

# FINANCIAL REPORTS & MANAGEMENT ASSURANCES

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## CHIEF FINANCIAL OFFICER LETTER

November 13, 2015

I am pleased to present the National Mediation Board's Performance and Accountability Report Financial section. This report shows both the progress we made in Fiscal Year 2015 and our plans to continue improving future performance. The principal financial statements and notes that follow explain the NMB's financial position as of September 30, 2015, and detail the use of agency's financial resources to achieve performance results.

For the past 18 consecutive years, the NMB has received an "Unqualified Audit Opinion" on its financial statements. Along with the "Unqualified Audit Opinion," the report of independent auditors found "No Material Weaknesses or Significant Deficiencies" in the design and operation of the agency's system of internal controls over financial reporting.

Fiscal year 2015 saw monumental improvement substantially exceeding the Small Business Administration's Government-wide goal to ensure that small businesses get their fair share of work with the federal government by awarding the following entities:

- Small Business Goal 23 percent – Actual awards 82.68 percent
- Small Disability Business Goal 3 percent – Actual awards 27.74 percent
- Women Owned Business Goal 5 percent – Actual awards 5.85 percent

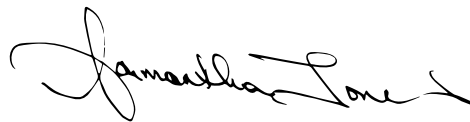
This section also includes FY 2015 financial information and uses our performance results to show how we optimized our financial resources to protect consumers and maintain competition. The NMB, is committed to exemplary financial management and the enhancement of operational efficiency through a variety of cost-saving efforts.

With FY 2016 expected to be another challenging year, we will continue to focus on identifying solutions to maintain our financial stability, ensure transparency and accountability, and maintain high levels of mission performance and employee satisfaction and morale. We are confident that the NMB's financial and performance data are complete, accurate, and reliable. We will also continue to seek ways to strengthen and improve the agency's system for the administrative control of funds.

The NMB is dedicated to the performance and accountability standards established by the President and Congress, and is keenly aware of the role of sound financial management practices in good government. The NMB's financial professionals will work together to improve financial management and accountability in support of our agency's mission.

The NMB continues to strive to maintain an environment in which program and financial managers work to ensure the integrity of financial information, and use that information in decision-making and performance measurement.

Respectfully,



**Samantha Jones**

Assistant Chief of Staff, Administration & Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

### Board Members National Mediation Board

We have audited the accompanying consolidated balance sheet of the National Mediation Board (NMB) as of September 30, 2015 and 2014, and the related consolidated statements of net cost, changes in net position, and combined statement of budgetary resources for the year then ended (hereinafter referred to as "consolidated financial statements"). The objective of our audits was to express an opinion on the fair presentation of these consolidated financial statements. In connection with our fiscal year 2015 audit, we also considered NMBs' internal controls over financial reporting and tested NMBs' compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on these consolidated financial statements.

### Summary

As stated in our opinion of the consolidated financial statements, we concluded that NMB consolidated financial statements as of and for the years ended September 30, 2015 and 2014, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We did not identify any deficiencies in internal control over financial reporting we considered to be a material weakness or significant deficiency as defined in the Consideration of Internal Control section of this report. Our test of compliance with certain provisions of laws and regulations did not disclose any instances of non compliance. The following sections discuss our opinion on NMB consolidated financial statements; our considerations of NMB internal control over financial reporting; our tests of NMB compliance with certain provisions of applicable laws and regulations; and management's and our responsibilities.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NMB as of September 30, 2015 and 2014, and related consolidated statements of net costs and changes in net position, and combined statements of budgetary resources for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NMB as of September 30, 2015 and 2014, and its net costs, changes in net position, and budgetary resources for the year then ended in conformity with U.S. general accepted accounting principles.

The information in the Management and Discussion Analysis section of this report is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However we did not audit this information and, accordingly, we express no opinion on it.

### Consideration of Internal Control

A control deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies, that adversely affects NMBs' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the NMB's financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Our consideration of internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be a control deficiency, significant deficiency, or material weakness. In our fiscal year 2015 audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be a material weakness or significant deficiency, as defined above.

Exhibit I presents the status of prior year significant deficiencies.

We noted certain additional matters that we have reported to NMB management in a separate letter dated November 16, 2015.

**INDEPENDENT  
AUDITORS'  
REPORT**

**Compliance with Applicable Laws and Regulations**

The results of our tests of compliance as described in the Responsibilities section of this report, disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards or OMB Bulletin No. 15-02.

**Responsibilities**

**Management Responsibilities:** Management is responsible for the consolidated financial statements; establishing and maintaining effective internal control over financial reporting; and complying with laws and regulations applicable to NMB.

