



U.S. Merit Systems Protection Board

**Agency
Financial
Report
Fiscal Year 2025**

November 2025

Table of Contents

Message from the Acting Chairman	1
SECTION 1: Management Discussion and Analysis (MD&A)	2
Purpose and Scope.....	2
The MSPB's Mission	2
Board Organization	2
Discussion	2
Performance Summary.....	3
Analysis of Financial Statements	4
Analysis of Systems, Controls, and Legal Compliances	4
SECTION 2: Financial Section.....	6
Message from the Chief Financial Officer	6
Notes on the Financial Statements.....	7
SECTION 3: Other Information	8
Summary of Financial Statement Audit and Management Assurances.....	8
Civil Monetary Penalties Adjustments for Inflation	9
Independent Auditor's Report on the Financial Statements	
Financial Statements	

MESSAGE FROM THE ACTING CHAIRMAN



U.S. MERIT SYSTEMS PROTECTION BOARD Washington D.C. 20036

Office of the Vice Chairman

As Acting Chairman, I am honored to present the U.S. Merit Systems Protection Board's (MSPB) Agency Financial Report (AFR) for Fiscal Year (FY) 2025. This report outlines our resource management practices and highlights key accomplishments, while also providing a comprehensive analysis of MSPB's financial operations and performance. The AFR is available on our website at www.mspb.gov.

I am pleased to report that MSPB received an unmodified (clean) audit opinion on its consolidated financial statements as of September 30, 2025. This achievement reflects our commitment to transparency, accountability, the highest standards of performance and integrity, and the responsible stewardship of taxpayer dollars. The financial data presented in this AFR demonstrates our effective management of entrusted resources in support of our mission to protect merit system principles and foster a federal workforce free from prohibited personnel practices.

It is a privilege to work alongside the talented professionals at MSPB who are devoted to preserving the merit system principles that govern our federal workforce.

I certify with reasonable assurance that the performance and financial data in this report are complete and reliable. No material weaknesses were identified in MSPB's internal controls during the audit of our financial statements.

Kind Regards,

A handwritten signature in black ink, appearing to read "Henry J. Kerner".

Henry J. Kerner
Acting Chairman
November 17, 2025

SECTION 1: MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Purpose and Scope

The purpose of this report is to provide an account of how the Merit Systems Protection Board (MSPB or Board) utilizes financial resources to execute its mission. The discussion explains how current events impact the organization's operations. Lastly, the intent of this report is to transparently provide the financial statements for FY 2025 with the report from independent auditors.

The MSPB's Mission

The mission of MSPB is to *protect the federal merit systems and the rights of individuals within those systems*. MSPB carries out its statutory responsibilities and authorities primarily by adjudicating individual employee appeals, enforcing its decisions, conducting objective merit systems studies, and reviewing the rules, regulations, and significant actions of the Office of Personnel Management (OPM) to assess the degree to which those actions support adherence to the merit principles and do not lead to the commission of prohibited personnel practices (PPPs).

