



Report QC2022014
November 15, 2021

Quality Control Review of the Independent Auditor's Report on the Surface Transportation Board's Audited Financial Statements for Fiscal Years 2021 and 2020



Quality Control Review of the Independent Auditor's Report on the Surface Transportation Board's Audited Financial Statements for Fiscal Years 2021 and 2020

Required by the Accountability of Tax Dollars Act of 2002

QC2022014 | November 15, 2021

What We Looked At

We contracted with the independent public accounting firm Allmond & Company, LLC (Allmond), to audit the Surface Transportation Board's (STB) financial statements as of and for the fiscal year ended September 30, 2021; provide an opinion on those financial statements; and report on internal control over financial reporting, compliance with laws, and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted Government auditing standards, Office of Management and Budget audit guidance, and the Government Accountability Office's and Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*. We performed a quality control review (QCR) of Allmond's report dated November 11, 2021, and related documentation, and inquired of its representatives.

What We Found

Our quality control review disclosed no instances in which Allmond did not comply, in all material respects, with U.S. generally accepted Government auditing standards.

Our Recommendations

Allmond made no recommendations.



U.S. Department of Transportation
Office of Inspector General

November 15, 2021

The Honorable Martin J. Oberman
Chairman, Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Dear Chairman Oberman:

I respectfully submit the results of our quality control review (QCR) of the independent auditor's report on the Surface Transportation Board's (STB) audited financial statements for fiscal years 2021 and 2020.

We contracted with the independent public accounting firm Allmond & Company, LLC (Allmond), to audit STB's financial statements as of and for the fiscal year ended September 30, 2021; provide an opinion on those financial statements; and report on internal control over financial reporting, compliance with laws, and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted Government auditing standards; Office of Management and Budget audit guidance; and the Government Accountability Office's and Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*.¹ Leon Snead & Company, P.C., under contract to the Office of the Inspector General, audited STB's fiscal year 2020 financial statements and expressed an unmodified opinion on those statements.²

Allmond's Report

In its report on the audit of STB's financial statements for fiscal year 2021, dated November 11, 2021, Allmond states that

¹ *Financial Audit Manual*, volume 1 (GAO-18-601G), dated April 2020; volume 2 (GAO-18-625G), dated March 2021; and volume 3 (GAO-21-105127), dated September 2021.

² *Quality Control Review of the Independent Auditor's Report on the Surface Transportation Board's Audited Financial Statements for Fiscal Years 2020 and 2019* (OIG Report No. QC2021006), November 13, 2020. Our report can be found on our website, www.oig.dot.gov.

- STB’s financial statements³ were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- it found no material weakness⁴ in internal control over financial reporting based on the limited procedures performed; and
- there were no instances of reportable noncompliance with provisions of laws tested, or reportable other matters.

Allmond made no recommendations (see attachment 1).

Quality Control Review

We performed a QCR of Allmond’s report and related documentation, and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted Government auditing standards, was not intended to enable us to express, and we do not express, an opinion on STB’s financial statements or conclusions about the effectiveness of internal control over financial reporting, compliance with laws, or other matters. Allmond is responsible for its report and the conclusions expressed therein.

Our QCR disclosed no instances in which Allmond did not comply, in all material respects, with U.S. generally accepted Government auditing standards.

Agency Comments

Allmond provided STB with its draft report on November 8, 2021, and received STB’s response dated November 11, 2021 (see attachment 2).

³ The financial statements are included in STB’s Performance and Accountability Report. For STB’s full Performance and Accountability Report, which includes these statements, related notes, and required supplementary information, go to <https://www.stb.gov/about-stb/agency-materials/strategic-plan-and-pars/>.

⁴ A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Actions Required

Because Allmond made no recommendations, no further actions are required.

We appreciate the cooperation and assistance of STB's representatives and Allmond. If you have any questions about this report, please call me at (202) 570-6381, or Ingrid Harris, Program Director, at (202) 450-7637.