**Auditors' Responsibilities:** Our responsibility is to express an opinion on the fiscal year 2015 and 2014 consolidated financial statements of NMB based on our audits. We conducted our audit in accordance with Government Auditing Standards, auditing standards generally accepted in the United States, and OMB Bulletin No. 15-02, Audit Requirements for Federal Financial Statements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes the consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of NMB internal control over financial reporting. Accordingly, we express no such opinion.

**An audit also includes:**

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

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2015 audit, we considered NMB's internal control over financial reporting by obtaining an understanding of NMB's internal control, determining whether internal control had been placed in operation, assessing control risk, and performing tests of control to determine auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not to provide an opinion on the effectiveness of NMB internal control over financial reporting. Accordingly we do not express an opinion on NMB's internal controls over financial reporting. We limited internal control testing to those necessary to achieve the objectives described in OMB Bulletin No. 15-02. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

As part of obtaining reasonable assurance about whether NMBs' fiscal year 2015 consolidated financial statements are free of material misstatements, we performed test of NMBs' compliance with certain provisions of laws and regulations, which noncompliance with could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws specified in OMB Bulletin 15-02. This report is intended solely for the information of NMB management, OMB, and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

*Allmond & Company, LLC*

**Allmond & Company, LLC**

November 16, 2015  
 Certified Public Accountants  
 8181 Professional Place, Suite 250  
 Landover, Maryland 20785  
 (301) 918 8200

**INDEPENDENT  
AUDITORS'  
REPORT**

**Exhibit I**

**Status of Prior Year Findings and Recommendations**

The following table provides the fiscal year (FY) 2015 status of all recommendations included in the Independent Auditors' Report on the National Mediation Board's FY 2014 Consolidated Financial Statements (November 14, 2014).

FY 2014 FINDING	FY 2014 RECOMMENDATION	FY 2015 STATUS
<b>Arbitration Obligations</b>	<b>Recommendation:</b> We recommend that NMB do the following:	
	<b>1</b> Continue to work with NMBs' Chief Information Officer to develop a report at the level of detail necessary to reconcile AWS obligations to general ledger obligations.	<b>Closed</b>
	<b>2</b> Office of Administration staff or service provider reconciles the status of obligations established in the general ledger to the amount of cases assigned to an arbitrator per the Arbitration Workspace on a monthly basis.	<b>Closed</b>
	<b>3</b> Record an upward adjustment to existing arbitrator obligations when an invoice is received and not enough monies are remaining on the obligation to pay the invoice.	<b>Closed</b>
	<b>4</b> Provide training to OA staff responsible for advising the service provider on which obligation is to be liquidated to pay invoices received from arbitrators.	<b>Closed</b>
	<b>5</b> Monitoring activities performed monthly by Office of Administration and Office of Arbitration over the funds that remain available for obligation related to arbitration services.	<b>Closed</b>
	<b>6</b> Continue to develop a mechanism to estimate and update obligations related to arbitration in the general ledger as more information about the status of the case becomes available.	<b>Closed</b>

**BALANCE  
SHEET AS OF  
SEPTEMBER 30,  
2015 & 2014  
(IN DOLLARS)**

ASSETS	2015	2014
<hr/>		
Intragovernmental		
Fund Balance with Treasury (Note 2)	\$ 7,120,208	\$ 6,172,901
Accounts Receivable, Net	\$ 4,251	\$ 3,312
Property, Equipment, and Software, Net (Note 3)	\$ 30,811	
<hr/>		
<b>TOTAL ASSETS</b>	<b>\$ 7,124,459</b>	<b>\$ 6,207,024</b>
<hr/>		
Intragovernmental		
Accounts Payable	\$ 216,861	\$ -
Employer Contributions and Payroll Taxes Payable	39,338	\$ 23,718
<hr/>		
<b>TOTAL INTRAGOVERNMENTAL</b>	<b>\$ 256,199</b>	<b>\$ 23,718</b>
<hr/>		
Accounts Payable	\$ 115,981	\$ 312,978
Accrued Payroll and Benefits	\$ 161,365	\$ 160,522
Unfunded Annual Leave (Note 4)	\$ 474,417	\$ 472,043
Contingent Liabilities (Note 7)	\$ 175,000	\$ 75,000
Capital Lease Liability (Note 6)	\$ 0	\$ 23,046
<hr/>		
<b>TOTAL LIABILITIES</b>	<b>\$ 1,182,962</b>	<b>\$ 1,067,307</b>
<hr/>		
Net Position:		
Unexpended Appropriations	\$ 6,586,663	\$ 5,652,637
Cumulative Results of Operations	\$ (645,166)	\$ (512,920)
Total Net Position	\$ 5,941,497	\$ 5,139,717
<hr/>		
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 7,124,459</b>	<b>\$ 6,207,024</b>

