



Report QC2024004  
November 14, 2023

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# Quality Control Review of the Independent Auditor's Report on the Surface Transportation Board's Audited Financial Statements for Fiscal Years 2023 and 2022



## Quality Control Review of the Independent Auditor's Report on the Surface Transportation Board's Audited Financial Statements for Fiscal Years 2023 and 2022

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*Required by the Accountability of Tax Dollars Act of 2002*

QC2024004 | November 14, 2023

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### 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 years ended September 30, 2023, and September 30, 2022; provide an opinion on those financial statements; report on internal control over financial reporting; and report on 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 6, 2023, and related documentation, and inquired of its representatives.

### What We Found

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

### Our Recommendations

STB concurred with Allmond's ten recommendations. We agree with Allmond's recommendations and are not making any additional recommendations.



U.S. Department of Transportation  
Office of Inspector General

November 14, 2023

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

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 2023 and 2022.

We contracted with the independent public accounting firm Allmond & Company, LLC (Allmond), to audit STB's financial statements as of and for the fiscal years ended September 30, 2023, and September 30, 2022; provide an opinion on those financial statements; report on internal control over financial reporting; and report on 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*.<sup>1</sup>

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## Independent Auditor's Report

Allmond's report on its audit of STB's financial statements for fiscal year 2023, dated November 6, 2023, states that:

- STB's financial statements<sup>2</sup> (see attachment 3) were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;

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<sup>1</sup> GAO, *Financial Audit Manual*, volume 1 (GAO-22-105894), May 2023; volume 2 (GAO-22-105895), May 2023; and volume 3 (GAO-21-105127), June 2023.

<sup>2</sup> 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/>.

- it found no material weakness<sup>3</sup> and three significant deficiencies<sup>4</sup> 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 ten recommendations (see attachment 1).

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## Significant Deficiencies

**Control activities performed to review and approve the interim financial statements and footnotes were not adequately designed and implemented.** Allmond identified mathematical errors in STB's footnotes to the financial statements. Allmond also found that balances reported in the footnotes did not always agree with the same balances reported in other footnotes or with the financial statements. Allmond found no evidence the footnotes to the financial statements were reviewed by STB management at the interim reporting period.

**Employee benefit election forms were not maintained per Office of Personnel Management (OPM) requirements.** Allmond identified instances where STB was not able to produce employees' benefit election forms. Allmond found that STB does not have control procedures to ensure that employees' benefit election forms are thoroughly and accurately documented in the electronic Official Personnel Folder, in accordance with OPM requirements.

**Internal controls over the monitoring and review of open obligations need improvement.** Allmond identified instances in which the full balance of undelivered orders was no longer valid and should have been de-obligated. Allmond found that STB's review process relating to open obligations is insufficient, resulting in the failure to complete closeout procedures timely, including the de-obligation of funds for completed contracts.

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<sup>3</sup> 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.

<sup>4</sup> A significant deficiency is a deficiency, or combination of deficiencies in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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## Recommendations

Allmond made the following ten recommendations to help strengthen STB's internal controls:

1. STB management should review the current version of OMB Circular A-136 to independently verify that all required footnotes are included and bring any omissions to the service provider's attention so that errors or omissions can be corrected.
2. STB management should review the service provider's Financial Statement and Notes Review Checklist to verify that the checklist is up to date and includes all required elements per OMB and Treasury guidance and then complete the checklist independently. Alternatively, STB management should develop and complete its own review checklist based on current Treasury and OMB reporting requirements.
3. STB management should request its financial management service provider to:
  - Reevaluate the inclusion of account balances that were excluded in the Other Liabilities footnote, or
  - Disaggregate (i.e., separately report) intragovernmental other liabilities balances reported as a single line item on the balance sheet that are not included in the footnote so that the total amounts reported for Other Liabilities on the balance sheet and in the footnote agree.
4. STB management should ensure that its review process includes procedures to disaggregate material balances reported in the financial statements and footnotes, agree balances to source documents, agree the footnotes to the principal financial statements, and verify the mathematical accuracy of all statements and schedules included in the financial statement package.
5. STB management's review and certification of the financial statements and footnotes should be clearly documented and indicate what was reviewed, when the review was performed, and who performed the review for each reporting period.
6. STB should perform a review of 100 percent of employee benefit elections and Official Personnel Folders to ensure they are complete and accurate.

7. STB should develop policies and procedures that include the performance of periodic reviews of employees' Official Personnel Folders to ensure that they are complete and accurate.
8. STB should address missing or unavailable supporting documentation with its shared service provider to ensure that document retrieval tools are available and are working properly to allow retrieval of all stored documents.
9. STB should obtain replacement documentation for employee forms and other documentation that have been determined to be incomplete or irretrievable from databases and other electronic sources following management's initial and periodic routine reviews.
10. STB should implement and enforce its existing policies and procedures requiring the periodic review of all open obligations to ensure that closeout of completed contracts, including the de-obligation of funds and return of the balances for any advanced payments, is performed regularly and timely.

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## 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.

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## Agency Comments

Allmond provided STB with its draft report on November 03, 2023, and received STB's response dated November 6, 2023 (see attachment 2).

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## Actions Required

We consider all ten of Allmond's recommendations open and resolved pending completion of the corrective action plans.

We appreciate the cooperation and assistance of STB's representatives and Allmond. If you have any questions about this report, please call me, or Ingrid Harris, Program Director.

Sincerely,

A handwritten signature in black ink, reading "D. Dillard-Christian". The signature is fluid and cursive, with the first name "D." and last name "Dillard-Christian" clearly visible.

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

cc: STB Chief Financial Officer

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## **Attachment 1.** Independent Auditor's Report



**SURFACE TRANSPORTATION BOARD  
AUDIT REPORT  
SEPTEMBER 30, 2023**



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



ALLMOND & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

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

### Report on the Financial Statements

#### Opinion

Pursuant to the Accountability of Tax Dollars Act of 2002, we have audited the accompanying financial statements of the Surface Transportation Board (STB), which comprise the balance sheets as of September 30, 2023 and 2022; 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 (hereinafter referred to as the financial statements).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Surface Transportation Board as of September 30, 2023 and 2022 and its net costs, changes in net position, budgetary resources, and custodial activity for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (GAAS); 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. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the STB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in STB's Performance and Accountability Report and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) designing, implementing, and maintaining effective 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 Responsibilities for the Audit of the Financial Statements*

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with GAAS, generally accepted government auditing standards (GAGAS), and OMB Bulletin No. 24-01 will always detect a material misstatement or material weakness when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-01, we exercise professional judgment and maintain professional skepticism throughout the audit, identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures that are responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. In addition, in making those risk assessments, we obtain an understanding of internal control relevant to an audit 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 STB's internal control over financial reporting. 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 evaluating the overall presentation of the financial statements, and performing other procedures we consider necessary in the circumstances. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

*Required Supplementary Information (RSI)*

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it 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. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of STB's 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

STB'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. Management is responsible for the other information included in STB's Performance and Accountability Report. The other information comprises the *Message from the Chairman, Summary of Significant Performance Results, Agency Oversight and Mission Challenges, Program Performance Information, and Required Other Information* sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Report on Internal Control over Financial Reporting**

In connection with our audits of STB's financial statements, we considered STB's internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies<sup>1</sup> or to express an opinion on the effectiveness of STB's internal control over financial reporting. Given these limitations, during our 2023 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During our fiscal year 2023 audit, we identified deficiencies in STB's internal control over financial reporting that we consider to be significant deficiencies. These deficiencies are described in the accompanying *Exhibit I, Findings and Recommendations*, to this report. We considered these significant deficiencies in determining the nature, timing, and extent of our audit procedures on STB's fiscal year 2023 financial statements. Although the significant deficiencies in internal control did not affect our

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<sup>1</sup> 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. A material weakness is a deficiency, or 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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

opinion on STB's fiscal year 2023 financial statements, misstatements may occur in unaudited financial information reported internally and externally by STB because of these significant deficiencies.