Sincerely,



Dormayne "Dory" Dillard-Christian
Acting Assistant Inspector General for Financial Audits

cc: STB Chief Financial Officer

Attachment 1. Independent Auditor's Report

SURFACE TRANSPORTATION BOARD

AUDIT REPORT

SEPTEMBER 30, 2021



ALLMOND & COMPANY, LLC
Certified Public Accountants
7501 Forbes Boulevard, Suite 200
Lanham, Maryland 20706
(301) 918-8200



Independent Auditors' Report

Chairman, Surface Transportation Board
Inspector General, U.S. Department of Transportation

Report on the Financial Statements

We have audited the accompanying financial statements of the Surface Transportation Board (STB), which comprise the balance sheet as of September 30, 2021 and the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended, and the related notes to the financial statements (hereinafter referred to as the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes 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 the fiscal year 2021 financial statements of STB based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the 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 also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Surface Transportation Board as of September 30, 2021 and its net costs, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

FY 2020 Financial Statements Audited by Other Auditors

The financial statements of STB as of and for the fiscal year ended September 30, 2020, were audited by another auditor, who expressed an unmodified opinion on those statements on November 6, 2020. These statements were not audited, reviewed, or compiled by us; accordingly, we do not express an opinion or any other form of assurance on them.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the *Message from the Chairman, Management's Discussion and Analysis, Program Performance Information, and Required Other Information* sections of this report is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of STB's financial statements. However, we did not audit this information and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

Internal Control over Financial Reporting

In planning and performing our audit of STB's financial statements as of and for the year ended September 30, 2021, in accordance with generally accepted government auditing standards, we considered STB'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 of the effectiveness of STB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of STB's internal control over financial reporting. We limited internal control testing to those necessary to achieve the objectives described in OMB Bulletin No. 21-04. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a

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

Our consideration of internal control over financial reporting was for the limited purpose as described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our fiscal year 2021 audit we did not identify any deficiencies in internal control over financial reporting that we considered to be a material weakness, as defined above. However, material weaknesses may exist that have not been identified.

During our fiscal year 2021 audit, we identified deficiencies in STB's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant management's attention and will be communicated to STB management in a separate letter.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether STB's fiscal year 2021 financial statements are free of material misstatements, we performed tests of STB's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, with which noncompliance could have a direct and material effect on the determination of material amounts and disclosures in STB's financial statements, and certain provisions of other laws specified in OMB Bulletin No. 21-04. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance as described in the preceding paragraph, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 21-04.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by Government Auditing Standards section is solely to describe the scope of our testing of internal control and compliance with selected provision of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of STB's internal control or on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal controls and compliance with laws, regulations, contracts, and grant agreements which could have a material effect on STB's financial statements. Accordingly, this communication is not suitable for any other purpose.

Allmond & Company, LLC

Lanham, MD
November 11, 2021

Attachment 2. Agency Response



SURFACE TRANSPORTATION BOARD
Washington, DC 20423

November 11, 2021

Mr. Jason Allmond, Managing Member
Allmond & Company, LLC
7501 Forbes Boulevard, Suite 200
Lanham, Maryland 20706
Re: Fiscal Year 2021 Financial Statement Audit Report

Dear Mr. Allmond:

Thank you for the opportunity to provide comments to the Fiscal Year 2021 Financial Statement audit report, "Surface Transportation Board Audit Report September 30, 2021".

The Surface Transportation Board (STB or Board) agrees with the conclusions made in the report and is pleased that its continued efforts to mature the Board's financial program have been successful. The STB will evaluate and update its internal controls to address deficiencies communicated in a separate letter. The STB would like to thank Allmond & Company, LLC, Department of Transportation Office of the Inspector General, and the Board's shared service providers for their hard work and dedication throughout the year.

Sincerely,

Adil Gulamali

Adil Gulamali
Chief Financial Officer

Attachment 3. STB's Financial Statements and Notes

Principal Financial Statements

Surface Transportation Board

BALANCE SHEETS

As of September 30, 2021 and 2020 (in thousands)