**STATEMENT  
OF NET COST  
FOR THE FISCAL  
YEARS ENDING  
SEPTEMBER 30,  
2015 & 2014  
(IN DOLLARS)**

	2015	2014
Program Costs:		
Mediation/ADR Gross Cost	\$ 7,233,742	\$ 7,745,039
<b>TOTAL MEDIATION/ADR</b>	<b>\$ 7,233,742</b>	<b>\$ 7,745,039</b>
Representation Gross Cost	\$ 2,243,999	\$ 2,537,014
<b>TOTAL REPRESENTATION</b>	<b>\$ 2,243,999</b>	<b>\$ 2,537,014</b>
Arbitration Gross Cost	\$ 2,566,043	\$ 1,862,429
<b>TOTAL ARBITRATION</b>	<b>\$ 2,566,043</b>	<b>\$ 1,862,429</b>
Presidential Emergency Board Gross Cost	\$ 103,707	\$ 279,422
<b>TOTAL PRESIDENTIAL EMERGENCY BOARD</b>	<b>\$ 103,707</b>	<b>\$ 279,422</b>
<b>TOTAL GROSS PROGRAM COSTS</b>	<b>\$ 12,147,491</b>	<b>\$ 12,423,904</b>
Net Program Costs (Note 8)	\$ 12,147,491	\$ 12,423,904

**STATEMENT OF  
CHANGES IN  
NET POSITION  
FOR THE FISCAL  
YEARS ENDING  
SEPTEMBER 30,  
2015 & 2014  
(IN DOLLARS)**

	2015	2014
<b>Cumulative Results of Operations:</b>		
Beginning Balances	\$ (512,920)	\$ (424,849)
<b>Budgetary Financing Sources:</b>		
Appropriations Used	\$ 11,616,730	\$ 11,866,256
<b>Other Financing Sources (Non-Exchange):</b>		
Imputed Financing Sources (Note 5)	\$ 398,515	\$ 469,577
<b>TOTAL FINANCING SOURCES</b>	<b>\$ 12,015,245</b>	<b>\$ 12,335,833</b>
Net Cost of Operations	\$ (12,147,491)	\$ (12,423,904)
Net Change	\$ (132,246)	\$ (88,071)
Cumulative Results of Operations	\$ (645,166)	\$ (512,920)
<b>Unexpended Appropriations:</b>		
Beginning Balances	\$ 5,652,637	\$ 5,146,596
<b>Budgetary Financing Sources:</b>		
Appropriations Received	\$ 13,227,000	\$ 13,116,000
Other Adjustments	\$ (676,244)	\$ (743,703)
Appropriations Used	\$ (11,616,730)	\$ (11,866,256)
<b>TOTAL BUDGETARY FINANCING RESOURCES</b>	<b>\$ 934,026</b>	<b>\$ 506,041</b>
<b>TOTAL UNEXPENDED APPROPRIATIONS</b>	<b>\$ 6,586,663</b>	<b>\$ 5,652,637</b>
Net Position	\$ 5,941,497	\$ 5,139,717



**STATEMENT OF  
BUDGETARY  
RESOURCES  
FOR THE FISCAL  
YEARS ENDING  
SEPTEMBER 30,  
2015 & 2014  
(IN DOLLARS)**

	2015	2014
<b>Budgetary resources:</b>		
Unobligated balance brought forward, October 1	\$ 3,467,179	\$ 3,743,103
Recoveries of Prior Year Unpaid Obligations	\$ 879,280	\$ 286,402
Other changes in unobligated balance	\$ (676,244)	\$ (743,703)
Unobligated balance from prior year budget authority, net	\$ 3,670,215	\$ 3,285,802
Appropriations	\$ 13,227,000	\$ 13,116,000
Spending authority (discretionary and mandatory)	\$ 93,718	-
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 16,990,933</b>	<b>\$ 16,401,802</b>
<b>Status of budgetary resources:</b>		
Obligations incurred (Note 9)	\$ 13,013,229	\$ 12,934,623
Unobligated balance, end of year:		
Apportioned	\$ 566,880	\$ 437,914
Unapportioned	\$ 3,410,824	\$ 3,029,265
<b>TOTAL UNOBLIGATED BALANCE, END OF YEAR</b>	<b>\$ 3,977,704</b>	<b>\$ 3,467,179</b>
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 16,990,933</b>	<b>\$ 16,401,802</b>
<b>Change in obligated balance:</b>		
<b>Unpaid obligations:</b>		
Unpaid obligations, brought forward, October 1	\$ 2,705,722	\$ 1,697,200
Obligations incurred	\$ 13,013,229	\$ 12,934,623
Outlays (gross)	\$ (11,697,167)	\$ (11,639,699)
Recoveries of prior year unpaid obligations	\$ (879,280)	\$ (286,402)
Unpaid obligations, end of year (Gross)	\$ 3,142,504	\$ 2,705,722
<b>Memorandum entries:</b>		
Obligated balance, start of year	\$ 2,705,722	\$ 1,697,200
Obligated balance, End of year	\$ 3,142,504	\$ 2,705,722
<b>Budget Authority and Outlays, Net</b>		
Budget authority, gross	\$ 13,320,718	\$ 13,116,000
Actual offsetting collections	\$ (93,718)	-
Budget authority, net	\$ 13,227,000	\$ 13,116,000
Outlays, gross	\$ 11,697,167	\$ 11,639,698
Actual offsetting collections	\$ (93,718)	-
Agency outlays, net	\$ 11,603,449	\$ 11,639,698