In addition, we also identified a deficiency in STB's internal control over financial reporting that we do not consider to be a material weakness or significant deficiency that, nonetheless, warrants management's attention. We have communicated this matter to STB management and, where appropriate, will report on it separately.

*Basis for Results of Our Consideration of Internal Control over Financial Reporting*

We performed our procedures related to STB's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

*Responsibilities of Management for Internal Control over Financial Reporting*

STB management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibilities for Internal Control over Financial Reporting*

In planning and performing our audit of STB's financial statements as of and for the fiscal year ended September 30, 2023, in accordance with U.S. generally accepted government auditing standards, we considered STB's internal control relevant to the financial statement audit 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 STB's internal control over financial reporting. Accordingly, we do not express an opinion on STB'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 internal control over financial reporting 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.

*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 STB's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of STB'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 STB's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

### *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 2023 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 STB. Accordingly, we do not express such an opinion.

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

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

### *Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements*

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

### *Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements*

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to STB that have a direct effect on the determination of material amounts and disclosures in STB's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to STB. We caution that noncompliance may occur and not be detected by these tests.

### *Intended Purpose for 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 provision 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.

**STB's Response to Findings**

STB's responses to the findings identified during our audit are described immediately following the auditor's recommendations in Exhibit I. STB's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Agency Comments**

We provided STB with a draft of our report on November 3, 2023, and received STB's response on November 6, 2023. STB's response to our report was not subjected to the auditing procedures that we applied to our audit of the financial statements and, therefore, we express no opinion on the response.

*Allmond & Company, LLC*

Lanham, MD  
November 6, 2023

**Interim Financial Statement Footnotes Were Not Prepared in Accordance with U.S. Generally Accepted Accounting Principles (GAAP) and Office of Management and Budget (OMB) Circular A-136 Requirements (2023-01)**

**CONDITION**

Internal control relating to the preparation and review of the financial statements and footnotes was not properly designed and implemented to prevent, detect, or correct errors and omissions. During our review of STB's financial statements and footnotes for the interim reporting period ended June 30, 2023, we identified the following conditions:

- Note 11 – Statement of Budgetary Resources vs. Budget of the United States Government was not mathematically correct and the balances reported for Combined Statement of Budgetary Resources (\$43 million) and Rounding Differences (\$1 million) in the footnote did not agree with the source documentation (\$44 million and \$0, respectively).
- Note 13 – Reconciliation of Net Cost to Net Outlays (Budget to Accrual Reconciliation) included the following errors:
  - the column and row totals were not mathematically correct;
  - Intragovernmental and Other than Intragovernmental Net Cost was reported as \$8,600 (thousand) and \$19,921 (thousand), equaling \$28,045 (thousand) in error. The correct amounts should have been \$8,605 (thousand), \$19,440 (thousand), equaling \$28,045 (thousand). The differences were \$5 (thousand) and \$481 (thousand), respectively.
  - Total Outlays and Total Budgetary Outlays did not agree with the amounts on the Statement of Budgetary Resources.
- One instance in which the prior year comparative information reported in the current year footnotes did not agree with the prior year footnote.
- Balances reported in footnotes did not always agree with the same balances reported in other footnotes or with the financial statements.
- The Financial Audit Manual (FAM) Volume 3 Federal Financial Reporting Checklist that was adopted by STB to evidence review and approval of the financial statements and footnotes was not signed at interim and review comments provided by the CFO were for the financial statements only. As such, there was no evidence that the footnotes to the financial statements were reviewed.
- As a corrective action plan was not implemented during FY 2023, the conditions identified during the FY 2021 and FY 2022 audits may reoccur because the root cause of those conditions has not been addressed.

**CRITERIA**

Office of Management and Budget (OMB) Circular A-136, Section II.3.8.25. Note 25: Statement of Budgetary Resources, subsection G, States, "Agencies should explain, pursuant to SFFAS 7, paragraph



79(g), material differences that exist between the Statement of Budgetary Resources (SBR) and the Budget of the U.S. Government, including:

1. The budgetary resources, new obligations, upward adjustments (total), and net outlay amounts from the prior year (i.e., fiscal year (FY) 2022) SBR and the actual amounts from "Detailed Budget Estimates by Agency" found in the Appendix of the Budget (i.e., the FY 2022 amounts in the FY 2024 Budget)."

Statement of Federal Financial Accounting Standards (SFFAS) 7, as amended by SFFAS 53, and OMB Circular A-136, Section II.3.8.31. Note 31: Reconciliation of Net Cost to Net Outlays (Budget to Accrual Reconciliation) require agencies to "disclose a reconciliation of net cost to net outlays as required by SFFAS7.... Entities should explain significant line items in the reconciliation and are strongly encouraged to follow the [Treasury Financial Manual] TFM crosswalk."

The Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*, Principle 10.01: Design Control Activities, states, "Management should design control activities to achieve objectives and respond to risks. The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Response to Objectives and Risks
- Design of Appropriate Types of Control Activities
- Design of Control Activities at Various Levels
- Segregation of Duties."

### **CAUSE**

- An appropriate corrective action plan was not developed and implemented during FY 2021, FY 2022, or FY 2023.
- STB's control activities performed to review and approve the financial statements and footnotes were not adequately designed and implemented to prevent or detect and correct errors in the financial statement footnotes.
- Based on management's internal review comments, it is unclear whether the review process was completed for all financial statements and footnotes.

### **EFFECT**

- Increased risk of material misstatement, errors, and omissions in the financial statements and other required footnote disclosures.

## **RECOMMENDATIONS**

We recommend that:

- STB management should review the current version of OMB Circular A-136 to independently verify that all required footnotes are included and bring any omissions to the service provider's attention so that errors or omissions can be corrected.
- STB management should review the service provider's Financial Statement and Notes Review Checklist to verify that the checklist is up to date and includes all required elements per OMB and Treasury guidance and then complete the checklist independently. Alternatively, STB management should develop and complete its own review checklist based on current Treasury and OMB reporting requirements.
- STB management should request its financial management service provider to:
  - Reevaluate the inclusion of account balances that were excluded in the Other Liabilities footnote, or
  - Disaggregate (i.e., separately report) intragovernmental other liabilities balances reported as a single line item on the balance sheet that are not included in the footnote so that the total amounts reported for Other Liabilities on the Balance Sheet and in the footnote agree.
- STB management should ensure that its review process includes procedures to disaggregate material balances reported in the financial statements and footnotes, agree balances to source documents, agree the footnotes to the principal financial statements, and verify the mathematical accuracy of all statements and schedules included in the financial statement package.
- Management's review and certification of the financial statements and footnotes should be clearly documented and indicate what was reviewed, when the review was performed, and who performed the review for each reporting period.

