



MARINE MAMMAL COMMISSION

GENERAL FUND

FINANCIAL STATEMENTS

As of and For the Years Ended September 30, 2018 and 2017

Independent Auditor's Report

Chairman and Executive Director
Marine Mammal Commission
Bethesda, MD

In our audits of the fiscal years 2018 and 2017 financial statements of the Marine Mammal Commission (MMC), we found:

- a) MMC's financial statements as of and for the fiscal years ended September 30, 2018, and 2017, 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 2018 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; (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) agency comments.

Report on the Financial Statements

In accordance with Generally Accepted Government Auditing Standards (GAGAS) and Office of Management and Budget (OMB) Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*, we have audited MMC's financial statements. MMC's financial statements comprise the balance sheets as of September 30, 2018, and 2017; 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

MMC'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.

Auditors' 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, MMC's financial statements present fairly, in all material respects, MMC's financial position as of September 30, 2018 and 2017, 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

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

Management's Responsibility for Internal Controls

MMC 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 MMC's financial statements as of and for the year ended September 30, 2018, in accordance with U.S. generally accepted government auditing standards, we considered the MMC'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 MMC's internal control over financial reporting. Accordingly, we do not express an opinion on the MMC'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 MMC'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.

During our 2018 audit, we identified deficiencies in MMC's internal control over financial reporting that we do not consider to be material weaknesses. Nonetheless, these deficiencies warrant MMC management's attention. We have communicated these matters to MMC management and, where appropriate, will report on them separately.

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 MMC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the MMC'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 MMC'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

MMC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to MMC.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to MMC that have a direct effect on the determination of material amounts and disclosures in MMC'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 MMC.

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 2018 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 MMC. 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.

A handwritten signature in cursive script that reads "Rocha & Company PC".

*Gaithersburg, Maryland
November 12, 2018*

MARINE MAMMAL COMMISSION
BALANCE SHEET

As Of September 30, 2018 and 2017

		2018	2017
Assets			
Intergovernmental			
Fund Balance With Treasury	(Note 2)	\$ 1,380,719.09	\$ 891,987.90
Total Intragovernmental		1,380,719.09	891,987.90
Accounts Receivable, net	(Note 3)	18,767.83	
Total Assets		\$ 1,399,486.92	\$ 891,987.90
Liabilities	(Note 4)		
Intragovernmental			
Other	(Note 5)		
Employer Contributions and Payroll Taxes Payable		\$ 14,276.37	\$ 15,813.71
Liability for Advances and Prepayments		7,358.77	14,158.77
Total Intragovernmental		21,635.14	29,972.48
Accounts Payable		69,382.32	12,551.72
Other	(Note 5)		
Accrued Funded Payroll and Leave		56,856.15	60,950.68
Employer Contributions and Payroll Taxes Payable		2,396.81	2,861.23
Unfunded Leave		139,583.58	149,056.46
Total Liabilities		\$ 289,854.00	\$ 255,392.57
Net Position			
Unexpended Appropriations - All Other Funds (Consolidated Totals)		\$ 1,230,448.67	\$ 785,651.79
Cumulative Results of Operations - All Other Funds (Consolidated Totals)		(120,815.75)	(149,056.46)
Total Net Position - All Other Funds (Consolidated Totals)		1,109,632.92	636,595.33
Total Net Position		\$ 1,109,632.92	\$ 636,595.33
Total Liabilities and Net Position		\$ 1,399,486.92	\$ 891,987.90

The accompanying notes are an integral part of these statements.

**MARINE MAMMAL COMMISSION
STATEMENT OF NET COST**

As of and For the Years Ended September 30, 2018 and 2017

	2018	2017
Program Costs:		
MMC:		
Gross Costs	\$ 3,084,751.01	\$ 3,390,739.64
Less: Earned Revenue	58,874.04	22,200.00
Net Program Costs	3,025,876.97	3,368,539.64
Net Cost of Operations	\$ 3,025,876.97	\$ 3,368,539.64

The accompanying notes are an integral part of these statements.

MARINE MAMMAL COMMISSION
STATEMENT OF CHANGES IN NET POSITION
As of and For the Years Ended September 30, 2018 and 2017

FY 2018 (CY)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Total
Unexpended Appropriations:				
Beginning Balances		\$ 785,651.79		\$ 785,651.79
Beginning balance, as adjusted		785,651.79		785,651.79
Budgetary Financing Sources:				
Appropriations received		3,431,000.00		3,431,000.00
Other Adjustments (+/-)		(19,624.23)		(19,624.23)
Appropriations used		(2,966,578.89)		(2,966,578.89)
Total Budgetary Financing Sources		444,796.88		444,796.88
Total Unexpended Appropriations		1,230,448.67		1,230,448.67
Cumulative Results from Operations				
Beginning Balances		(149,056.46)		(149,056.46)
Beginning balances, as adjusted		(149,056.46)		(149,056.46)
Budgetary Financing Sources:				
Appropriations Used		2,966,578.89		2,966,578.89
Imputed Financing		87,538.79		87,538.79
Total Financing Sources		3,054,117.68		3,054,117.68
Net Cost of Operations (+/-)		3,025,876.97		3,025,876.97
Net Change		28,240.71		28,240.71
Cumulative Results of Operations		(120,815.75)		(120,815.75)
Net Position		\$ 1,109,632.92		\$ 1,109,632.92

The accompanying notes are an integral part of these statements.