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

**NOTES TO  
FINANCIAL  
STATEMENTS  
SEPTEMBER 30,  
2015 &  
SEPTEMBER 30,  
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**Notes to Principal Statements**

**Note 1: Summary of Significant Accounting Policies**

**A. Reporting Entity**

The National Mediation Board (NMB), established in 1934 under Section 4 of the Railway Labor Act (RLA), is an independent U.S. federal government agency that performs a central role in facilitating harmonious labor-management relations within two of the nation's major transportation modes - the railroads and airlines. Recognizing the importance of these transportation industries to the public, shippers, and consumers, as well as to the economy and security of the country, the RLA established NMB to promote four key statutory goals:

- The prompt and orderly resolution of disputes arising out of the negotiation of new or revised collective bargaining agreements.
- The effectuation of employee rights of self-organization where a representation dispute exists; and
- The prompt and orderly resolution of disputes over the interpretation or application of existing agreements.

NMB prepares its financial statements to be in conformity with general accepted accounting principles. NMB does not hold any non-entity assets and has no funds from dedicated collections as described by the Statement of Federal Financial Accounting Standards (SFFAS) 43.

**B. Basis of Presentation**

NMB's principal financial statements were prepared from its official financial records and general ledger in conformity with accounting principles generally accepted in the United States and follow the presentation guidance established by OMB Circular No. 136 "Financial Reporting Requirements," as amended. The amounts reported in the financial statements are consolidated totals net of intra-entity transactions. The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and the status and availability of budgetary resources of NMB. Unless specified otherwise, all amounts are presented in dollars.

**C. Basis of Accounting**

Transactions are recorded on both an accrual accounting basis and a budgetary basis. The accrual method of accounting requires recognition of the financial effects of transactions, events, and circumstances in the period(s) when those transactions, events, and circumstances occur, regardless of when cash is received or paid. Budgetary accounting facilitates compliance with legal requirements and controls over the use of funds and to keep track of budget authority at the various stages of execution including allotment, obligation, and outlay.

The Balance Sheet, Statement of Net Cost, Statement of Net Position, and Statement of Budgetary Resources have been prepared in accordance with generally accepted accounting principles accepted in the United States for federal entities as prescribed by the standards set forth by the Federal Accounting Standards Advisory Board (FASAB). FASAB is recognized by the American Institute of Certified Public Accountants as the body designated to establish generally accepted accounting principles for federal entities. Certain assets, liabilities, and costs have been classified as intragovernmental throughout the financial statements and notes. Intragovernmental is defined as transactions made between two reporting entities within the federal government.

**D. Revenue and Other Financing Sources**

NMB receives funds to support its programs through annual appropriations. These may be used to pay program and administrative expenses (primarily salaries and benefits, occupancy, travel, and contractual services costs). Appropriations are recognized as other financing sources at the time they are used to pay program or administrative expenses. Appropriations used to acquire property and equipment is recognized as financing sources when the assets are purchased.

**E. Use of Estimates**

The preparation of the accompanying financial statements in accordance with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

**NOTES TO  
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### **F. Fund Balances with the US Department of Treasury**

The U.S. Treasury (Treasury) processes cash receipts and disbursements on NMB's behalf. The balance of funds with Treasury represents appropriated funds that are available to pay current liabilities and finance authorized purchase obligations relative to goods or services that have not been received. NMB does not maintain cash in commercial bank accounts or foreign currency balances.

### **G. Accounts Receivable**

Accounts receivable primarily consists of amounts due from current and former employees. These receivables are a result of payroll adjustments and or court ordered actions. An allowance for uncollectible accounts receivable from the public is established when either (1) management determines that collection is unlikely to occur after a review of outstanding accounts and the failure of all collection efforts, or (2) an account for which no allowance has been established is submitted to the Department of the Treasury for collection, which takes place when it becomes 120 days delinquent. Based on historical experience, all receivables are collectible and no allowance is provided.