## **MANAGEMENT RESPONSE**

Management concurs with the condition and will consider the recommendations provided when determining if a corrective action plan should be developed once the audit concludes.

### ***General Comments***

We will begin addressing this recommendation so that there will be evidenced improvements in the 4th quarter FY 2023 financial statements.

## **AUDITOR RESPONSE**

We will perform follow up procedures during the FY 2024 audit to determine if corrective actions have been fully implemented.

**Employee Benefits Election Forms Not Maintained in Employees' Official Personnel Folders (OPFs) per Office of Personnel Management (OPM) Requirements (2023-02)**

**CONDITION**

Corrective action relating to the maintenance of employees' personnel records was not implemented to prevent, detect, or correct errors in employees' payroll records. During our review of 113 payroll transactions selected from the population of all employees paid during the period of October 1, 2022 through September, 2023, we noted the following exceptions:

- One (1) instance in which the agency was not able to provide the Thrift Savings Plan (TSP) election form or equivalent documentation for the employee and pay period selected.
- Four (4) instances in which the agency was not able to provide the Federal Employees Health Benefits (FEHB) Program Standard Form (SF) 2809 election form or equivalent documentation for the employees and pay periods selected.
- Two (2) instances in which the agency was not able to provide the employee's Federal Employees' Group Life Insurance (FEGLI) Program SF-2817 election form or equivalent documentation for the employees and pay periods selected.
- Within the seven (7) exceptions listed above, there were six (6) instances in which missing documentation was identified during the FY 2021 or FY 2022 audits and corrective action was not taken.

**CRITERIA**

The Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*, Principle 10.01: Design Control Activities, states, "Management should design control activities to achieve objectives and respond to risks. The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Response to Objectives and Risks
- Design of Appropriate Types of Control Activities
- Design of Control Activities at Various Levels
- Segregation of Duties."

The GAO *Standards for Internal Control in the Federal Government*, Section 10.03 Design of Appropriate Types of Control Activities, *Appropriate Documentation of Transactions and Internal Control*, states, "Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained."

Electronic Code of Federal Regulations, Title 5-Administrative Personnel, Chapter 1- Office of Personnel Management, Subchapter B-Civil Service regulations, part 293-Personnel records, subpart A-Basic Policies on Maintaining Personnel records, section 293.103. Recordkeeping Standards states that:

“(a) The head of each agency shall ensure that persons having access to or involved in the creation, development, processing, use, or maintenance of personnel records are informed of pertinent recordkeeping regulations and requirements of the Office of Personnel Management and the agency.

(b) The Office is responsible for establishing minimum standards of accuracy, relevancy, necessity, timeliness, and completeness for personnel records it requires agencies to maintain.”

U.S. Office of Personnel Management Operating Manual – The Guide to Personnel Recordkeeping, Update 13, June 1, 2011, Chapter 1: General Personnel Recordkeeping Policies, Electronic Records, states, “The purpose of the electronic Official Personnel Folder (e-OPF) and the paper Official Personnel Folder (OPF) is to document the employment history of individuals employed by the Federal Government. The electronic Official Personnel Folder must be complete; that is, when combined with any other documents the agency chooses to retain in paper, or is required by law or regulation to be maintained in paper, it must contain all the information.

OPM requires that each agency ensure that electronic Official Personnel Folder systems:

- Be thoroughly documented.
- Be able to produce legible paper copies of all records.
- Have access controls to ensure a high level of security and confidentiality.
- Allow correction and removal of erroneous records under strict authorization controls.
- Include backup and disaster recovery procedures.”

### **CAUSE**

- STB does not have control procedures in place to ensure that employees’ benefit election forms are thoroughly and accurately documented in the electronic Official Personnel Folder (e-OPF) in accordance with OPM requirements.
- STB does not have control procedures in place to ensure that employees’ benefit election forms are updated in the electronic Official Personnel Folder (e-OPF) when employees change their benefit elections.

### **EFFECT**

- STB’s document availability and retention policies and procedures do not comply with OPM requirements.
- The failure to verify and maintain employees’ official personnel records increases the risk for misstatements in payroll expense and related liabilities.

- The potential effects of these conditions include:
  - Potential non-compliance with 5 U.S. Code (USC) Chapter 84, Subchapter III – Thrift Savings Plan, the Federal Employee Group Life Insurance Act, and Federal Employees Health Benefits Act of 1959 (P.L. 86-382).
  - Potential misstatements of the financial statements and footnotes relating to payroll expenses and liabilities.
- Incorrect health, life, and retirement benefits information in the eOPF can negatively affect employees in the event of a loss or claim and cause incorrect amounts to be withheld from their pay.

## **RECOMMENDATIONS**

We recommend that:

- STB should perform a review of 100% of employee benefit elections and Official Personnel Folders (OPFs) to ensure they are complete and accurate.
- STB should develop policies and procedures that include the performance of periodic reviews of employees' Official Personnel Folders to ensure that they are complete and accurate.
- STB should address missing or unavailable supporting documentation with its shared service provider to ensure that document retrieval tools are available and are working properly to allow retrieval of all stored documents.
- STB should obtain replacement documentation for employee forms and other documentation that have been determined to be incomplete or irretrievable from databases and other electronic sources following management's initial and periodic routine reviews.

## **MANAGEMENT RESPONSE**

Management concurs with the condition and will consider the recommendations provided when determining if a corrective action plan should be developed once the audit concludes.

### ***General Comments***

Human Resources (HR) will address the recommendations to ensure progress and improvements in maintaining employees' eOPFs.

## **AUDITOR RESPONSE**

We will perform follow up procedures during the FY 2024 audit to determine if corrective actions have been fully implemented.

**Improvement Needed in the Internal Controls Over the Monitoring and Review of Open Obligations (2023-03)**

**CONDITION**

Improvements are needed in the controls over the monitoring and review of open obligations. We selected a statistical sample of 26 undelivered order transactions from the population of undelivered orders paid and unpaid as of September 30, 2023. We identified the following errors:

- Five (5) instances in which the full balance of the undelivered order was no longer valid and should have been de-obligated.

**CRITERIA**

Federal Acquisition Regulation (FAR) 4.804-1 – *Closeout by the office administering the contract* – states:

“(a) Except as provided in paragraph (c) of this section, time standards for closing out contract files are as follows: (1) Files for contracts using simplified acquisition procedures should be considered closed when the contracting officer receives evidence of receipt of property and final payment, unless otherwise specified by agency regulations; (2) Files for firm-fixed-price contracts, other than those using simplified acquisition procedures, should be closed within 6 months after the date on which the contracting officer receives evidence of physical completion....., (4) Files for all other contracts should be closed within 20 months of the month in which the contracting officer receives evidence of physical completion.