	2021	2020
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 19,960	\$ 17,807
Advances to others and prepayments (Note 4)	1,228	2,231
Total Intragovernmental	21,188	20,038
Assets with the Public		
Accounts Receivable, Net (Note 3)	-	1
General Property, Plant, and Equipment, Net (Note 5)	1,213	1,573
Total other than intra-governmental/with the public	1,213	1,573
Total Assets	\$ 22,401	\$ 21,612
Liabilities:		
Intragovernmental:		
Accounts Payable	\$ 930	\$ 843
Other liabilities (without reciprocals) (Note 6)	179	169
Other liabilities (Note 7)	276	292
Total Intragovernmental	1,385	1,304
Liabilities with the Public:		
Accounts Payable	646	818
Federal employee [and veteran] benefits payable (Note 6)	2,334	2,444
Other liabilities (Note 7)	2,422	2,452
Total other than intra-governmental/with the public	5,402	5,714
Total Liabilities	\$ 6,787	\$ 7,018
Net position:		
Unexpended appropriations - Funds other than those from Dedicated Collections	\$ 18,373	\$ 17,275
Cumulative results of operations - Funds other than those from Dedicated Collections	(2,759)	(2,681)
Total Net Position	15,614	14,594
Total Liabilities and Net Position	\$ 22,401	\$ 21,612

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

Surface Transportation Board

Statements of Net Cost

As of September 30, 2021 and 2020 (in thousands)

	2021	2020
Program Costs:		
Program A:		
Gross Costs	\$ 40,990	\$ 37,942
Less: Earned Revenue	1,251	815
Net Program Costs	39,739	37,127
Net program expenses including Assumption changes	39,739	37,127
Net Cost of Operations (Notes 12 and 13)	\$ 39,739	\$ 37,127

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

Surface Transportation Board

Statements of Changes in Net Position

As of September 30, 2021 and 2020 (in thousands)

	2021	2020
Unexpended Appropriations:		
Beginning Balances	\$ 17,275	\$ 16,463
Adjustments: (+/-)	-	-
Beginning Balances, As Adjusted	17,275	16,463
Appropriations received	36,250	36,286
Other Adjustments (+/-)	(802)	-
Appropriations used	(34,350)	(35,473)
Net Change in Unexpended Appropriations	1,098	812
Total Unexpended Appropriations - Ending	18,373	17,275
Cumulative Results from Operations:		
Beginning Balances	(2,681)	(1,953)
Adjustments: (+/-)	-	-
Beginning balances, as adjusted	(2,681)	(1,953)
Appropriations Used	34,350	35,473
Imputed Financing	5,311	926
Net Cost of Operations (+/-)	39,739	37,127
Net Change	(78)	(728)
Cumulative Results of Operations-Ending	(2,759)	(2,681)
Net Position	\$ 15,614	\$ 14,594

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

Surface Transportation Board

Statements of Budgetary Resources

As of September 30, 2021 and 2020 (in thousands)

	2021	2020
Budgetary Resources		
Unobligated balance from prior year budget authority, net \$ (discretionary and mandatory)	9,050	\$ 8,425
Appropriations (discretionary and mandatory)	36,250	36,286
Spending authority from offsetting collections (discretionary and mandatory)	1,251	815
Total budgetary resources	\$ 46,551	\$ 45,526
Status of Budgetary Resources		
New obligations and upward adjustments (total)	\$ 37,149	\$ 36,686
Unobligated balance, end of year:		
Apportioned unexpired accounts	\$ 487	\$ 477
Unexpired unobligated balance, end of year	487	477
Expired unobligated balance, end of year	8,915	8,363
Unobligated balance, end of year (total)	9,402	8,840
Total budgetary resources	46,551	45,526
Outlays, Net, and Disbursements, Net:		
Outlays, net (total) (discretionary and mandatory)	\$ 33,296	\$ 36,550
Distributed offsetting receipts (-)	-	-
Agency outlays, net (discretionary and mandatory)	\$ 33,296	\$ 36,550

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

Surface Transportation Board

Notes to Financial Statements

As of September 30, 2021 and 2020 (in thousands)

Note 1. Significant Accounting Policies

A. Reporting Entity

The Surface Transportation Board (STB, Board, or agency) exercises its statutory authority and resolves disputes in support of an efficient, competitive, and economically viable surface transportation network that meets the needs of its users. The STB is primarily charged with the economic oversight of the Nation's freight rail system. The bipartisan Board was established in 1996 as the successor to the Interstate Commerce Commission. The Board was administratively aligned with the Department of Transportation (DOT) until enactment of the Surface Transportation Board Reauthorization Act of 2015 (STB Reauthorization Act), Public Law No. 114-110, which established the Board as a fully independent agency on December 18, 2015.