### **H. Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. NMB capitalizes property and equipment purchases with a cost greater than \$5,000, and a total useful life exceeding one year. Depreciation is calculated on a straight-line basis based on an estimated useful life of 5 years for all assets. Expenditures for repairs and maintenance are charged to operating expenses as incurred. When NMB enters into a lease agreement, as lessee, if the title of the asset transfers to NMB at the end of the lease or any of the other three capitalization criteria pursuant to SFFAS No. 6, Accounting for Property, Plant, and Equipment, are met, NMB capitalizes the lease at the present value of minimum lease payment and amortizes the cost over the economic useful life of the asset.

### **I. Liabilities**

Liabilities represent the amount of monies or other resources that are likely to be paid by NMB as the result of a transaction or event that has already occurred. However, no liability can be paid by NMB absent an appropriation. Liabilities for which an appropriation has not been enacted are therefore classified as Liabilities Not Covered by Budgetary Resources and there is no certainty that the appropriations will be enacted. Also, liabilities of NMB arising from other than contracts can be abrogated by the government, acting in its sovereign capacity.

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 for goods ordered and received and for services rendered except for employees.

Liabilities not covered by budgetary resource are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave and contingent liabilities.

Regarding NMB's building lease, the General Services Administration (GSA) entered into a lease agreement for NMB's rental of building space. NMB pays GSA a standard level users charge for the annual rental. The standard level users charge approximates the commercial rental rates for similar properties.

### **J. Accrued Payroll and Benefits**

Accrued payroll and benefits reflect salaries and benefits that have been earned, but not disbursed as of September 30, 2015. Accrued payroll and benefits are payable to employees and are therefore not classified as Intragovernmental.

### **K. Annual, Sick and Other Leave**

Annual leave is accrued as a liability as it is earned. The accrual is reduced as leave is taken. Each pay period the balance in the accrued leave account is adjusted to reflect the current leave balances and pay rates. Accrued annual leave is paid from future funding sources and accordingly is reflected as a liability not covered by budgetary resources. Sick leave and other types of non-vested leave are charged to expense as the leave is used.

**NOTES TO  
FINANCIAL  
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**L. Retirement Plan**

NMB's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7 percent of their gross pay to the plan, and NMB contributes 7 percent.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and are eligible for Social Security benefits. Employees hired prior to January 1, 1984, could elect either to transfer to the FERS plan and become eligible for Social Security benefits or remain in CSRS. A primary feature of FERS is that it offers a savings plan in which NMB automatically contributes 1 percent of employees' pay and matches any employee contribution up to an additional 4 percent of pay.

The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability of CSRS and FERS is not allocated to individual departments and agencies and is therefore not disclosed by NMB. The reporting of these amounts is the responsibility of the Office of Personnel Management.

**M. Commitments and Contingencies**

Commitments are contractual agreements involving financial obligations. NMB is committed for goods and services that have been ordered, but have not yet been received. A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. A contingent liability is disclosed in the notes to the financial statements when a past event or exchange transaction has occurred, and future outflow or other sacrifice of resources is measurable and probable. A contingency is not disclosed when any of the conditions for liability recognition are not met and the chance of the future event or events occurring are not probable.

**Note 2: Fund Balances with Treasury**

Fund Balance with Treasury account balances as of September 30, 2015 and 2014 were as follows:

<b>FUND BALANCES:</b>	<b>2015</b>	<b>2014</b>
General Funds	\$ 7,120,208	\$ 6,172,901
<b>TOTAL</b>	<b>\$ 7,120,208</b>	<b>\$ 6,172,901</b>
Status of Fund Balance with Treasury		
Unobligated Balance:		
Available	\$ 566,880	\$ 437,914
Unavailable	\$ 3,410,824	\$ 3,029,265
Obligated Balance Not Yet Disbursed	\$ 3,142,504	\$ 2,705,722
<b>TOTAL</b>	<b>\$ 7,120,208</b>	<b>\$ 6,172,901</b>

The available unobligated fund balances represent the current-period amount available for obligation or commitment.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance.

**NOTES TO  
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**Note 3: Property and Equipment, Net**

NMB uses straight-line depreciation with a useful life of 5 years and a capitalization threshold of \$5,000.