Surface Transportation Board A-123 Process Documentation, Services of Financial Services, Procure to Pay, Contract Closeout, states, “The contract close-out process is applicable to all completed contracts, purchase orders, and Interagency Agreements.

1. Files for any firm-fixed price contracts, other than those using simplified acquisition procedures, should be closed within 6 months after the date on which the contracting officer receives evidence of physical completion.
2. Files for all other contracts or purchase orders should be closed within 2 months of the month in which the requestor receives evidence of physical completion.”

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government, Principle 10.01: Design Control Activities, states, “Management should design control activities to achieve objectives and respond to risks. The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Response to Objectives and Risks
- Design of Appropriate Types of Control Activities
- Design of Control Activities at Various Level
- Segregation of Duties.”

**CAUSE**

- STB's review process relating to open obligations is insufficient, resulting in the failure to complete closeout procedures timely, including the de-obligation of funds, for completed contracts.

**EFFECT**

- The known amount of the overstatements is \$271,437.79; the projected amount of the overstatement is \$636,114.95. The total overstatement is estimated at \$906,552.74.
- The failure to de-obligate prior year completed contracts and reimbursable agreements results in the overstatement of Obligations Brought Forward, Oct 1 and the understatement of Recoveries of Prior Year obligations on the Statement of Budgetary Resources.
- The failure to close-out obligations for which there was an advance to the other party results in the overstatement of Advances and Prepayments and the unnecessary retention of the agency's funds by the other party.
- Over- or under- recording of obligations prevents STB from knowing the precise status of its appropriations for budgetary purposes and significantly increases the risk of Antideficiency Act violations.

**RECOMMENDATION**

We recommend that STB implement and enforce its existing policies and procedures requiring the periodic review of all open obligations to ensure that closeout of completed contracts, including the de-obligation of funds and return of the balances for any advanced payments, is performed regularly and timely.

**MANAGEMENT RESPONSE**

Management concurs with the condition and will consider the recommendation provided when determining if a corrective action plan should be developed once the audit concludes.

***General Comments***

While the Agency was able to deobligate contracts for the closing fund (FY18), Management will conduct quarterly reviews with Agency Contracting Officer Representatives (CORs) to ensure deobligations are done on a more timely basis.

**AUDITOR RESPONSE**

We will perform follow up procedures during the FY 2024 audit to determine if corrective actions have been fully implemented.

## Status of Prior Year Findings and Recommendations

The following table provides the fiscal year (FY) 2023 status of all recommendations included in the Independent Auditor's Report on STB's FY 2022 Financial Statements (November 6, 2022).

| FY 2022 Finding   | FY 2022 Recommendation   | FY 2023 Status                                  |
|---|--|---|
| Interim Financial Statement Footnotes Were Not Prepared in Accordance with U.S. Generally Accepted Accounting Principles (GAAP) and OMB Circular A-136 Requirements (2022-01) | <b>Recommendations:</b>  |   |
|   | Improve controls relating to the preparation and review of the financial statements and footnotes.   |   |
|   | Specifically, we recommended that management should:   |   |
|   | <ol style="list-style-type: none"> <li>1. Review the current version of OMB Circular A-136 to independently verify that all required footnotes are included and bring any omissions to the service provider's attention so that errors or omissions can be corrected.</li> <li>2. Review the service provider's Financial Statement and Notes Review Checklist to verify that the checklist is up to date and includes all required elements per OMB and Treasury guidance and then complete the checklist independently. Alternatively, STB management should develop and complete its own review checklist based on current Treasury and OMB reporting requirements.</li> <li>3. Request its financial management service provider to to: <ul style="list-style-type: none"> <li>• Reevaluate the inclusion of account balances that were excluded in the Other Liabilities footnote, or</li> <li>• Disaggregate (i.e., separately report) intra-governmental other liabilities balances reported as a single line item on the balance sheet that are not included in the footnote so that the total amounts reported for Other Liabilities on the Balance Sheet and in the footnote agree.</li> </ul> </li> <li>4. Ensure that the review process includes procedures to disaggregate material balances reported in the financial statements and footnotes, agree balances to source documents, agree the footnotes to the principal financial statements, and verify the mathematical accuracy of all statements and schedules included in the financial statement package.</li> </ol> | <p>Open</p> <p>Open</p> <p>Open</p> <p>Open</p> |



## Status of Prior Year Findings and Recommendations

|   |   |                                     |
|---|---|-------------------------------------|
| Employee Benefits Election Forms Were Not Maintained in Electronic Official Personnel Folders (eOPFs) per Office of Personnel Management (OPM) Requirements (2022-02) | <p>Improve controls relating to the availability and retention of documentation to support employee benefit elections.</p> <p>Specifically, we recommended that management should:</p> <ol style="list-style-type: none"> <li>1. Perform routine reviews of employee benefit elections and Official Personnel Folders (OPFs) to ensure they are complete and accurate.</li> <li>2. Address missing or unavailable supporting documentation with its shared service provider to ensure that document retrieval tools are available and are working properly to allow retrieval of all stored documents.</li> <li>3. Obtain replacement documentation for employee forms and other documentation that has been determined to be incomplete or irretrievable from databases and other electronic sources.</li> </ol> | <p>Open</p> <p>Open</p> <p>Open</p> |
|---|---|-------------------------------------|

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## **Attachment 2.** Agency Response



***SURFACE TRANSPORTATION BOARD***  
***Washington, DC 20423***

November 6, 2023

Mr. Jason Allmond, Managing Member  
Allmond & Company, LLC  
7501 Forbes Boulevard, Suite 200  
Lanham, Maryland 20706

Re: Fiscal Year 2023 Financial Statement Audit Report

Dear Mr. Allmond:

Thank you for the opportunity to provide comments to the Fiscal Year 2023 Financial Statement Audit Report, "Surface Transportation Board Audit Report September 30, 2023."

The Surface Transportation Board (STB or Board) has reviewed the Fiscal Year 2023 Financial Statement Audit Report, and we concur with the audit opinion and reports on internal controls and compliance with applicable provisions of laws and regulations. The Board 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 the 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,

*Kimberly S. Jackson*

Kimberly S. Jackson  
Chief Financial Officer

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## **Attachment 3.** STB's Financial Statements and Notes