The STB is authorized to have five Board Members, one of which serves as the Chairman. The STB staff is divided into six offices, in addition to an Equal Employment Opportunity office.

B. Basis of Presentation

The financial statements have been prepared from our accounting records in conformity with generally accepted accounting principles for Federal entities, and Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements, as revised. Accounting principles generally accepted for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB). The American Institute of Certified Public Accountants recognizes FASAB as the official accounting standards setting body for the U.S. government. Unless noted otherwise, all amounts are presented in dollars.

The following is a list of the financial statements presented by the agency:

- The Balance sheet presenting the STB's financial position;
- The Statement of Net Cost with the agency's operating results;
- The Statement of Changes in Net Position with the changes in the agency's equity accounts; and
- The Statement of Budgetary Resources with the sources, status and uses of STB resources.

C. Basis of Accounting

The STB transactions are recorded in accordance with an accrual basis of accounting and a budgetary basis of accounting. The STB revenues are recognized when earned under the accrual basis of accounting, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The STB's use of budgetary accounting facilitates compliance with legal requirements on the use of Federal funds.

D. Fund Balance with Treasury

The STB's Fund Balance with Treasury is the aggregate amount of the agency's funds with Treasury in expenditure and receipt accounts. Appropriated funds recorded in expenditure accounts are available to pay for the agency's operational expenses.

E. Accounts Receivable

Accounts receivable consists of amounts owed to the STB by the general public and in limited situations from other Federal agencies. Amounts due from Federal agencies are considered fully collectible. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

F. Property, Equipment, and Software

The STB's portfolio of assets as of September 30, 2021, includes furniture, equipment, and leasehold improvements. The STB leases its office space via an Occupancy Agreement (OA) with General Services Administration (GSA), which became effective on February 23, 2019, and ends on February 22, 2034. The work completed for the OA resulted in the Board recognizing leasehold improvements. In accordance with the Board's policy regarding property, equipment, and software, capital assets are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives.

The STB capitalizes assets when an individual acquisition costs \$50,000 or more. Capitalized assets are depreciated once they are placed in service.

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

The STB expenses maintenance and repair costs as incurred. Property, equipment, and commercial software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software.

G. Advances

The STB has advances with other Federal agencies that require funds be provided upfront. While advances are generally prohibited by law, some exceptions include reimbursable agreements and payments to contractors. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

H. Liabilities

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

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

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, unfunded actuarial Federal Employees' Compensation Act (FECA), and the amounts due to Treasury for collection and accounts receivable of civil penalties.

I. Employee Leave

STB employees (except Board members) accrue annual and sick leave as it is earned. The STB ensures that those obligations are reported in the financial statements and the accrual associated with the earned leave is reduced as leave is taken. Accrued annual leave is reflected as a liability not covered by budgetary resources. Sick leave and other categories of non-vested leave are expensed when taken.

J. Retirement Plans

STB employees participate in the Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS), the Federal Employees Retirement System-Revised Annuity Employees (FERS-RAE) or the Federal Employees Retirement System-Further Revised Annuity Employees (FERS-FRAE).

K. Estimates

Management is required to make certain estimates and assumptions with respect to the reported amounts in the financial statements. Actual results could differ from those estimates.

L. Contingencies

The STB recognizes contingent liabilities in its balance sheet and statement of net cost when the liabilities are both probable and can be reasonably estimated. In FY 2021, STB management was not aware of any unasserted claims and assessments that, if asserted, would have at least a reasonable probability of an unfavorable outcome.

M. Imputed Costs

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by the STB as imputed costs in the Statement of Net Cost, and are offset by imputed revenue in the Statement of Changes in Net Position. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

N. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

O. Changes in Prior Year Reporting

Activity and balances reported in the FY 2020 financial statements and footnotes have been reclassified to conform to updated guidance from the U.S. Department of Treasury for FY 2021 Reporting.