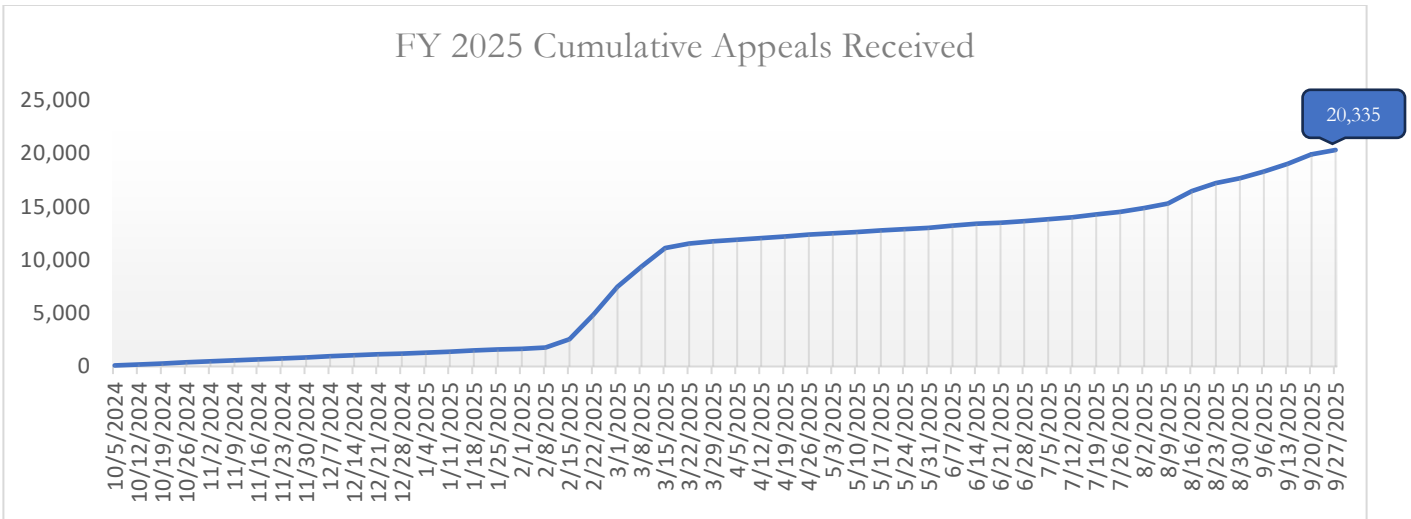
Board Organization

The agency typically has three presidentially nominated, Senate-confirmed Board members with an office in Washington, DC (headquarters), and six regional offices and one field office located throughout the United States. The Board was without a quorum of at least two Board members from April 10, 2025, through October 27, 2025. During that time, the Board was unable to issue final decisions on petitions for review and other cases requiring a Board vote or issue studies of the merit systems. Recently, the quorum was restored with the confirmation and subsequent swearing in of James J. Woodruff II on October 28, 2025. Additional information on the Board members and agency can be found at <https://www.mspb.gov/about/organization.htm>.

Discussion

Beginning on February 9, 2025, MSPB experienced a significant surge in probationary termination appeals, with the [total number of all cases received](#) since that time reaching over 20,000 initial appeals as of September 27, 2025 (see chart below). For context, that equates to four times our annual workload in less than one fiscal year. Moreover, the situation is further strained by anticipated increases in appeals due to agency workforce reductions and legal mandates requiring expedited decisions in specific cases, such as discrimination claims (within 120 days under 5 U.S.C. § 7701 and § 7702(a)(1)(B)) and certain Department of Veterans Affairs appeals (within 180 days under 38 U.S.C. § 714(d)).

Nevertheless, MSPB continues to carry out its core adjudicatory responsibilities under its statutory authority by resolving cases involving removals, extended suspensions, reductions in force, and related matters such as discrimination claims, whistleblower retaliation, veterans' preference, and retirement and benefits disputes. Through these efforts, the Board safeguards the merit system principles and ensures agencies follow proper procedures when holding employees accountable. Despite increased caseloads and operational challenges, MSPB remains focused on delivering fair, accurate, and timely decisions to uphold the integrity of the federal workforce.



The chart provides the weekly receipt of appeals MSPB received throughout FY 2025.

MSPB prioritizes the fair and timely adjudication of appeals. Timely adjudication not only provides clarity and closure for both employees and agencies but also reduces government expenditures by minimizing back pay, legal fees, and administrative costs. However, a critical and key component to timely adjudication is our workforce. In FY 2024, MSPB’s administrative judges issued 4,740 decisions with an average processing time of 130 days. Budget uncertainty—coupled with the hiring freeze—has limited MSPB’s ability to hire AJs, paralegals, and other key positions.

Currently, the regional and field offices are aggregating cases in a manner to drive down processing time while still ensuring due diligence. We have taken an all-hands-on deck approach to support federal employees and agencies. Additionally, we are exploring options to further leverage technology (including artificial intelligence) to enhance and optimize our processes. We have a dedicated and experienced staff that is solutions-oriented with a passion to serve the American people.

Performance Summary

Please refer to the [Annual Performance Plan for FY 2025](#). Due to the partial government shutdown from October 1, 2025, through November 12, 2025, we were unable to compile performance results for inclusion in the AFR. We will publish results and analysis based on the strategic goals and management objectives below in our FY 2025 Annual Performance Report scheduled for release in February 2026.

Strategic Goal 1: Serve the public interest by protecting merit system principles and safeguarding the civil service from PPPs.

Strategic Goal 2: Advance the public interest through education and promotion of stronger merit systems, adherence to merit system principles, and prevention of prohibited personnel practices.

Management Objective 1: Lead, manage, and develop employees to ensure a highly qualified and engaged workforce with the competencies to perform MSPB’s mission and support functions successfully.

Management Objective 2: Modernize Information Technology (IT) to support agency mission and administrative functions

Analysis of Financial Statements

Summary of Financial Position

MSPB receives an annual appropriation to support its statutory mission to fairly adjudicate federal employee appeals, prepare and issue studies concerning the civil service, as well as review significant actions of OPM. No supplemental appropriations were provided, and no unusual financial issues arose during the reporting period. MSPB is committed to improving financial and operational performance and has received an unmodified (clean) audit opinion on the agency's financial statements for 13 consecutive years.