MARINE MAMMAL COMMISSION
STATEMENT OF CHANGES IN NET POSITION
As of and For the Years Ended September 30, 2018 and 2017

FY 2017 (PY)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Total
Unexpended Appropriations:				
Beginning Balances		\$ 704,474.57		\$ 704,474.57
Beginning balance, as adjusted		704,474.57		704,474.57
Budgetary Financing Sources:				
Appropriations received		3,431,000.00		3,431,000.00
Other Adjustments (+/-)		(10,679.55)		
Appropriations used		(3,339,143.23)		(3,339,143.23)
Total Budgetary Financing Sources		81,177.22		81,177.22
Total Unexpended Appropriations		785,651.79		785,651.79
Cumulative Results from Operations				
Beginning Balances		(207,984.87)		(207,984.87)
Beginning balances, as adjusted		(207,984.87)		(207,984.87)
Budgetary Financing Sources:				
Appropriations Used		3,339,143.23		3,339,143.23
Other Financing Sources (Nonexchange):				
Imputed Financing		88,324.82		88,324.82
Total Financing Sources		3,427,468.05		3,427,468.05
Net Cost of Operations (+/-)		3,368,539.64		3,368,539.64
Net Change		58,928.41		58,928.41
Cumulative Results of Operations		(149,056.46)		(149,056.46)
Net Position		\$ 636,595.33		\$ 636,595.33

The accompanying notes are an integral part of these statements.

MARINE MAMMAL COMMISSION
STATEMENT OF BUDGETARY RESOURCES

As of and For the Years Ended September 30, 2018 and 2017

	2018 Budgetary	2017 Budgetary
Budgetary resources:		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 428,257.15	\$ 300,321.67
Appropriations (discretionary and mandatory)	3,431,000.00	3,431,000.00
Spending authority from offsetting collections (discretionary and mandatory)	172,336.00	
Total budgetary resources	4,031,593.15	3,731,321.67
Status of budgetary resources:		
New obligations and upward adjustments (total)	(Note 6) 3,595,626.16	3,429,292.49
Unobligated balance, end of year:		
Apportioned, unexpired account	204,656.67	47,986.34
Unexpired unobligated balance, end of year	204,656.67	47,986.34
Expired unobligated balance, end of year	231,310.32	254,042.84
Unobligated balance, end of year (total)	435,966.99	302,029.18
Total budgetary resources	4,031,593.15	3,731,321.67
Outlay, net:		
Outlays, net (total) (discretionary and mandatory)	2,922,644.58	3,365,833.43
Agency outlays, net (discretionary and mandatory)	\$ 2,922,644.58	\$ 3,365,833.43

The accompanying notes are an integral part of these 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, 2018, 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

Basis of Accounting (Continued)

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.

Lease Agreement

The Marine Mammal Commission has a lease for office space through the General Services Administration. The lease runs through August 2023, and the space can be relinquished with four months' notice.

Note 2 – Fund Balance with Treasury

MMC's fund balance with treasury comes from appropriations. 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 8677, 8676, 8675, 8674, 8673). The annual fund for FY 2013 was cancelled and the remaining fund balance of \$19,624.23 was given back to Treasury during fiscal year 2018.

A. Fund Balance with Treasury	<u>2018</u>	<u>2017</u>
General Fund	<u>\$ 1,380,719.09</u>	<u>\$ 891,987.90</u>
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	204,656.67	47,986.34
b) Unavailable	231,310.32	254,042.84
2) Obligated Balance not yet Disbursed	<u>944,752.10</u>	<u>589,958.72</u>
Total	<u>\$ 1,380,719.09</u>	<u>\$ 891,987.90</u>

Note 3 – Accounts Receivable

Accounts Receivable is represented by Accounts Receivable – Associate Claims. The direct write-off method is used for uncollectible receivables.

Accounts Receivable	<u>2018</u>	<u>2017</u>
Associate Claims:		
Non-federal	18,767.83	-
Total Receivables	<u>\$ 18,767.83</u>	<u>\$ -</u>

Note 4 – Liabilities Not Covered by Budgetary Resources

Liabilities of MMC are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2018, the Commission had liabilities covered by budgetary resources of \$150,270.42 and liabilities not covered by budgetary resources of \$139,583.58. As of September 30, 2017, the Commission had liabilities covered by budgetary resources of \$106,336.11 and liabilities not covered by budgetary resources of \$149,056.46.