Note 2. Fund Balance with Treasury

STB's Fund Balance with Treasury account balances as of September 30, 2021 and 2020 (in thousands) were as follows:

Fund Balance with Treasury	2021	2020
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	\$ 487	\$ 477
Unavailable	8,915	8,363
Obligated balance not yet disbursed	10,558	8,967
Total	\$ 19,960	\$ 17,807

Note 3. Accounts Receivable

The STB's Accounts Receivable is primarily made up of debts due to the Board from current and former STB staff for payroll or other related items. The STB updated its procedures and closed all its credit accounts. Historical experience indicates that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2021 and 2020.

STB's accounts receivable balances as of September 30, 2021 (in thousands) were the following:

Intragovernmental Accounts Receivable	Gross Amounts Due	Allowance for Uncollectible Accounts	Net Amount Due
Accounts Receivable	\$ -	\$ -	\$ -
Receivable from Custodian - Other than the General Fund of the US Govt.	\$ -	\$ -	\$ -
Transfers Receivable	\$ -	\$ -	\$ -
Subtotal Intragovernmental Accounts Receivable	\$ -	\$ -	\$ -
Public:			
Accounts Receivable	\$ 1	\$ 1	\$ -
Accrued Interest	\$ 2	\$ 2	\$ -

Subtotal Non-Intragovernmental Accounts Receivable	\$	3	\$	3	\$	-
Total Accounts Receivable	\$	3	\$	3	\$	-

STB's accounts receivable balances as of September 30, 2020 (in thousands) were the following:

Intragovernmental Accounts Receivable	Gross Amounts Due	Allowance for Uncollectible Accounts	Net Amount Due
Accounts Receivable	\$ -	\$ -	\$ -
Receivable from Custodian - Other than the General Fund of the US Govt.	\$ -	\$ -	\$ -
Transfers Receivable	\$ -	\$ -	\$ -
Subtotal Intragovernmental Accounts Receivable	\$ -	\$ -	\$ -
Public:			
Accounts Receivable	\$ 2	\$ 1	\$ 1
Accrued Interest	\$ 2	\$ 2	\$ -
Subtotal Non-Intragovernmental Accounts Receivable	\$ 4	\$ 3	\$ 1
Total Accounts Receivable	\$ 4	\$ 3	\$ 1

Note 4. Advances, Prepayments, and Other Assets

STB's Advances, Prepayments, and Other Assets as of September 30, 2021 and 2020 (in thousands) were as follows:

Other Assets	2021	2020
Intragovernmental		
Advances and Prepayments	\$ 1,228	\$ 2,231
Total Intragovernmental Other Assets	\$ 1,228	\$ 2,231
Total Other Assets	\$ 1,228	\$ 2,231

Note 5. General Property, Plant, and Equipment

General Property, Plant, and Equipment (PP&E) is reported at acquisition cost. The capitalization threshold is established at \$50,000 or more and a useful life of two or more years. For non-capitalized purchases, items are capitalized when the individual useful lives are at least two years and have an individual value of \$1,000 or more. Acquisitions of PP&E that do not meet the capitalization criteria are recorded as operating expenses. General PP&E consists of items that are used by the STB to support its mission. Depreciation or amortization on these assets is calculated using the straight-line method with no salvage value. Depreciation or amortization begins the day the asset is placed in service. Maintenance, repairs, and minor renovations are expensed as incurred. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized.

The estimated useful life of assets such as office furniture, office equipment, telecommunications equipment, and audio/visual equipment is five years, and the estimated useful life of information technology equipment is three years. The STB does not have restrictions on the use or convertibility of general PP&E. In FY 2019, the STB recognized leasehold improvements and furniture purchases after its new agreement with GSA went into effect and overall construction was completed. The STB in FY 2021 recognized catch up depreciation for additional capitalized amounts related to its leasehold improvement.