# Principal Financial Statements

## Surface Transportation Board

### BALANCE SHEET

As of September 30, 2023 and 2022 (in thousands)

|   | 2023             | 2022             |
|---|------------------|------------------|
| Assets:   |                  |                  |
| Intragovernmental:  |                  |                  |
| Fund Balance with Treasury (Note 2)   | \$ 15,106        | \$ 15,993        |
| Advances and prepayments (Note 4)   | 2,667            | 1,700            |
| <b>Total Intragovernmental</b>  | <b>17,773</b>    | <b>17,693</b>    |
| Other than Intragovernmental:   |                  |                  |
| Accounts Receivable, Net (Note 3)   | -                | -                |
| General Property, Plant, and Equipment, Net (Note 5)                          | 618              | 1,179            |
| <b>Total other than intra-governmental</b>                                    | <b>618</b>       | <b>1,179</b>     |
| <b>Total Assets</b>   | <b>\$ 18,391</b> | <b>\$ 18,872</b> |
| Liabilities:  |                  |                  |
| Intragovernmental:  |                  |                  |
| Accounts Payable  | \$ 649           | \$ 736           |
| Other liabilities (without reciprocals) (Note 6):                             |                  |                  |
| Other unfunded employment related liability                                   | 83               | 97               |
| Employer Contributions and Payroll Taxes Payable                              | 81               | 74               |
| Other liabilities (Note 7)  |                  |                  |
| Employer Contributions and Payroll Taxes Payable                              | 268              | 247              |
| Unfunded FECA Liability   | 49               | 47               |
| <b>Total Intragovernmental</b>  | <b>1,130</b>     | <b>1,201</b>     |
| Liabilities other than intragovernmental:                                     |                  |                  |
| Accounts Payable  | 333              | 1,196            |
| Federal employee [and veteran] benefits payable (Note 6)                      |                  |                  |
| Unfunded leave  | 1,972            | 1,972            |
| Actuarial FECA Liability  | 562              | 296              |
| Employer contributions and payroll taxable                                    | 52               | 47               |
| Other liabilities (Note 7)  |                  |                  |
| Accrued funded payroll and leave  | 1,115            | 1,023            |
| Liability for Non-Fiduciary Deposit Funds and Undeposited Collections         | -                | -                |
| Other Liabilities Without Related Budgetary Obligations                       | 1,264            | 1,385            |
| <b>Total other than intra-governmental</b>                                    | <b>5,298</b>     | <b>5,919</b>     |
| <b>Total Liabilities</b>  | <b>\$ 6,428</b>  | <b>\$ 7,120</b>  |
| Net position:   |                  |                  |
| Unexpended appropriations - Funds other than those from Dedicated Collections | \$ 15,273        | \$ 14,367        |

|   |                  |                  |
|---|------------------|------------------|
| Cumulative results of operations - Funds other than those from<br>Dedicated Collections | (3,310)          | (2,615)          |
| Total Net Position  | 11,963           | 11,752           |
| <b>Total Liabilities and Net Position</b>   | <b>\$ 18,391</b> | <b>\$ 18,872</b> |

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

# Surface Transportation Board

## Statements of Net Cost

For the years ended in 2023 and 2022 (in thousands)

|   | 2023             | 2022             |
|---|------------------|------------------|
| Program Costs:                                    |                  |                  |
| Program A:  |                  |                  |
| Gross Costs                                       | \$ 40,840        | \$ 38,754        |
| Less: Earned Revenue                              | 674              | 1,248            |
| Net Program Costs                                 | 40,166           | 37,506           |
| Net program expenses including Assumption changes | 40,166           | 37,506           |
| <b>Net Cost of Operations (Notes 13 and 14)</b>   | <b>\$ 40,166</b> | <b>\$ 37,506</b> |

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

# Surface Transportation Board

## Statements of Changes in Net Position

For the years ended in 2023 and 2022 (in thousands)

|  | 2023             | 2022          |
|--|------------------|---------------|
| Unexpended Appropriations:                     |                  |               |
| Beginning Balances                             | \$ 14,367        | 18,373        |
| Adjustments: (+/-)                             | -                | -             |
| Beginning Balances, As Adjusted                | 14,367           | 18,373        |
| Appropriations received                        | 40,756           | 37,902        |
| Other Adjustments (+/-)                        | (2,060)          | (5,280)       |
| Appropriations used                            | (37,790)         | (36,628)      |
| Net Change in Unexpended Appropriations        | 906              | (4,006)       |
| Total Unexpended Appropriations - Ending       | 15,273           | 14,367        |
| Cumulative Results from Operations:            |                  |               |
| Beginning Balances                             | (2,615)          | (2,759)       |
| Adjustments: (+/-)                             | -                | -             |
| Beginning balances, as adjusted                | (2,615)          | (2,759)       |
| Appropriations Used                            | 37,790           | 36,628        |
| Imputed Financing (Note 9)                     | 1,683            | 1,021         |
| Other (+/-)                                    | (2)              | 1             |
| Net Cost of Operations (+/-)                   | 40,166           | 37,506        |
| Net Change in Cumulative Results of Operations | (695)            | 144           |
| Total Cumulative Results of Operations-Ending  | (3,310)          | (2,615)       |
| <b>Net Position</b>                            | <b>\$ 11,963</b> | <b>11,752</b> |

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



# Surface Transportation Board

## Statements of Budgetary Resources

For the years ended in 2023 and 2022 (in thousands)

|   | 2023      | 2022      |
|---|-----------|-----------|
| <b>Budgetary Resources</b>  |           |           |
| Unobligated balance from prior year budget authority, net (discretionary and mandatory) | \$ 4,556  | \$ 4,738  |
| Appropriations (discretionary and mandatory)  | 40,756    | 37,902    |
| Spending authority from offsetting collections (discretionary and mandatory)            | 673       | 1,250     |
| Total budgetary resources   | \$ 45,985 | \$ 43,890 |
| <b>Status of Budgetary Resources</b>  |           |           |
| New obligations and upward adjustments (total) (Note 10)                                | \$ 41,149 | \$ 39,005 |
| <b>Unobligated balance, end of year:</b>  |           |           |
| Apportioned, unexpired accounts   | \$ 343    | \$ 202    |
| Unexpired unobligated balance, end of year  | 343       | 202       |
| Expired unobligated balance, end of year  | 4,493     | 4,683     |
| Unobligated balance, end of year (total)  | 4,836     | 4,885     |
| Total budgetary resources   | 45,985    | 43,890    |
| <b>Outlays, Net, and Disbursements, Net:</b>  |           |           |
| Outlays, net (total) (discretionary and mandatory)                                      | \$ 39,583 | \$ 36,588 |
| Distributed offsetting receipts (-)   | (5)       | (1,389)   |
| Agency outlays, net (discretionary and mandatory)                                       | \$ 39,578 | \$ 35,199 |

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

## *Surface Transportation Board*

### Statement of Custodial Activity

For the years ended in 2023 and 2022 (in thousands)

|                                       | 2023        | 2022        |
|---------------------------------------|-------------|-------------|
| Total Custodial Revenue:              |             |             |
| Sources of Cash Collections:          |             |             |
| Miscellaneous Receipts                | \$ 5        | \$ 1,389    |
| Total Cash Collections                | 5           | 1,389       |
| Total Custodial Revenue               | 5           | 1,389       |
| Disposition of Collections:           |             |             |
| Transferred to Others (by Recipient): |             |             |
| Department of the Treasury            | 5           | 1,389       |
| Total Disposition of Collections      | 5           | 1,389       |
| <b>Net Custodial Activity</b>         | <b>\$ -</b> | <b>\$ -</b> |

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

# Surface Transportation Board

## Notes to Financial Statements

As of September 30, 2023 and 2022 (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 seven 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 its financial position;
- Statement of Net Cost with its operating results;
- Statement of Changes in Net Position with the changes in its equity accounts;
- Statement of Budgetary Resources with the sources, status and uses of resources;
- and
- Statement of Custodial Activity with the sources of collections held in custody until transferred to other entities.