The financial statements are prepared to report the financial position, financial condition, and results of operations, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of federal entities in accordance with federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Analysis of Systems, Controls, and Legal Compliances

Federal Managers' Financial Integrity Act (FMFLA) of 1982

In accordance with the FMFLA, MSPB has established an internal management control system to ensure that: (1) obligations and costs comply with applicable law; (2) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; (3) revenues and expenditures are properly recorded and accounted; and (4) expenditures are made in accordance with the mission and are achieving their intended results.

Federal Financial Management Improvement Act (FFMLA) of 1996

The purpose of the FFMLA is to advance federal financial management by ensuring that federal financial management systems provide accurate, reliable, and timely financial management information to the government's managers. The intent and the requirements of this Act go well beyond the directives of the Chief Financial Officers Act and the Government Management Reform Act of 1994 (or GMRA) to publish audited financial reports.

MSPB's management review of the system of internal accounting and administrative control was evaluated in accordance with the applicable federal guidance.

The objectives of the system are to provide reasonable assurance that:

- Obligations and costs are in compliance with applicable laws;
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
- Revenues and expenditures applicable to operations are properly recorded and accounted for to permit the preparation of reliable accounting, financial, and statistical reports; and
- Accountability over assets is maintained.

The evaluation of management controls extends to financial, administrative, and operational controls. Furthermore, the concept of reasonable assurance recognizes that: (1) the cost of management controls should not exceed the projected derived benefits; and (2) the benefits consist of reductions in the risks of failing to achieve the stated objectives. The expected benefits and related costs of control procedures should be addressed using estimates and managerial judgment. Moreover, errors and irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, restrictions, or other factors. Finally, projections of any evaluation of the system to future periods are subject to risk that the procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Improper Payments Act

Improved financial performance through the reduction of improper payments continues to be a key financial management focus of the federal government. MSPB did not have any improper payments during this reporting period and completed Payment Integrity reporting.

The Payment Integrity Information Act of 2019 (PIIA) defines payments as (1) properly paid; (2) improperly paid, which are payments made to the wrong recipient and/or in the wrong amount; and (3) unknown payments are those that cannot be determined as properly or improperly paid. The PIIA requires federal agencies to identify programs with outlays of \$10,000,000 plus and assess these programs for improper payments. It also requires agencies to implement a corrective action plan that includes improper payment reduction with recovery targets as well as report the extent of improper payments and the actions taken to increase the accuracy of payments.

MSPB outlays are predominately salaries and benefits for MSPB employees. MSPB adheres to the personnel and payroll standards and guidance of United States Department of Agriculture's Animal and Plant Health Inspection Service and the National Finance Center. Additionally, MSPB independently reviews payroll accounting files to ensure data integrity. Moreover, MSPB's Office of Financial and Administrative Management staff work with leadership and office directors to perform reviews on activities susceptible to improper payments. This cooperative effort includes identifying and conducting ongoing monitoring and communication. MSPB has determined there is no significant risk of improper payments based on the review in FY 2025.

SECTION 2: FINANCIAL SECTION

Message from the Chief Financial Officer

It is my honor to present the U.S. Merit Systems Protection Board's (MSPB) financial statements for fiscal year (FY) 2025. I am particularly proud to report that MSPB has attained an unmodified (clean) audit opinion. No material weaknesses were identified in the auditor's report on internal controls, nor were there any material instances of noncompliance with laws and regulations. This validates the strength of our internal controls and efforts to manage taxpayer dollars with a high level of fiscal integrity and accountability.

Since 1992, MSPB has partnered with the Department of the Treasury, Bureau of the Fiscal Service (BFS) in Parkersburg, West Virginia, to facilitate the agency's compliance with all external reporting requirements. BFS continues to provide MSPB with timely reports, enabling us to identify and resolve potential concerns quickly.

We take pride in consistently earning an unmodified audit opinion, but our commitment to financial accountability goes beyond this achievement. MSPB remains focused on strengthening financial performance through rigorous internal controls and sound stewardship of taxpayer resources. This success reflects the collaborative efforts of MSPB employees and our partners at BFS, working together to uphold the agency's mission of protecting the federal merit systems and the rights of individuals within those systems.