The general components of capitalized PP&E, net of accumulated depreciation, or amortization, consisted of the following as of September 30, 2021 and 2020 (in thousands), respectively:

Property, Plant, and Equipment as of September 30, 2021

Class of Property	Depreciation/Amortization Method	Capitalization Threshold for Individual Purchases	Service Life (Years)	Acquisition Cost	Accumulated Depreciation/Amortization	Net Book Value
Furniture and Fixtures	S/L	\$ 50,000	5	\$ 1,402	629 \$	773
Equipment	S/L	\$ 50,000	3	\$ 328	\$ 219	\$ 109
Leasehold Improvements	S/L	\$ 50,000	5	\$ 685	354 \$	331
Total				\$ 2,415	\$ 1,202	\$ 1,213

Note 5. General Property, Plant, and Equipment (continued)

Property, Plant, and Equipment as of September 30, 2020

Class of Property	Depreciation/Amortization Method	Capitalization Threshold for Individual Purchases	Service Life (Years)	Acquisition Cost	Accumulated Depreciation/Amortization	Net Book Value
Furniture and Fixtures	S/L	\$ 50,000	5	\$ 1,402	\$ 349	\$ 1,053
Equipment	S/L	\$ 50,000	3	\$ 328	\$ 109	\$ 219
Leasehold Improvements	S/L	\$ 50,000	5	\$ 440	\$ 139	\$ 301
Total				\$ 2,170	\$ 597	\$ 1,573

Note 6. Liabilities Not Covered by Budgetary Resources

STB's Liabilities as of September 30, 2021 and 2020 (in thousands) were as follows. FY 2020 activity and balances reported below have been reclassified to conform to updated guidance from the U.S. Department of Treasury for FY 2021 Reporting.

Liabilities Not Covered by Budgetary Resources	2021	2020
Intragovernmental		
Unfunded FECA liability	\$ 65	\$ 112
Other Unfunded Employment Related Liability	114	109
Total Intragovernmental	\$ 179	\$ 221
Public (Non-Federal):		
Federal Employee and Veterans' Benefits Payable	\$ 2,290	\$ 2,407
Other (Non-Federal) Liabilities	1,506	1,628
Total Public	\$ 3,797	\$ 4,035
Total liabilities not covered by budgetary resources	\$ 3,975	\$ 4,256
Total liabilities covered by budgetary resources	\$ 2,812	\$ 2,762
Total Liabilities	\$ 6,787	\$ 7,018

Note 7. Other Liabilities

STB's Other Liabilities as of September 30, 2021 and 2020 (in thousands) were as follows. FY 2020 activity and balances reported below have been reclassified to conform to updated guidance from the U.S. Department of Treasury for FY 2021 Reporting.

Other Liabilities	Non-Current Liabilities	Current Liabilities	2021
Intragovernmental			
Covered by Budgetary Resources:			
Accrued Pay and Benefits	-	\$276	\$ 276
Total Intragovernmental Covered by Budgetary Resources	-	\$276	\$ 276
Not Covered by Budgetary Resources:			
Federal Employees Compensation Act (FECA)			
Total FECA Liabilities	26	39	\$ 65
Unfunded Employment Related Liability	-	114	\$ 114
Total Intragovernmental Not Covered by Budgetary Resources	26	153	179
Total Intragovernmental Other Liabilities	26	429	\$ 455
Public:			
Covered by Budgetary Resources:			
Accrued Pay and Benefits	-	916	916
Total Public Covered by Budgetary Resources	-	916	\$ 916
Not Covered by Budgetary Resources:			
Other (Non-Federal) Liabilities	30	1,476	1,506
Total Public Not Covered by Budgetary Resources	30	\$1,476	\$ 1,506
Total Public Other Liabilities	30	\$2,392	\$ 2,422

Note 7. Other Liabilities (cont.)

Other Liabilities	Non-Current Liabilities	Current Liabilities	2020
Intragovernmental			
Covered by Budgetary Resources:			
Accrued Pay and Benefits	-	\$240	\$ 240
Total Intragovernmental Covered by Budgetary Resources	-	\$240	\$ 240
Not Covered by Budgetary Resources:			
Total Federal Employees Compensation Act (FECA)	\$43	69	\$ 112
Unfunded Employment Related Liability	-	109	\$ 109
Total Intragovernmental Not Covered by Budgetary Resources	43	178	221
Total Intragovernmental Other Liabilities	43	418	\$ 461
Public:			
Covered by Budgetary Resources:			
Accrued Pay and Benefits	-	861	861
Total Public Covered by Budgetary Resources	-	861	\$ 861
Not Covered by Budgetary Resources:			
Other (Non-Federal) Liabilities	30	1,598	1,628

Total Public Not Covered by Budgetary Resources	30	\$1,598 \$	1,628
Total Public Other Liabilities	30	\$2,459 \$	2,452

Note 8. Leases

The STB has a cancellable operating lease for its building via an operating agreement (OA) with GSA that became effective on February 23, 2019, and ends on February 22, 2034. The OA includes incentives from the Lessor that will be treated as deferred rent and amortized over the life of the lease (not included in the chart below). In addition, the OA includes allowances granted by the Lessor that are amortized and included in the STB’s future rent costs. The STB’s actual cash outlay for rental payments for its building was approximately \$3.0 million and \$3.1 million for FYs 2021 and 2020, respectively.