#### 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, 2023, 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. During fiscal year 2022, the STB recognized as capitalized equipment laptops that were placed in service, and also classified laptops not placed in service as construction in progress since these assets require customization prior to being placed in service. During fiscal year 2023, the customization of these assets was completed, resulting in their placement in service.

| <b><u>Description</u></b>                        | <b><u>Useful Life (years)</u></b> |
|--|-----------------------------------|
| Leasehold Improvements                           | 5                                 |
| Office Furniture                                 | 5                                 |
| Computer/AV Equipment<br>(e.g., laptops)         | 3                                 |
| Office Equipment/IT<br>equipment (e.g., servers) | 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 2023, 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 are recognized 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**

STB had custodial collections that were incidental to the primary mission of the organization. These collections are the result of user fees that exceed the spending authority appropriated to the STB for current fiscal year. The collections were deposited into the Treasury General

Fund on September 30, 2022. The STB also updated its processes for collection of user fees in excess of \$1,250,000 as authorized by Congress to collect. This included setting up a miscellaneous receipts fund with the Department of Treasury to move over the excess funds collected for FY 2022 to Treasury.

Activity and balances reported in the FY 2022 financial statements and footnotes have been reclassified to conform to updated guidance from the U.S. Department of Treasury for FY 2023 Reporting.

## Note 2. Fund Balance with Treasury

STB's Fund Balance with Treasury account balances as of September 30, 2023 and 2022 (in thousands) were as follows:

| Fund Balance with Treasury           | 2023             | 2022             |
|--------------------------------------|------------------|------------------|
| Status of Fund Balance with Treasury |                  |                  |
| Unobligated Balance                  |                  |                  |
| Available                            | \$ 342           | \$ 202           |
| Unavailable                          | 3,587            | 4,683            |
| Obligated balance not yet disbursed  | 11,177           | 11,108           |
| <b>Total</b>                         | <b>\$ 15,106</b> | <b>\$ 15,993</b> |

## 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, 2023 and 2022.

STB's accounts receivable balances as of September 30, 2023 (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  | \$ -              | \$ -                                 | \$ -           |
| <b>Subtotal Intragovernmental Accounts Receivable</b>                   | <b>\$ -</b>       | <b>\$ -</b>                          | <b>\$ -</b>    |
| <b>Other than Intragovernmental:</b>                                    |                   |                                      |                |
| Accounts Receivable   | \$ 1              | \$ 1                                 | \$ -           |
| Accrued Interest  | \$ 2              | \$ 2                                 | \$ -           |



|   |           |          |           |          |           |          |
|---|-----------|----------|-----------|----------|-----------|----------|
| Subtotal Other than<br>Intragovernmental<br>Accounts Receivable | \$        | 3        | \$        | 3        | \$        | -        |
| <b>Total Accounts<br/>Receivable</b>                            | <b>\$</b> | <b>3</b> | <b>\$</b> | <b>3</b> | <b>\$</b> | <b>-</b> |

STB's accounts receivable balances as of September 30, 2022 (in thousands) were the following:

| Intragovernmental<br>Accounts Receivable   | Gross Amounts<br>Due | Allowance for<br>Uncollectible<br>Accounts | Net Amount<br>Due |
|--|----------------------|--|-------------------|
| Accounts Receivable  | \$ -                 | \$ -                                       | \$ -              |
| Receivable from<br>Custodian - Other than<br>the General Fund of<br>the US Govt. | \$ -                 | \$ -                                       | \$ -              |
| Transfers<br>Receivable  | \$ -                 | \$ -                                       | \$ -              |
| Subtotal<br>Intragovernmental<br>Accounts Receivable                             | \$ -                 | \$ -                                       | \$ -              |
| Other than<br>intragovernmental:   |                      |  |                   |
| Accounts Receivable  | \$ 0                 | \$ 0                                       | \$ 0              |
| Accrued Interest   | \$ 2                 | \$ 2                                       | \$ -              |
| Subtotal Other than<br>Intragovernmental<br>Accounts Receivable                  | \$ 2                 | \$ 2                                       | \$ 0              |
| Total Accounts<br>Receivable   | \$ 2                 | \$ 2                                       | \$ 0              |

#### Note 4. Advances, Prepayments, and Other Assets

STB's Advances, Prepayments, and Other Assets as of September 30, 2023 and 2022 (in thousands) were as follows:

| Other Assets                                | 2023            | 2022            |
|---|-----------------|-----------------|
| Intragovernmental                           |                 |                 |
| Advances and Prepayments                    | \$ 2,667        | \$ 1,700        |
| <b>Total Intragovernmental Other Assets</b> | <b>\$ 2,667</b> | <b>\$ 1,700</b> |
| <b>Total Other Assets</b>                   | <b>\$ 2,667</b> | <b>\$ 1,700</b> |

#### 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 STB recognized laptops placed in service as capitalized assets; laptops not yet placed in service were recognized as construction in progress. During FY 2023 laptops previously recognized as construction in progress were placed in service.

The general components of capitalized PP&E, net of accumulated depreciation, or amortization, consisted of the following as of September 30, 2023 and 2022 (in thousands), respectively:

## Property, Plant, and Equipment as of September 30, 2023

| Class of Property         | Depreciation/<br>Amortization<br>Method | Capitalization<br>Threshold for<br>Individual<br>Purchases | Service<br>Life<br>(Years) | Acquisition<br>Cost | Accumulated<br>Depreciation/<br>Amortization | Net Book<br>Value |
|---------------------------|---|--|----------------------------|---------------------|--|-------------------|
| Furniture and<br>Fixtures | S/L                                     | \$ 50,000  | 5                          | \$ 1,402            | 1,190  | \$ 212            |
| Equipment                 | S/L                                     | \$ 50,000  | 3                          | \$ 505              | \$ 156                                       | \$ 349            |
| Leasehold<br>Improvements | S/L                                     | \$ 50,000  | 5                          | \$ 685              | 628  | \$ 57             |
| <b>Total</b>              |   |  |                            | <b>\$ 2,592</b>     | <b>\$ 1,974</b>                              | <b>\$ 618</b>     |

## Property, Plant, and Equipment as of September 30, 2022

| Class of Property        | Depreciation/<br>Amortization<br>Method | Capitalization<br>Threshold for<br>Individual<br>Purchases | Service<br>Life<br>(Years) | Acquisition<br>Cost | Accumulated<br>Depreciation/<br>Amortization | Net<br>Book<br>Value |
|--------------------------|---|--|----------------------------|---------------------|--|----------------------|
| Furniture and Fixtures   | S/L                                     | \$ 50,000  | 5                          | \$ 1,402            | 909  | \$ 493               |
| Equipment                | S/L                                     | \$ 50,000  | 3                          | \$ 672              | 340  | \$ 332               |
| Leasehold Improvements   | S/L                                     | \$ 50,000  | 5                          | \$ 685              | 491  | \$ 194               |
| Construction-In-Progress | N/A                                     | N/A  |                            | \$ 160              | -  | \$ 160               |
| <b>Total</b>             |   |  |                            | <b>\$ 2,919</b>     | <b>\$ 1,740</b>                              | <b>\$ 1,179</b>      |