Respectfully,



Melissa Jenner, PhD.
Chief Financial Officer
November 17, 2025

Notes on the Financial Statements

Effective financial management is a high priority for MSPB. It is an essential element in demonstrating accountability and enhancing services provided to our constituencies and the public. Financial improvements initiated by MSPB have been driven by recent legislation and external initiatives, as well as by a strict organizational belief that adherence to sound financial policies and procedures will directly enhance the efficiency and effectiveness of the agency. This is of particular importance in an era of financial uncertainty and tightening budgets. Pivotal to driving better performance results through enhanced financial management practices has been MSPB's ongoing efforts to provide day-to-day decision-makers with reliable budgetary and cost information.

Limitations of the Principal Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of this entity, pursuant to the requirements of 31 U.S.C. § 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for federal entities and the formats prescribed by the Office of Management and Budget, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that MSPB is a component of the U.S. Government, a sovereign entity.

The principal financial statements summarize MSPB's financial position, net cost of operations, and changes in net position, provide information on budgetary resources and financing, and present the sources and disposition of custodial revenues for FY 2025.

The Balance Sheet summarizes the assets, liabilities, and net position by category as of the reporting date. Intragovernmental assets and liabilities resulting from transactions between federal agencies are presented separately from assets and liabilities from transactions with the public.

The Statement of Net Cost shows, by programs, the net cost of operations for the reporting period. Net cost of operations consists of full program costs incurred by the agency less exchange revenues earned by those programs.

The Statement of Changes in Net Position presents the agency's beginning and ending net position by two components—Cumulative Results of Operations and Unexpended Appropriations. It summarizes the change in net position by major transaction category. The ending balances of both components of the net position are also reported on the Consolidated Balance Sheet.

The Statement of Budgetary Resources presents the budgetary resources available to the agency, the status of these resources, and the outlays of budgetary resources.

The Notes to the Financial Statements provides information to explain the basis of the accounting and presentation used to prepare the statements and to explain specific items in the statements. They also provide information to support how particular accounts have been valued and computed.

SECTION 3: OTHER INFORMATION

Summary of Financial Statement Audit and Management Assurances

Presented below is a summary of financial statement audit and management assurances for FY 2025. Table 1 relates to the agency’s FY 2025 financial statement audit, which resulted in an unmodified opinion with no material weakness. Table 2 presents the number of material weaknesses reported by the agency under Section 2 of the FMFIA—either with regard to internal controls over operations or financial reporting—and Section 4, which relates to internal controls over financial management systems, as well as the agency’s compliance with the FFMIA.

Table 1. Summary of Financial Statement Audit

• Audit Opinion	• Unmodified				
• Restatement	• No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Table 2. Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance:	Unmodified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance:	Unmodified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Compliance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance:	Systems conform with financial management system requirements					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
1. System Requirements	No lack of compliance noted			No lack of compliance noted		
2. Accounting Standards	No lack of compliance noted			No lack of compliance noted		
3. USSGL at Transaction Level	No lack of compliance noted			No lack of compliance noted		

Civil Monetary Penalties Adjustments for Inflation

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996, required agencies to adjust their civil monetary penalties (CMP) for inflation at least every four years to maintain their deterrent effect. A CMP is defined as “any penalty, fine, or other sanction” that: (1) “is for a specific amount” or “has a maximum amount” under federal law; and (2) that a federal agency assesses or enforces “pursuant to an administrative proceeding or a civil action in the Federal courts.”

On November 2, 2015, the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 further amended the Federal Civil Penalties Inflation Adjustment Act of 1990 to improve the effectiveness of CMPs and to maintain their deterrent effect. This amendment required agencies to adjust the CMP levels in effect as of November 2, 2015, with initial catch-up adjustments for inflation through an interim final rulemaking published by July 1, 2016, and to take effect no later than August 1, 2016. The maximum amount for an initial catch-up adjustment for inflation could not exceed 150 percent of the amount of that CMP on the date of enactment of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

The 2015 amendments also provide for agencies to adjust their CMP amounts annually based on inflation in accordance with OMB guidance. Accordingly, MSPB has adjusted its CMP for inflation. MSPB published its latest adjustments for inflation to CMPs in the Federal Register on July 22, 2025 (90 FR 34347-34348, Civil Monetary Penalty Inflation Adjustment), and it is also available on the agency website at <https://www.mspb.gov>.

The following table provides detailed information on each of the agency’s CMPs as of July 22, 2025.