Future payments are based on the average rent expense per year less amortized lease abatements per year and are as follows (in thousands):

Fiscal Year			
	2022	\$	3,014
	2023	\$	3,014
	2024	\$	3,014
	2025	\$	3,014
	2026	\$	3,014
	Thereafter (2027-2034)	\$	22,602
Total Future Minimum Lease Payments		\$	\$37,672

Note 9. Budgetary Resources

STB Budgetary Resources as of September 30, 2021 and 2020 (in thousands) are:

Budgetary Resources	Direct	Reimbursable	2021
Category A	\$52	- \$	52
Category B	37,097	- \$	37,097
Total	\$37,149	- \$	37,149

Budgetary Resources	Direct	Reimbursable	2020
Category A	\$1	- \$	1
Category B	\$36,685	- \$	36,685

Total	\$36,686	- \$	36,686
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Note 10. Statement of Budgetary Resources vs. Budget of The United States Government

The reconciliation for the year ended September 30, 2020, is presented in the following table. The reconciliation for the fiscal year ended September 30, 2021, is not presented, because the submission of the Budget of the United States (Budget) for FY 2022, which presents the execution of the FY 2021 budget, occurs after publication of these financial statements. The STB's Budget Appendix can be found on the OMB Website (<https://www.whitehouse.gov/omb/budget/>) and is expected to be available in February 2022. (Dollars in Millions)

Surface Transportation Board	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	46	37	0	37
Difference #1-- Expired Funds	(9)	(1)	-	-
Difference #2—Rounding	-	-	0	-
Budget of the U.S. Government	37	36	0	37

Note 11. Undelivered Orders at End of Period

STB's Undelivered Orders at the end of September 30, 2021 and 2020 (in thousands) is:

Undelivered Orders	2021	2020
Intragovernmental Undelivered Orders, Unpaid at the end of the period	\$ 2,541	\$ 3,024
Public Undelivered Orders, Unpaid at the end of the period	\$ 5,205	\$ 3,182
Intragovernmental Undelivered Orders, Paid at the end of the period	\$ 1,228	\$ 2,231

Note 12. Budget and Accrual Reconciliation

The Board notes that budgetary and financial accounting information differ. Budgetary

accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the Federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities.

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The STB's Budget and Accrual Reconciliation as of September 30, 2021, and 2020 (in thousands) is:

	Intragovernmental	With Public	2021
Net Operating Cost (SNC)	\$ 18,544	\$ 21,200	\$ 39,739
Components of Net Operating Cost Not Part of the Budgetary Outlays:			
Property, plant, and equipment depreciation expense	\$ -	\$ (604)	\$ (604)
Increase/(Decrease) in Assets:			
Accounts receivable, net	\$ -	\$ (1)	\$ (1)
Advances and Prepayments	\$ (1,003)	\$ -	\$ (1,003)
Other Assets	\$ -	\$ -	\$ -
(Increase)/Decrease in Liabilities:			
Accounts payable	\$ (87)	\$ 172	\$ 85
Federal employee and veteran benefits payable	\$ -	\$ 110	\$ 110
Other Liabilities	\$ 5	\$ 30	\$ 35
Financing Sources:			
Imputed Cost	\$ (5,311)	\$ -	\$ (5,311)
Total Components of Net Operating Cost Not Part of the Budget Outlays	\$ (6,396)	\$ (292)	\$ (6,688)
Components of the Budget Outlays That Are Not Part of Net Operating Cost:			
Acquisition of capital assets	\$ -	\$ 244	\$ 244

Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost:	\$ -	\$ 244	\$ 244
Misc Items			
Custodial/Non-exchange Revenue	\$ -	\$ -	\$ -
Total Other Reconciling Items	\$ -	\$ -	\$ -
Total Net Outlays			\$ 33,296
Outlays, net	\$ -	\$ -	\$ 33,296
Distributed offsetting receipts	\$ -	\$ -	\$ -
Budgetary Agency Outlays, net			
Budgetary Agency Outlays, net	\$ -	\$ -	\$ 33,296
Difference of Calculated vs. Actual Total Net Outlays	\$ -	\$ -	\$ -

	Intragovernmental	With Public	2020
Net Operating Cost (SNC)	\$ 12,418	\$ 24,709	\$ 37,127
Components of Net Operating Cost Not Part of the Budgetary Outlays:			
Property, plant, and equipment depreciation expense	\$ -	\$ (476)	\$ (476)
Increase/(Decrease) in Assets:			
Accounts receivable, net	\$ -	\$ (2)	\$ (2)
Advances and Prepayments	\$ 531	\$ -	\$ 531
Other Assets	\$ -	\$ -	\$ -
(Increase)/Decrease in Liabilities:			
Accounts payable	\$ 519	\$ 216	\$ 735
Federal employee and veteran benefits payable	\$ -	\$ (144)	\$ (144)
Other Liabilities	\$ (9)	\$ (356)	\$ (364)
Financing Sources:			
Imputed Cost	\$ (926)	\$ -	\$ (926)
Total Components of Net Operating Cost Not Part of the Budget Outlays	\$ 115	\$ (761)	\$ (646)

Components of the Budget Outlays That Are Not Part of Net Operating Cost:			
Acquisition of capital assets	\$ 1,402	\$ (1,332)	\$ 70
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	\$ 1,402	\$ (1,332)	\$ 70
Misc Items			
Custodial/Non-exchange Revenue	\$ -	\$ -	\$ -
Total Other Reconciling Items			\$ -
Total Net Outlays			\$ 36,550
Outlays, net	\$ 13,935	\$ 22,615	\$ 36,550
Distributed offsetting receipts	\$ -	\$ -	\$ -
Budgetary Agency Outlays, net			
Budgetary Agency Outlays, net	\$ -	\$ -	\$ 36,550
Difference of Calculated vs. Actual Total Net Outlays	\$ -	\$ -	\$ -

Note 13. Intragovernmental Costs and Exchange Revenues:

STB's Exchange Revenues at the end of September 30, 2021 and 2020 (in thousands) is:

As of September 30, 2021

	Intragovernmental	With the Public	Total
Surface Transportation:			
Gross Costs	\$ 18,544	\$ 22,446	\$ 40,990
Less Earned Revenue	\$ -	\$ 1,251	\$ 1,251
Net Program Costs	\$ 18,544	\$ 21,195	\$ 39,739
Net Cost of Operations	\$ 18,544	\$ 21,195	\$ 39,739

As of September 30, 2020

	Intragovernmental	With the Public	Total
Surface Transportation:			
Gross Costs	\$ 12,419	\$ 25,523	\$ 37,942
Less Earned Revenue	\$ 1	\$ 814	\$ 815
Net Program Costs	\$ 12,418	\$ 24,709	\$ 37,127
Net Cost of Operations	\$ 12,418	\$ 24,709	\$ 37,127

Note 14. Status of Budgetary Resources- Net Adjustments to Unobligated Balance, Brought Forward, October 1

During the years ended September 30, 2021 and 2020, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2020 and 2019. These adjustments include, among other things, recoveries, downward adjustments to undelivered and delivered orders that were obligated in a prior fiscal year. The adjustments during the years ended September 30, 2021 and 2020 are presented below (in thousands)

	September 30, 2021	September 30, 2020
Beginning Unobligated Balance, 10/1	\$ 8,840	\$ 8,083
Adjustments to Unobligated Balance brought forward, October 1	-	-
Other Adjustments to Unobligated Balance brought forward, October 1	<u>210</u>	<u>342</u>
Unobligated Balance from prior year budget authority, net	<u>\$ 9,050</u>	<u>\$ 8,425</u>

U.S. Department of Transportation
Office of Inspector General

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