## Note 6. Liabilities Not Covered by Budgetary Resources

STB's Liabilities as of September 30, 2023 and 2022 (in thousands) were as follows:

| Liabilities Not Covered by Budgetary Resources                | 2023       | 2022         |
|---|------------|--------------|
| <b>Intragovernmental</b>                                      |            |              |
| <b>Covered by budgetary resources:</b>                        |            |              |
| Accounts payable  | 649        | 736          |
| Accrued pay and benefits                                      | 349        | 321          |
| <b>Total intragovernmental covered by budgetary resources</b> | <b>998</b> | <b>1,057</b> |
| <b>Not Covered by budgetary resources:</b>                    |            |              |
| Unfunded FECA liability                                       | \$ 49      | \$ 47        |

|  |                 |                 |
|--|-----------------|-----------------|
| Other Unfunded Employment Related Liability                                  | 83              | 97              |
| <b>Total intragovernmental not covered by budgetary resources</b>            | <b>132</b>      | <b>144</b>      |
| <b>Not requiring budgetary resources:</b>                                    |                 |                 |
| Custodial liabilities  | -               | -               |
| <b>Total intragovernmental not requiring budgetary resources</b>             | <b>-</b>        | <b>-</b>        |
| <b>Total Intragovernmental</b>   | <b>\$ 1,130</b> | <b>\$ 1,201</b> |
| <b>Other than intra-governmental (Non-Federal):</b>                          |                 |                 |
| <b>Covered by budgetary resources:</b>                                       |                 |                 |
| Accounts payable   | 333             | 1,196           |
| FEVBP Employer contributions and payroll taxable                             | 52              | 47              |
| Accrued pay and benefits   | 1,115           | 1,023           |
| <b>Total other than intragovernmental covered by budgetary resources</b>     | <b>1,500</b>    | <b>2,266</b>    |
| <b>Not Covered by budgetary resources:</b>                                   | <b>\$</b>       |                 |
| FEVBP Unfunded leave   | 1,972           | 1,972           |
| FEVBP Actuarial FECA Liability   | 562             | 296             |
| Other Liabilities Without Related Budgetary Obligations                      | 1,264           | 1,385           |
| <b>Total other than intragovernmental not covered by budgetary resources</b> | <b>3,798</b>    | <b>3,653</b>    |
| <b>Total other than intra-governmental</b>                                   | <b>\$ 5,298</b> | <b>\$ 5,919</b> |
| Total liabilities not covered by budgetary resources                         | \$ 3,930        | \$ 3,797        |
| Total liabilities covered by budgetary resources                             | \$ 2,498        | \$ 3,323        |
| Total liabilities not requiring budgetary resources                          | \$ -            | \$ -            |
| <b>Total Liabilities</b>   | <b>\$ 6,428</b> | <b>\$ 7,120</b> |

## Note 7. Other Liabilities

STB's Other Liabilities as of September 30, 2023 and 2022 (in thousands) were as follows:

| Other Liabilities  | 2023       | 2022       |
|--|------------|------------|
|  | Total      | Total      |
| <b>Intragovernmental</b>                                   |            |            |
| Accrued Pay and Benefits                                   | 349        | 321        |
| Current other Post-Employment Benefits Due and Payable     | 22         | 20         |
| Non-current other Post-Employment Benefits Due and Payable | 27         | 27         |
| Unfunded employment related liability                      | 83         | 97         |
| Custodial liability  | -          | -          |
| <b>Total Intragovernmental</b>                             | <b>481</b> | <b>465</b> |

|   |              |                 |
|---|--------------|-----------------|
| <b>Other than intra-governmental:</b>                                 |              |                 |
| Accrued funded payroll and leave                                      | 1,115        | 1,023           |
| Liability for Non-Fiduciary Deposit Funds and Undeposited Collections | -            | -               |
| Current Other Liabilities Without Related Budgetary Obligations       | 121          | 121             |
| Non-current Other Liabilities Without Related Budgetary Obligations   | 1,143        | 1,264           |
| <b>Total other than intra-governmental</b>                            | <b>2,379</b> | <b>\$ 2,408</b> |
| <b>Total other liabilities</b>  | <b>2,860</b> | <b>\$ 2,873</b> |

### 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 during FYs 2023 and 2022, 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                                |                        |           |               |
|--|------------------------|-----------|---------------|
|  | 2024                   | \$        | 3,014         |
|  | 2025                   | \$        | 3,014         |
|  | 2026                   | \$        | 3,014         |
|  | 2027                   | \$        | 3,014         |
|  | Thereafter (2028-2034) | \$        | 19,591        |
| <b>Total Future Minimum Lease Payments</b> |                        | <b>\$</b> | <b>31,647</b> |

### Note 9. Inter-Entity 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 STB are recognized 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. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements. The STB's inter-entity costs was approximately \$1.68 million for FY 2023, and

\$1.02 million for FY 2022.

### Note 10. Status of Budgetary Resources - Net Adjustments to Unobligated Balance, Brought Forward, October 1

During the years ended September 30, 2023 and 2022, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2022 and 2021. These adjustments include, among other things, recoveries and downward adjustments to undelivered and delivered orders that were obligated in a prior fiscal year. The adjustments during the years ended September 30, 2023 and 2022 are presented below (in thousands).

|   | September 30,<br>2023 | September 30,<br>2022 |
|---|-----------------------|-----------------------|
| Beginning Unobligated Balance, 10/1                                 | \$ 4,885              | \$ 9,402              |
| Adjustments to Unobligated Balance brought forward, October 1       | 1,731                 | 616                   |
| Other Adjustments to Unobligated Balance brought forward, October 1 | <u>(2,060)</u>        | <u>(5,280)</u>        |
| Unobligated Balance from prior year budget authority, net           | <u>\$ 4,556</u>       | <u>\$ 4,738</u>       |

### Note 11. Statement of Budgetary Resources vs. Budget of The United States Government

The reconciliation for the period ended September 30, 2022, is presented in the following table. The Budget with the actual amounts for the current year (i.e., FY 2023) will be available at a later date. 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 2024. (Dollars in Millions)

| Surface Transportation Board              | Budgetary Resources | New Obligations & Upward Adjustments (Total) | Distributed Offsetting Receipts | Net Outlays |
|---|---------------------|--|---------------------------------|-------------|
| Combined Statement of Budgetary Resources | 44                  | 39   | 1                               | 37          |
| Difference #1—Expired Funds               | (5)                 | -  | -                               | -           |
| Difference #2—Rounding                    | -                   | -  | -                               | -           |
| <b>Budget of the U.S. Government</b>      | <b>39</b>           | <b>39</b>                                    | <b>1</b>                        | <b>37</b>   |