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty Level	Location for Penalty Update Details
5 U.S.C § 1215(a)(3), Civil Service Reform Act of 1978 (or CSRA)	Disciplinary Action	1989	2025	\$1,365	Federal Register 90 (Jul. 2025): 34347-34348 https://www.mspb.gov
5 U.S.C § 7326, Hatch Act Modernization Act of 2012	Penalties	2012	2025	\$1,365	Federal Register 90 (Jul. 2025): 34347-34348 https://www.mspb.gov

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U.S. MERIT SYSTEMS PROTECTION BOARD

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2025**



**Prepared By
Brown & Company CPAs and Management Consultants, PLLC
November 13, 2025**



U.S. MERIT SYSTEMS PROTECTION BOARD

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2025**

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
BALANCE SHEET	6
STATEMENT OF NET COST	7
STATEMENT OF CHANGES IN NET POSITION.....	8
STATEMENT OF BUDGETARY RESOURCES.....	9
NOTES TO THE FINANCIAL STATEMENTS.....	10



INDEPENDENT AUDITOR’S REPORT

U.S. Merit Systems Protection Board
Washington, D.C.

In our audit of the fiscal year 2025 financial statements of the U.S. Merit Systems Protection Board (MSPB), we found

- MSPB’s financial statements as of and for the fiscal year ended September 30, 2025 are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures¹, we performed and
- no reportable noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes a section on required supplementary information (RSI)² and a section on other information included with the financial statements³; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

Opinion

In accordance with U.S. generally accepted government auditing standards we have audited MSPB’s financial statements. MSPB’s financial statements comprise the balance sheet as of September 30, 2025, the related statement of net cost, changes in net position, and budgetary resources for the fiscal year then ended; and the related notes to the financial statements. In our opinion, MSPB’s financial statements present fairly, in all material respects, MSPB’s financial position as of September 30, 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit

¹ 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 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.

² The RSI consists of “Management’s Discussion and Analysis” and the “Statement of Budgetary Resources” which are included with the financial statements.

³ Other information consists of information included with the financial statements, other than the RSI and the auditor’s report.

of the Financial Statements section of our report. We are required to be independent of MSPB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence 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:

- the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in MSPB's Agency Financial Report (AFR), and ensuring the consistency of that information with the audited financial statements and the RSI; and
- 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 U.S. generally accepted government auditing standards will always detect a material misstatement or a 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 U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to our 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 MSPB's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform 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

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required under standards issued 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 the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

MSPB’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 MSPB’s AFR. The other information comprises the following sections: a detailed statement of management assurances and other information as is applicable. Other information 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 MSPB’s financial statements, we considered MSPB’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 deficiencies⁴ or to express an opinion on the effectiveness of MSPB’s internal control over financial reporting. Given these limitations, during our 2025 audit, we did not identify any deficiencies in internal control over financial

⁴ 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 attention by those charged with governance.

reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

We performed our procedures related to MSPB's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget audit guidance.

Responsibilities of Management for Internal Control over Financial Reporting

MSPB's 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 the Consideration of Internal Control over Financial Reporting

In planning and performing our audit of MSPB's financial statements as of and for the fiscal year ended September 30, 2025, in accordance with U.S. generally accepted government auditing standards, we considered MSPB'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 MSPB's internal control over financial reporting. Accordingly, we do not express an opinion on MSPB'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:

- 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
- 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 MSPB's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of MSPB'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 audit of MSPB'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 2025 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 MSPB. 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

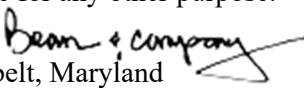
MSPB management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to MSPB.

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

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.


Greenbelt, Maryland
November 13, 2025

MERIT SYSTEMS PROTECTION BOARD
BALANCE SHEET
AS OF SEPTEMBER 30, 2025
(In Dollars)

	2025
Assets	
Intragovernmental Assets	
Fund Balance with Treasury (Note 2)	\$ 14,019,645
Advances and Prepayments	32,871
Total Intragovernmental Assets	14,052,516
Other than Intragovernmental Assets	
Accounts Receivable, Net (Note 3)	376
Property, Plant, and Equipment, Net (Note 4)	1,056,019
Total Other than Intragovernmental Assets	1,056,395
Total Assets	\$ 15,108,911
Liabilities	
Intragovernmental Liabilities	
Other Liabilities (Note 7)	416,612
Total Intragovernmental Liabilities	416,612
Other than Intragovernmental Liabilities	
Accounts Payable	51,971
Federal Employee Salary, Leave, and Benefits Payable	3,949,388
Pension, Post-Employment, and Veterans Benefits Payable (Note 6)	658,129
Other Liabilities (Note 7)	3,823
Total Other than Intragovernmental Liabilities	4,663,311
Total Liabilities	\$ 5,079,923
Net Position	
Unexpended Appropriations	
Funds from Other than Dedicated Collections	\$ (1,303,434)
Total Unexpended Appropriations (Consolidated)	(1,303,434)
Cumulative Results of Operations	
Funds from Other than Dedicated Collections	11,332,422
Total Cumulative Results of Operations (Consolidated)	11,332,422
Total Net Position	\$ 10,028,988
Total Liabilities and Net Position	\$ 15,108,911