Schedule of Property and equipment, at September 30, 2015

MAJOR CLASS	ACQUISITION COST	ACCUMULATED AMORTIZATION/ DEPRECIATION	NET BOOK
Capital Lease	\$ -	\$ -	\$ -
Furniture & Equipment	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Schedule of Property and equipment, at September 30, 2014

MAJOR CLASS	ACQUISITION COST	ACCUMULATED AMORTIZATION/ DEPRECIATION	NET BOOK
Capital Lease	\$ 157,180	\$ 134,134	\$ 23,046
Furniture & Equipment	\$ 93,553	\$ 85,788	\$ 7,765
<b>TOTAL</b>	<b>\$ 250,733</b>	<b>\$ 219,922</b>	<b>\$ 30,811</b>

**Note 4: Liabilities Covered and Not Covered by Budgetary Resources**

Liabilities Covered and Not Covered By Budgetary Resources as of September 30, 2015 and 2014 consist of the following:

LIABILITIES NOT-COVERED BY BUDGETARY RESOURCES	2015	2014
Contingent Liabilities	\$ 175,000	\$ 75,000
Unfunded Leave	\$ 474,417	\$ 4 72,043
<b>TOTAL LIABILITIES NOT COVERED BY BUDGETARY RESOURCES</b>	<b>\$ 649,417</b>	<b>\$ 547,043</b>
<b>TOTAL LIABILITIES COVERED BY BUDGETARY RESOURCES</b>	<b>\$ 533,545</b>	<b>\$ 520,264</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 1,182,962</b>	<b>\$ 1,067,307</b>

**NOTES TO  
FINANCIAL  
STATEMENTS  
SEPTEMBER 30,  
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**Note 5: Pensions, Other Retirement Benefits, and Other Post Retirement Benefits**

The NMB reports the full cost of employee pensions, other retirement benefits, and other post-employment benefits in accordance with SFFAS No. 5, Accounting for Liabilities of the Federal Government. Although the NMB funds a portion of the benefits under FERS and CSRS relating to its employees and withholds the necessary payroll deductions, a portion of the Normal Pension Cost remains unpaid. SFFAS No. 5 requires the recognition of this remaining cost as imputed financing.

Pension and other retirement benefit expenses are calculated using cost factors determined by actuaries at the Office of Personnel Management. These cost factors are calculated based on economic and demographic assumptions. The cost factor is multiplied by the basic pay in order to obtain the "Normal Cost" for the accounting period. This Normal Cost is the present value of the projected benefits of each employee allocated on a level basis over the service of the employee between entry age and assumed exit age. The imputed financing amount represents the difference between the employer's total pension expense and the employer's contribution.

Imputed Financing Sources in 2015 and 2014 consists of the following:

	2015	2014
Office of Personnel Management	\$ 398,515	\$ 469,577
<b>TOTAL IMPUTED FINANCING SOURCES</b>	<b>\$ 398,515</b>	<b>\$ 469,577</b>

**Note 6: Accounting for Leases**

**Operating Leases:** NMB occupies office space under a lease agreement with the General Services Administration (GSA) that is accounting for as an operating lease. The lease term was for a period of eleven years began on November 1, 2005 and expires on October 31, 2016. NMB pays GSA a standard level users charge for the annual rental adjusted annually for operating cost escalations in accordance with the provisions in the Federal Management Regulations.

FISCAL YEAR	OFFICE SPACE
2015	\$ 1,418,181
2016	\$ 1,434,348
<b>TOTAL FUTURE LEASE PAYMENTS</b>	<b>\$ 2,852,529</b>

**Capital Leases:**

NMB entered into a capital lease on September 10, 2010 to lease a Xerox machine over a five-year period. The lease provide for ownership to transfer to NMB at the end of the lease period. The present value of the minimum lease payments of \$25,807.20 annually at an interest rate of 8.25 percent was determined to be \$102,365.28 for the machine. The Capital Lease Asset is being depreciated on a straight line basis on 5 years. The Capital Lease Liability as of September 30, 2015 and 2014 was \$0 and \$19,062.

NMB entered into a capital lease on September 27, 2010 to lease a Xerox machine over a five-year period. The lease provide for ownership to transfer to NMB at the end of the lease period. The present value of the minimum lease payments of \$5,393.52 annually at an interest rate of 8.25 percent was determined to be \$21,393.61 for the machine. The Capital Lease Asset is being depreciated on a straight line basis on 5 years. The Capital Lease Liability as of September 30, 2015 and 2014 was \$0 and \$3,984.

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**Note 7: Contingent Arbitrator Liabilities**

**Arbitrator Liabilities**

The NMB revised its policy, so that when cases are assigned to an Arbitrator the full cost of the case is obligated. The number of cases not assigned to any arbitrators September 30, 2015 and 2014 is 3,673 and 3,189 respectively. If these cases were assigned, we estimate it would cost \$2,313,990 in fiscal year 2015 and \$2,009,070 in fiscal year 2014 for arbitrators to hear and render an award on these cases.