## Note 12. Undelivered Orders at End of Period

STB's Undelivered Orders at the end of September 30, 2023 and 2022 (in thousands) is:

| Undelivered Orders   | 2023     | 2022     |
|--|----------|----------|
| Intragovernmental Undelivered Orders, Unpaid at the end of the period            | \$ 2,108 | \$ 1,700 |
| Other than Intragovernmental Undelivered Orders, Unpaid at the end of the period | \$ 5,665 | \$ 6,084 |
| Intragovernmental Undelivered Orders, Paid at the end of the period              | \$ 2,667 | \$ 1,700 |

## Note 13. 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, 2023 and 2022 (in thousands) is:

|  | Intragovernmental | Other than<br>Intragovernmental | 2023      |
|--|-------------------|---------------------------------|-----------|
| <b>Net Operating Cost (SNC)</b>  | \$ 14,307         | \$ 25,859                       | \$ 40,166 |
| <b>Components of Net Operating Cost Not Part of the Budgetary Outlays:</b> |                   |                                 |           |
| Property, plant, and equipment depreciation expense                        | \$ -              | \$ (561)                        | \$ (561)  |
| <b>Increase/(Decrease) in Assets:</b>                                      |                   |                                 |           |
| Accounts receivable, net   | \$ -              | \$ -                            | \$ -      |
| Advances and Prepayments   | \$ 967            | \$ -                            | \$ 967    |

|   |            |          |            |
|---|------------|----------|------------|
| Other Assets  | \$ -       | \$ -     | \$ -       |
| <b>(Increase)/Decrease in Liabilities:</b>  |            |          |            |
| Accounts payable  | \$ 87      | \$ 863   | \$ 950     |
| Federal employee and veteran benefits payable   | \$ -       | \$ (271) | \$ (271)   |
| <b>Other Liabilities</b>  | \$ (16)    | \$ 30    | \$ 14      |
| Financing Sources:  |            |          |            |
| Imputed Cost  | \$ (1,683) | \$ -     | \$ (1,683) |
| <b>Total Components of Net Operating Cost Not Part of the Budget Outlays</b>              | \$ (645)   | \$ 61    | \$ (584)   |
| <b>Components of the Budget Outlays That Are Not Part of Net Operating Cost:</b>          |            |          |            |
| Acquisition of capital assets   | \$ 685     | \$ (685) | \$ -       |
| <b>Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost:</b> | \$ 685     | \$ (685) | \$ -       |
| <b>Misc Items</b>   |            |          |            |
| Custodial/Non-exchange Revenue  | \$ 5       | \$ (4)   | \$ 1       |
| <b>Total Other Reconciling Items</b>  | \$ 5       | \$ (4)   | \$ 1       |
| <b>Total Net Outlays</b>  |            |          | \$ 39,583  |
| Outlays, net  | \$ -       | \$ -     | \$ 39,583  |
| Distributed offsetting receipts   | \$ -       | \$ (5)   | \$ (5)     |
| <b>Budgetary Agency Outlays, net</b>  |            |          |            |
| Budgetary Agency Outlays, net   | \$ -       | \$ -     | \$ 39,578  |
| <b>Difference of Calculated vs. Actual Total Net Outlays</b>                              | \$ -       | \$ -     | \$ (5)     |

|  | Intragovernmental | Other than Intragovernmental | 2022      |
|--|-------------------|------------------------------|-----------|
| <b>Net Operating Cost (SNC)</b>  | \$ 13,621         | \$ 23,885                    | \$ 37,506 |
| <b>Components of Net Operating Cost Not Part of the Budgetary Outlays:</b> |                   |                              |           |
| Property, plant, and equipment depreciation expense                        | \$ -              | \$ (539)                     | \$ (539)  |
| <b>Increase/(Decrease) in Assets:</b>                                      |                   |                              |           |
| Accounts receivable, net   | \$ -              | \$ -                         | \$ -      |
| Advances and Prepayments   | \$ 471            | \$ -                         | \$ 471    |



|   |            |            |            |
|---|------------|------------|------------|
| <b>(Increase)/Decrease in Liabilities:</b>  |            |            |            |
| Accounts payable  | \$ 193     | \$ (550)   | \$ (357)   |
| Federal employee and veteran benefits payable   | \$ -       | \$ 21      | \$ 21      |
| Other Liabilities   | \$ (11)    | \$ 14      | \$ 3       |
| <b>Financing Sources:</b>   |            |            |            |
| Imputed Cost  | \$ (1,021) | \$ -       | \$ (1,021) |
| <b>Total Components of Net Operating Cost Not Part of the Budget Outlays</b>              | \$ (368)   | \$ (1,054) | \$ (1,422) |
| <b>Components of the Budget Outlays That Are Not Part of Net Operating Cost:</b>          |            |            |            |
| Acquisition of capital assets   | \$ -       | \$ 504     | \$ 504     |
| <b>Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost:</b> | \$ -       | \$ 504     | \$ 504     |
| <b>Misc Items</b>   |            |            |            |
| Custodial/Non-exchange Revenue  | \$ 1,389   | \$ (1,389) | \$ -       |
| <b>Total Other Reconciling Items</b>  | \$ 1,389   | \$ (1,389) | \$ -       |
| <b>Total Net Outlays</b>  |            |            | \$ 36,588  |
| Outlays, net  | \$ -       | \$ -       | \$ 36,588  |
| Distributed offsetting receipts   | \$ (1,389) | \$ -       | \$ (1,389) |
| <b>Budgetary Agency Outlays, net</b>  |            |            |            |
| Budgetary Agency Outlays, net   | \$ -       | \$ -       | \$ 35,199  |
| <b>Difference of Calculated vs. Actual Total Net Outlays</b>                              | \$ -       | \$ -       | \$ (1,389) |

## Note 14. Intragovernmental Costs and Exchange Revenues:

STB's Exchange Revenues at the end of September 30, 2023 and 2022 (in thousands) is:

As of September 30, 2023

|                                | Intragovernmental | Other than<br>Intragovernmental | Total            |
|--------------------------------|-------------------|---------------------------------|------------------|
| <b>Surface Transportation:</b> |                   |                                 |                  |
| Gross Costs                    | \$ 14,307         | \$ 26,533                       | \$ 40,840        |
| Less Earned Revenue            | \$ -              | \$ 674                          | \$ 674           |
| Net Program Costs              | \$ 14,307         | \$ 25,859                       | \$ 40,166        |
| <b>Net Cost of Operations</b>  | <b>\$ 14,307</b>  | <b>\$ 25,859</b>                | <b>\$ 40,166</b> |

As of September 30, 2022

|                                | Intragovernmental | Other than<br>Intragovernmental | Total            |
|--------------------------------|-------------------|---------------------------------|------------------|
| <b>Surface Transportation:</b> |                   |                                 |                  |
| Gross Costs                    | \$ 13,621         | \$ 25,133                       | \$ 38,754        |
| Less Earned Revenue            | \$ -              | \$ 1,248                        | \$ 1,248         |
| Net Program Costs              | \$ 13,621         | \$ 23,885                       | \$ 37,506        |
| <b>Net Cost of Operations</b>  | <b>\$ 13,621</b>  | <b>\$ 23,885</b>                | <b>\$ 37,506</b> |

U.S. Department of Transportation  
Office of Inspector General

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