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

**MERIT SYSTEMS PROTECTION BOARD
STATEMENT OF NET COST
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Dollars)**

	2025
Program Costs:	
Program: Adjudication	
Adjudication Program Gross Costs	\$ 49,697,081
Adjudication Program Less: Earned Revenue	(603,739)
Net Program Costs	\$ 49,093,342
Program: Management Support	
Management Support Program Gross Costs	\$ 5,076,009
Net Program Costs	\$ 5,076,009
Program: Merit Systems Studies	
Merit Systems Studies Program Gross Costs	\$ 1,654,177
Net Program Costs	\$ 1,654,177
Net Cost of Operations	\$ 55,823,528

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

**MERIT SYSTEMS PROTECTION BOARD
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Dollars)**

	2025
Unexpended Appropriations	
Beginning Balance	\$ 1,705,482
Appropriations Received	49,135,000
Other Adjustments	(642,242)
Appropriations Used	(51,501,674)
Net Change in Unexpended Appropriations	(3,008,916)
Total Unexpended Appropriations	\$ (1,303,434)
Cumulative Results of Operations	
Beginning Balance	\$ 9,554,994
Appropriations Used	51,501,674
Transfers In/(Out) without Reimbursement	2,345,000
Imputed Financing (Note 10)	3,754,282
Net Cost of Operations	(55,823,528)
Net Change in Cumulative Results of Operations	1,777,428
Total Cumulative Results of Operations	\$ 11,332,422
Net Position	\$ 10,028,988

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

**MERIT SYSTEMS PROTECTION BOARD
STATEMENT OF BUDGETARY RESOURCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Dollars)**

	2025
Budgetary Resources	
Unobligated Balance From Prior Year Budget Authority, Net (Note 11)	\$ 5,941,800
Appropriations	49,135,000
Spending Authority From Offsetting Collections	2,948,739
Total Budgetary Resources	\$ 58,025,539
Status of Budgetary Resources	
New Obligations and Upward Adjustments (Total)	\$ 51,024,006
Unobligated Balance, End of Year	
Apportioned, Unexpired Accounts	4,852,707
Unapportioned, Unexpired Accounts	733,962
Unexpired, Unobligated Balance, End of Year	5,586,669
Expired, Unobligated Balance, End of Year	1,414,864
Unobligated Balance, End of Year (Total)	7,001,533
Total Budgetary Resources	\$ 58,025,539
Outlays, Net and Disbursements, Net	
Outlays, Net (Total)	\$ 48,855,635
Agency Outlays, Net	\$ 48,855,635

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



MERIT SYSTEMS PROTECTION BOARD NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The U.S. Merit Systems Protection Board (MSPB) is an independent quasi-judicial agency in the Executive branch that serves as the guardian of federal merit systems. The Board was established by the Civil Service Reform Act of 1978 (CSRA) with a mission of ensuring that employees are protected against abuses by agency management, that Executive branch agencies make employment decisions in accordance with the merit systems principles, and that federal merit systems are kept free of prohibited personnel practices. The MSPB reporting entity is comprised of General Funds and General Miscellaneous Receipts.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. MSPB manages Operations and Facilities, Engineering and Development General Fund accounts.

General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

The MSPB has rights and ownership of all assets reported in these financial statements. The reporting entity is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. The MSPB does not possess any nonentity assets.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the MSPB. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the MSPB in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and the MSPB's accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the MSPB's use of budgetary resources. The financial statements and

associated notes present only single-year information. 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. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates the control and monitoring of federal funds as well as the compliance with legal requirements on the use of those funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the MSPB's funds with Treasury in expenditure, and receipt fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The MSPB does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. When the reporting entity seeks to use Fund Balance with Treasury or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Funds are disbursed for the agency on demand.

