepare financial statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2011, amounts of future economic benefits owned or managed by MMC (assets), amounts owed by MMC (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within MMC and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

#### **Basis of Accounting**

Transactions are recorded on the accrual accounting basis in accordance with OMB Circular No. 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 receipt or payment of cash. 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.

**Revenues and Other Financing Sources**

MMC is an appropriated fund. It receives appropriations. Other financing sources for MMC consist of imputed financing sources which are costs financed by other Federal entities on behalf of MMC, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government. MMC also had a reimbursable agreement with the National Oceanic and Atmospheric Administration (NOAA) for fiscal year 2006.

**Note 2 – Fund Balance with Treasury**

MMC’s fund balance with treasury comes from appropriations and the NOAA reimbursable agreements. No trust, revolving or other fund type are used to fund MMC’s activities. MMC operates as an annual fund, where each year is a new appropriation. This fund balance with treasury is a consolidated balance of five annual funds (Fund Code 8671, 8670, 8679, 8678, 8677) and two multi-year funds (Fund Codes 8676/7 and 8677/8). The annual fund for FY 2006 was cancelled and the remaining fund balance of \$380 was given back to US Treasury during fiscal year 2011.

A. Fund Balance with Treasury	<u>2011</u>	<u>2010</u>
Appropriated Fund	\$ 1,273,031	\$ 1,337,106
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	11,101	7,631
b) Unavailable	20,876	10,325
2) Unobligated Balance not yet Disbursed	<u>1,241,054</u>	<u>1,319,151</u>
Total	<u>\$ 1,273,031</u>	<u>\$ 1,337,106 *</u>

\*Rounding

**Note 3 – Liabilities Not Covered by Budgetary Resources**

Liabilities of MMC are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2011, MMC showed liabilities covered by budgetary resources of \$103,892 and liabilities not covered by budgetary resources of \$177,851. As of September 30, 2010, MMC showed liabilities covered by budgetary resources of \$150,884 and liabilities not covered by budgetary resources of \$155,702.

As of September 30, 2011, liabilities covered by budgetary resources are composed of Accounts Payable of \$61,240, Accrued Funded Payroll and Leave of \$32,858, Employer Contributions and Payroll Taxes Payable of \$7,346, and other Intragovernmental Liability of \$2,448. As of September 30, 2010, liabilities covered by budgetary resources were composed of Accounts Payable of \$56,813, Accrued Funded Payroll and Leave of \$73,796, Employer Contributions and Payroll Taxes Payable of \$17,828, and other Intragovernmental Liability of \$2,448.

With the Public	<u>2011</u>	<u>2010</u>
Other (Unfunded leave liability)	\$177,851	\$155,702
Total liabilities not covered by budgetary resources	177,851	155,702
Total liabilities covered by budgetary resources	<u>103,892</u>	<u>150,884 *</u>
Total liabilities	\$281,743	\$306,586

\*Rounding

**Note 4 – Other Liabilities**

As of September 30, 2011, other liabilities with the public consist of Accrued Funded Payroll and Leave of \$32,858, Unfunded Leave of \$177,851, and employer contributions and payroll taxes payable – TSP of \$1,024. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable \$6,321 and liabilities for advances and prepayments \$2,448. As of September 30, 2010, other liabilities with the public consist of Accrued Funded Payroll and Leave of \$73,796 and Unfunded Leave in the amount of \$155,702. Other Intragovernmental liabilities consist of employer contributions and payroll taxes payable \$17,828 and liabilities for advances and prepayments \$2,448. FY10 Other Intragovernmental liabilities consist of the unobligated portion of the NOAA reimbursable agreement.

	<u>With the Public</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2011	Other Liabilities	\$177,851	\$33,883 *	\$211,733 *
2010	Other Liabilities	\$155,702	\$73,796	\$229,497 *
	<u>Intragovernmental</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2011	Other Liabilities	\$0	\$8,769	\$8,769
2010	Other Liabilities	\$0	\$20,275 *	\$20,275

\*Rounding

**Note 5 – Intragovernmental Costs and Exchange Revenue**

Intragovernmental costs are those of goods/services purchased from a federal entity.

	<u>Total 2011</u>	<u>Total 2010</u>
Program A		
Intragovernmental costs	936,967	390,802
Public costs	<u>2,485,821</u>	<u>3,120,791</u>
Total Program A costs	3,422,788	3,511,593

**Note 6 – Apportionment Categories of Obligations Incurred**

Obligations incurred by MMC include direct and reimbursable obligations, category A & category B. Direct – Category A & B are the amounts of direct obligations incurred against amounts apportioned under category A & B on the latest SF 132.

	<u>2011</u>	<u>2010</u>
Direct - Category A	\$71,741	\$15,473
Direct - Category B	\$3,526,684	\$3,215,686
Reimbursable - Category B		<u>\$59,532</u>
Total	<u>3,598,425</u>	<u>3,290,691</u>

**Note 7 – Undelivered Orders at the End of the Period**

The amount of Unpaid Obligated Balance, Net, End of Period shown on the Statement of Budgetary Resources includes obligations relating to Undelivered Orders (goods and services contracted for but not yet received at the end of the year) and Accounts Payable (amounts owed at the end of the year by MMC for goods and services received). The amount of each is as follows:

	<u>Undelivered Orders</u>	<u>Accounts Payable</u>	<u>Unpaid Obl. Balance, Net</u>	
2011	\$1,139,609	\$101,445	\$1,241,054	
2010	\$1,170,714	\$148,436	\$1,319,151	*

\*Rounding

**Note 8 – Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)**

	2011	2010
<i>Resources Used to Finance Activities:</i>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 3,598,425	\$ 3,290,691
Less: Spending Authority from Offsetting Collections & Recoveries	369,327	27,914
Net Obligations	<u>3,229,098</u>	<u>3,262,777</u>
Imputed Financing from Costs Absorbed by Others	140,435	102,771
Net Other Resources Used to Finance Activities	<u>140,435</u>	<u>102,771</u>
<i>Total Resources Used to Finance Activities</i>	3,369,533	3,365,548
Change in Budgetary Resources Obligated for Goods		
Services and Benefits Ordered But Not Yet Provided	<u>(31,105)</u>	<u>(171,950)</u>
<i>Total Resources Used to Finance Items Not Part of the Net Cost of Operations</i>	<u>(31,105)</u>	<u>(171,950)</u>
<i>Total Resources Used to Finance the Net Cost of Operations</i>	3,400,639	3,537,497
<i>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</i>		
Components Requiring or Generating Resources in Future Periods:		
Increase in Annual Leave Liability	22,149	(25,904)
<i>Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods</i>	<u>22,149</u>	<u>(25,904)</u>
<i>Components Not Requiring or Generating Resources:</i>		
<i>Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period</i>	22,149	(25,904)
<i>Net Cost of Operations</i>	<u>\$ 3,422,788</u>	<u>\$ 3,511,593</u>

\*Amounts may be off by a dollar due to rounding.

Liabilities not covered by budgetary resources total \$177,851 and the change in components requiring or generating resources in future period shows \$22,149. The \$22,149 is the net increase of future funded expenses – leave between appropriations of annual fund 2010 and annual fund 2011. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the increase in annual leave liability for which the budgetary resources will be provided in a subsequent period.

	<u>2011</u>	<u>2010</u>
Liabilities not covered by budgetary resources	177,851	155,702
Change in components requiring/generating resources	22,149	(25,904)