**Equal Employment Opportunity (EEO)**

An EEO lawsuit alleging age and race bias for the withdrawal of an offer of employment, unspecified damages requested include back pay, forward pay, and remedial damages. An unfavorable outcome is reasonably possible and could result in a loss in the range of \$100,000.

**Procurement Contract**

A claim for payment under a contract for construction work that was not completed by the contractor in question. An unfavorable outcome is probable and could result in potential losses between \$75,000.

**Note 8: Intragovernmental Costs and Exchange Revenue**

The purpose of this classification of NMB's revenue and cost is to enable the Federal Government to provide consolidated financial statements, and not to match public and intragovernmental revenue with costs that are incurred to produce public and intragovernmental revenue. The intragovernmental costs relate to the source of goods and services purchased by NMB and are treated independently from the classification of related revenue.

<b>PROGRAM COSTS:</b>	<b>2015</b>	<b>2014</b>
Mediation/ADR		
Intragovernmental Costs	\$ 2,415,698	\$ 2,633,198
Public Costs	\$ 4,818,044	\$ 5,111,841
<b>TOTAL MEDIATION/ADR</b>	<b>\$ 7,233,742</b>	<b>\$ 7,745,039</b>
Representation		
Intragovernmental Costs	\$ 926,929	\$ 439,260
Public Costs	\$ 1,317,070	\$ 2,097,754
<b>TOTAL REPRESENTATION</b>	<b>\$ 2,243,999</b>	<b>\$ 2,537,014</b>
Arbitration		
Intragovernmental Costs	\$ 604,713	\$ 586,249
Public Costs	\$ 1,961,330	\$ 1,276,180
<b>TOTAL ARBITRATION</b>	<b>\$ 2,566,043</b>	<b>\$ 1,862,429</b>
Presidential Emergency Board		
Intragovernmental Costs	\$ 3,271	\$ 337
Public Costs	\$ 100,436	\$ 279,085
<b>TOTAL PRESIDENTIAL EMERGENCY BOARD</b>	<b>\$ 103,707</b>	<b>\$ 279,422</b>
<b>TOTAL INTRAGOVERNMENTAL COSTS</b>	<b>\$ 3,950,611</b>	<b>\$ 3,659,044</b>
<b>TOTAL PUBLIC COSTS</b>	<b>\$ 8,196,880</b>	<b>\$ 8,764,860</b>
<b>TOTAL GROSS PROGRAM COSTS</b>	<b>\$ 12,147,491</b>	<b>\$ 12,423,904</b>
Net Program Costs	\$ 12,147,491	\$ 12,423,904

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**Note 9: Apportionment Categories of Obligations Incurred**

Obligations incurred reported on the Statement of Budgetary Resources in 2015 and 2014 consists of the following:

<b>DIRECT OBLIGATIONS</b>	<b>2015</b>	<b>2014</b>
Category A	\$ 12,903,817	\$ 12,640,417
Category B	\$ 109,412	\$ 294,205
<b>TOTAL OBLIGATIONS INCURRED</b>	<b>\$ 13,013,229</b>	<b>\$ 12,934,623</b>

The available unobligated fund balances represent the current-period amount available for obligation or commitment.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance.

**Note 10: Undelivered Orders Net at the End of the Period**

The amount of budgetary resources obligated for undelivered orders at September 30, 2015 and 2014 is \$2,608,959 and \$2,185,457 respectively.

**Note 11: Statement of Budgetary Resources vs. Budget of the United States Government**

The reconciliation as of September 30, 2014 is presented below. The 2017 Budget of the United States Government, with the Actual Column completed for FY 2015, had not been published as of the date of these financial statements. The budget is expected to be published and delivered to congress in early February 2016. The National Mediation Board Budget Appendix can be found on the OMB website (<http://www.whitehouse.gov/omb/budget>).

For the Fiscal Year Ended September 30, 2014 (In millions)

	<b>BUDGETARY RESOURCES</b>	<b>OBLIGATIONS INCURRED</b>	<b>DISTRIBUTED OFFSETTING RECEIPTS</b>	<b>NET OUTLAYS</b>
Statement of Budgetary Resources	\$ 16	\$ 13	\$ -	\$ 12
Difference - Expired Appropriations	(3)			
Difference - Spending Reduction				\$ 1
<b>BUDGET OF THE U.S. GOVERNMENT</b>	<b>\$ 13</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>\$ 13</b>



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**Note 12: Reconciliation of Net Cost of Operations (Proprietary) to Budget**