E. Accounts Receivable

Accounts receivable consists of amounts owed to the MSPB by other federal agencies and the general public. Amounts due from federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. 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

Property, equipment, and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The MSPB's capitalization threshold is \$50,000 for individual purchases and \$500,000 for bulk purchases. Property, equipment, and 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. The useful life classifications for capitalized assets are as follows:

<u>Description</u>	<u>Useful Life (years)</u>
Leasehold Improvements	10
Office Equipment	10
Software	5

G. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. 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 MSPB as a result of transactions or events that have already occurred.

The MSPB reports its liabilities under two categories, Intragovernmental and Other than Intragovernmental. Intragovernmental liabilities represent funds owed to another government agency. Liabilities other than intragovernmental represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

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. 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, actuarial FECA, and other payroll liabilities. Liabilities not covered by budgetary resources on the Balance Sheet are equivalent to amounts reported as components requiring or generating resources on the Reconciliation of Net Cost to Budget.

I. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

J. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the MSPB's employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the MSPB terminate without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments

calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

K. Retirement Plans

The MSPB's employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the MSPB's matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the MSPB matches any employee contribution up to an additional four percent of pay. For FERS participants, the MSPB also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the MSPB remits the employer's share of the required contribution.

The MSPB recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the MSPB for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The MSPB recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The MSPB does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

L. Other Post-Employment Benefits

The MSPB's employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The OPM has provided the MSPB with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The MSPB recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the MSPB through the recognition of an imputed financing source.

M. Use of Estimates

The preparation of the accompanying financial statements in accordance with 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.

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.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2025, were as follows:

	2025
Status of Fund Balance With Treasury	
Unobligated Balance	\$ 7,001,533
Obligated Balance Not Yet Disbursed	7,018,112
Total Fund Balance With Treasury	\$ 14,019,645

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

Unobligated balances may include amounts that are not available for current use and are restricted to future use.

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 on hand.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2025, were as follows:

	2025
Other than Intragovernmental	
Accounts Receivable	\$ 376
Total Other than Intragovernmental Accounts Receivable	\$ 376
Total Accounts Receivable	\$ 376

The accounts receivable is primarily made up of employee receivables.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2025.

NOTE 4. PROPERTY, PLANT AND EQUIPMENT, NET

Schedule of General Property, Plant and Equipment, Net as of September 30, 2025:

	Acquisition Cost	Accumulated Depreciation and Amortization	Net Book Value
2025			
Major Class:			
Leasehold Improvements	\$ 1,396,864	\$ 1,381,360	\$ 15,504
Furniture and Equipment	1,583,327	1,173,768	409,559
Software	2,449,913	1,818,957	630,956
Total	\$ 5,430,104	\$ 4,374,085	\$ 1,056,019

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the MSPB as of September 30, 2025, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2025
Intragovernmental-FECA	\$ 158,032
Unfunded Leave	2,977,777
Actuarial FECA	658,129
Other Payroll Liabilities	93
Total Liabilities Not Covered by Budgetary Resources	\$ 3,794,031
Total Liabilities Covered by Budgetary Resources	1,285,892
Total Liabilities	\$ 5,079,923

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on the MSPB's behalf and payable to the DOL. The MSPB also records an actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 6. ACTUARIAL FECA LIABILITY

FECA provides income and medical cost protection to covered federal civilian employees harmed on the job or who have contracted an occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under FECA for the MSPB employees are administered by the DOL and ultimately paid by the MSPB when funding becomes available.

The MSPB bases its estimate for FECA actuarial liability on the DOL's FECA model. The DOL method of determining the liability uses historical benefits payment patterns for a specific incurred period to predict

the ultimate payments for the period. Based on the information provided by the DOL, the MSPB's liability as of September 30, 2025, was \$658,129.

NOTE 7. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2025, were as follows:

	Current	Non-Current	Total
2025			
Intragovernmental Other Liabilities			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 71,693	\$ -	\$ 71,693
Employer Contributions and Payroll Taxes Payable	186,887	-	186,887
Unfunded FECA Liability	140,642	17,390	158,032
Total Intragovernmental Other Liabilities	\$ 399,222	\$ 17,390	\$ 416,612
Other than Intragovernmental Other Liabilities			
Other Liabilities w/o Related Budgetary Obligations	\$ 93	\$ -	\$ 93
Other Liabilities w/Related Budgetary Obligations	3,730	-	3,730
Total Other than Intragovernmental Other Liabilities	\$ 3,823	\$ -	\$ 3,823
Total Other Liabilities	\$ 403,045	\$ 17,390	\$ 420,435

NOTE 8. LEASES

The MSPB occupies office space at various locations nationwide. (Atlanta, Chicago, Dallas, Denver, Philadelphia, Oakland, and in Washington DC) The lease agreement is with the General Service Administration (GSA) and is accounted for as an intragovernmental operating lease. The lease term began on July 26, 2013, and expires on October 31, 2037. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. The total operating lease expense for the fiscal year 2025 was \$3,717,961.