	<u>2018</u>	<u>2017</u>
Intragovernmental		
Employer Contributions & Payroll Taxes	14,276.37	15,813.71
Liability for Advances and Prepayments	7,358.77	14,158.77
Total Intragovernmental	21,635.14	29,972.48
With the Public		
Accounts Payable	69,382.32	12,551.72
Accrued Funded Payroll & Leave	56,856.15	60,950.68
Employer Contributions & Payroll Taxes	2,396.81	2,861.23
Unfunded Leave	139,583.58	149,056.46
Total With the Public	268,218.86	225,420.09
Total Liabilities	<u>\$ 289,854.00</u>	<u>\$ 255,392.57</u>
Total liabilities not covered by budgetary resources	139,583.58	149,056.46
Total liabilities covered by budgetary resources	150,270.42	106,336.11
Total Liabilities	<u>\$ 289,854.00</u>	<u>\$ 255,392.57</u>

Note 5 – Other Liabilities

Other liabilities with the public for the year ended September 30, 2018 and 2017 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.

	FY 2018		
	Non-	Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes	-	14,276.37	14,276.37
Liability for Advances and Prepayments	-	7,358.77	7,358.77
Total Intragovernmental	-	21,635.14	21,635.14
Liabilities with the Public			
Employer Contributions and Payroll Taxes	-	2,396.81	2,396.81
Unfunded Leave	139,583.58	-	139,583.58
Accrued Funded Payroll & Leave	-	56,856.15	56,856.15
Total Liabilities with the Public	139,583.58	59,252.96	198,836.54
Total Other Liabilities	<u>139,583.58</u>	<u>80,888.10</u>	<u>220,471.68</u>
	FY 2017		
	Non-Current	Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable	-	15,813.71	15,813.71
Liability for Advances and Prepayments	-	14,158.77	14,158.77
Total Intragovernmental	-	29,972.48	29,972.48
Liabilities with the Public			
Employer Contributions and Payroll Taxes Payable	-	2,861.23	2,861.23
Unfunded Leave	149,056.46	-	149,056.46
Accrued Funded Payroll & Leave	-	60,950.68	60,950.68
Total Liabilities with the Public	149,056.46	63,811.91	212,868.37
Total Other Liabilities	<u>149,056.46</u>	<u>93,784.39</u>	<u>242,840.85</u>

**Note 6 – Apportionment Categories of New Obligations and Upward Adjustments:
Direct vs Reimbursable Obligations**

Obligations incurred by MMC in fiscal years 2018 and 2017 include direct and reimbursable obligations, category B. Direct and reimbursable – Category B obligations were incurred against amounts apportioned under category B on the latest SF 132.

	<u>2018</u>	<u>2017</u>
Direct - Category B	3,474,679.23	3,429,292.49
Reimbursable - Category B	120,946.93	-
Total	<u>3,595,626.16</u>	<u>3,429,292.49</u>

Note 7 – 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 2018 actual budgetary execution information is scheduled for publication in February 2019, 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 2017 SBR and the related President's Budget reflected the following:

FY2017	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$3,731,321.67	\$ 3,429,292.49	\$ -	\$ 3,365,833.43
<i>Budget of the U.S. Government</i>	3,000,000.00	3,000,000.00	\$ -	3,000,000.00
Difference	<u>\$ 731,321.67</u>	<u>\$ 429,292.49</u>	<u>\$ -</u>	<u>\$ 365,833.43</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.

Note 8 – Undelivered Orders at the End of the Period

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred.

	Undelivered Orders	Paid Undelivered Orders	Total Undelivered Orders
2018	\$ 926,416.00	\$ -	\$ 926,416.00
2017	\$ 502,096.00	\$ -	\$ 502,096.00

Note 9 – Reconciliation of Net Cost of Operations to Budget

Liabilities not covered by budgetary resources total \$139,583.58 and the change in components requiring or generating resources in future period shows (\$9,472.88). The \$9,472.88 is the net decrease of future funded expenses – leave between appropriations of annual fund 2017 and annual fund 2018. 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 decrease in annual leave liability for which the budgetary resources will be provided in a subsequent period.

	<u>2018</u>	<u>2017</u>
Liabilities not covered by budgetary resources	139,583.58	149,056.46
Change in components requiring/generating resources	(9,472.88)	58,982.41

	FY 2018	FY 2017
Budgetary Resources Obligated	\$3,595,626.16	\$3,429,292.49
Spending Authority from Recoveries and Offsetting Collections	(318,188.20)	(28,871.76)
Imputed Financing from Costs Absorbed by Others	87,538.79	88,324.82
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	310,859.07	61,277.50
Components Not Requiring or Generating Resources	(9,472.88)	(58,928.41)
Net Cost of Operations	\$3,025,876.97	\$3,368,539.64

Note 10 – Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 12th, 2018 which is the date the financial statements were available to be issued.