<b>RESOURCES USED TO FINANCE ACTIVITIES:</b>	<b>2015</b>	<b>2014</b>
Budgetary Resources Obligated Obligations Incurred	\$ 13,013,229	\$ 12,934,623
Spending Authority From Offsetting Collections and Recoveries	\$ (972,997)	\$ (286,402)
Obligations Net of Offsetting Collections and Recoveries	\$ 12,040,232	\$ 12,648,221
Net Obligations	\$ 12,040,232	\$ 12,648,221
Other Resources Imputed Financing From Costs Absorbed By Others	\$ 398,515	\$ 469,577
Net Other Resources Used to Finance Activities	\$ 398,515	\$ 469,577
Total Resources Used to Finance Activities	\$ 12,438,747	\$ 13,117,798
<b>Resources Used to Finance Items Not Part of the Net Cost of Operations:</b>		
Change In Budgetary Resources Obligated For Goods, Services and Benefits Ordered But Not Yet Provided	\$ (423,501)	\$ (781,965)
Total Resources Used to Finance Items Not Part of Net Cost of Operations	\$ (423,501)	\$ (781,965)
Total Resources Used to Finance the Net Cost of Operations	\$ 12,015,246	\$ 12,335,833
<b>Components of the Net Cost of Operations That Will Not Require or Generate Resources</b>		
In the Current Period:		
Components Requiring or Generating Resources in Future Periods Increase In Annual Leave Liability	\$ 2,373	\$ 46,319
Other	\$ 1 00,000	-
Total Components of Net Cost of Operations That Will Require or Generate Resources In Future Periods	\$ 102,373	\$ 46,319
Components Not Requiring or Generating Resources Depreciation and Amortization	\$ 30,811	\$ 43,462
Other	\$ (939)	\$ (1,710)
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	\$ 29,872	\$ 41,752
Total Components of Net Cost of Operations That Will Not Require or Generate Resources In The Current Period	\$ 132,245	\$ 88,071
<b>NET COST OF OPERATIONS</b>	<b>\$ 12,147,491</b>	<b>\$ 12,423,904</b>

## MANAGEMENT ASSURANCES

This section provides information on NMB's compliance with the Federal Managers' Financial Integrity Act (FMFIA) and the Improper Payments Information Act, as well as other management information, initiatives, and issues. FMFIA requires that agencies establish controls that provide reasonable assurance that

- obligations and costs comply with applicable law;
- assets are safeguarded from waste, loss, unauthorized use, or misappropriation, and;
- revenue and expenditures are properly recorded and accounted .

It also requires the Chairman to provide an assurance statement on the adequacy of management controls.

## FMFIA ASSURANCE STATEMENT

The NMB's management is responsible for establishing and maintaining effective internal controls that meet the obligations of FMFIA within their areas of responsibility. Based on the directors' knowledge of daily operations and other management reviews, the NMB is able to provide reasonable assurance that, as of September 30, 2015, its internal controls over the effectiveness and efficiency of operations were compliant with applicable laws and regulations, and no material weaknesses were found..



### Nicholas Geale

Chairman  
November 16, 2015

## IMPROPER PAYMENTS INFORMATION ACT

The NMB is considered to be at low risk for improper payments since the functional payment areas are limited to traveler reimbursement, commercial vendors for supplies and services, and the payroll Electronic Funds Transfer (EFT) payments. The NMB does not administer any entitlement, grant, or loan programs.

## FEDERAL TRAVEL CARD PROGRAM

The NMB is a full participant in the Federal Travel Card Program, and has issued travel credit cards to employees whose official duties may require frequent travel. The Office of Administration (OA) along with the Bureau of Fiscal Services (BFS) routinely monitors each employee's use of the travel card to ensure that charge activities are restricted to official government travel-related expenses, and that the employee is paying his/her credit card bills on-time. BFS processes all travel-related expenses on behalf of the NMB. The BFS will reimburse all travel-related expenses within an average of 5 business days after receipt of their completed travel voucher which is audited and approved by the OA. All NMB Travel Credit card holders are required to complete the required Government Travel credit card training. In addition, NMB requires all travel card holders to complete GSA Travel Basic training on an annual basis. All NMB Management officials are required to complete training in GSA Travel Basic, Attending a Conference, Approval Officials Responsibility and Federal Travel Regulations (FTR) In-Depth on an annual basis.

## FEDERAL PURCHASE CARD PROGRAM

During this period, the NMB continued its use of the U .S. Government's purchase card program to expedite the purchase of authorized supplies and services. The NMB has an internal process that requires an approved purchase request form for all requests. This purchase request is reviewed and approved by the office director before being submitted to the OA for action. Prior to the approval by Assistant Chief of Staff, Administration the purchase request is verified to confirm that the request does not exceed the micro purchase limit. The OA staff determines the vendor to procure the requested goods and/or services.