Below is a schedule of future payments for the term of the lease:

	Buildings	Total Federal
Fiscal Year		
2026	\$ 3,559,848	\$ 3,559,848
2027	3,562,000	3,562,000
2028	3,478,828	3,478,828
2029	3,255,331	3,255,331
2030	3,287,884	3,287,884
2031-2035	16,196,516	16,196,516
2036-2040	1,925,404	1,925,404
Total	\$ 35,265,811	\$ 35,265,811

The operating lease amount does not include estimated payments for leases with annual renewal options.

NOTE 9. COMMITMENTS AND CONTINGENCIES

The MSPB did not have any material contingent liabilities that met disclosure requirements as of September 30, 2025.

NOTE 10. INTER-ENTITY COSTS

MSPB recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. MSPB recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees.

The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the fiscal year ended September 30, 2025, inter-entity costs were as follows:

	2025
Office of Personnel Management	\$ 3,752,799
Treasury Judgement Fund	1,483
Total Imputed Financing Sources	\$ 3,754,282

NOTE 11. UNOBLIGATED BALANCE FROM PRIOR YEAR BUDGET AUTHORITY, NET

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes such as canceled authority. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2025, consisted of the following:

	2025
Unobligated Balance Brought Forward from Prior Year, October 1	\$ 5,627,318
Recoveries of Prior Year Obligations	956,724
Other Changes in Unobligated Balances	(642,242)
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 5,941,800

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2025, were as follows:

	Intragovernmental	Other than Intragovernmental	Total
2025			
Paid Undelivered Orders	\$ 32,871	\$ -	\$ 32,871
Unpaid Undelivered Orders	3,286,966	2,445,254	5,732,220
Total Undelivered Orders	\$ 3,319,837	\$ 2,445,254	\$ 5,765,091

NOTE 13. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT

The President’s Budget that will include fiscal year 2025 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in February 2026 and can be found at the OMB website: <http://www.whitehouse.gov/omb/>. The Fiscal Year 2026 Budget of the United States Government, with the “Actual” column completed for 2024, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

(In Millions)

	Total Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 58	\$ 52	\$ -	\$ 50
Unobligated Balance Not Available	(1)	-	-	-
Difference Due to Rounding	-	-	-	(1)
Budget of the U.S. Government	\$ 57	\$ 52	\$ -	\$ 49

NOTE 14. CUSTODIAL ACTIVITY

The MSPB’s custodial collection primarily consists of Freedom of Information Act requests. While these collections are considered custodial, they are neither primary to the mission of the MSPB nor material to the overall financial statements. The MSPB’s total custodial collections are \$3,410 for the year ended September 30, 2025.

NOTE 15. RECONCILIATION OF NET OPERATING COST & NET BUDGETARY OUTLAYS

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.

Reconciliation of Net Cost to Net Outlays as of September 30, 2025:

	Intragovern- mental	Other than Intragovern- mental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	\$ 18,676,082	\$ 37,147,446	\$ 55,823,528
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(375,057)	(375,057)
Property, Plant, and Equipment Disposals and Revaluations	-	(16,980)	(16,980)
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays:			
Accounts Receivable, Net	-	(4,710)	(4,710)
Advances and Prepayments	(206,968)	-	(206,968)
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays:			
Accounts Payable	-	199,138	199,138
Federal Employee Salary, Leave, and Benefits Payable	-	(109,091)	(109,091)
Pension, Other Post-Employment, and Veterans Benefits Payable	-	(263,164)	(263,164)
Other Liabilities	(91,739)	(40)	(91,779)
Financing Sources:			
Imputed Cost	(3,754,282)	-	(3,754,282)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ (4,052,989)	\$ (569,904)	\$ (4,622,893)
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Financing Sources:			
Transfers Out (In) Without Reimbursements	\$ (2,345,000)	\$ -	\$ (2,345,000)
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	\$ (2,345,000)	\$ -	\$ (2,345,000)
Misc Items			
Custodial/Non-Exchange Revenue	\$ 3,410	\$ (3,410)	-
Total Other Reconciling Items	\$ 3,410	\$ (3,410)	\$ -
Total Net Outlays (Calculated Total)	\$ 12,281,503	\$ 36,574,132	\$ 48,855,635
Budgetary Agency Outlays, net			\$ 48,855,635