U.S. Merit Systems Protection Board

Agency Financial Report

Fiscal Year 2026

November 2026

Table of Contents

Message from the 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 Entity's Systems, Controls, and Legal Compliance 5

SECTION 2: Financial Section **6**
- Message from the Budget Officer 6
- Notes on the Financial Statements 7

SECTION 3: Other Information **8**
- Summary of Financial Statement Audit and Management Assurances 8
- Payment Integrity Information Act Reporting 9
- Civil Monetary Penalties Adjustment for Inflation 9

Independent Auditor's Report on the Financial Statements
- Financial Statements

MESSAGE FROM THE CHAIRMAN

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

Office of the Chairman

I am honored to present the U.S. Merit Systems Protection Board's (MSPB) Agency Financial Report (AFR) for Fiscal Year (FY) 2026. This report provides a comprehensive account of our financial operations and performance, how we manage the resources entrusted to us, and our key accomplishments. The AFR is available on our website at www.mspb.gov.

MSPB received an unmodified (clean) audit opinion on its consolidated financial statements as of September 30, 2026. This result reflects our commitment to transparency, accountability, and the highest standards of performance and integrity. Responsible stewardship of taxpayer dollars is essential to maintaining public trust. The financial data in this report demonstrate how we manage those resources effectively to protect merit system principles and promote an effective federal workforce free from prohibited personnel practices.

I am grateful to MSPB's dedicated professionals for their service and commitment to the merit system principles that guide our federal workforce. It is a privilege to serve alongside them in carrying out this important mission.

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.

Respectfully,

James J. Woodruff II
Chairman
November 16, 2026

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 2026 with the report from independent auditors.

The MSPB's Mission

The mission of the MSPB is to *protect the Merit System Principles and promote an effective Federal workforce free of prohibited personnel practices (PPPs)*. 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 prevent PPPs.

Board Organization

The agency is led by three presidentially appointed, Senate-confirmed Board members and maintains its headquarters in Washington, DC, along with six regional offices located throughout the United States. From April 10 through October 27, 2025, the Board lacked the quorum of at least two members necessary to issue final decisions on petitions for review and other matters requiring a Board vote, as well as studies of the merit systems. A quorum was restored following the confirmation and swearing-in of James J. Woodruff II on October 28, 2025. The Senate subsequently confirmed Mr. Woodruff as Chairman on August 7, 2026. He was sworn in as Chairman on August 21, 2026. Henry J. Kerner serves as Vice Chairman. Additional information about the Board members and the agency is available on the MSPB Organization webpage.

Discussion

MSPB entered FY 2026 with a historically elevated inventory of initial appeals following the extraordinary volume of cases received in FY 2025. MSPB regional and field offices received 20,335 cases in FY 2025, including appeals involving probationary terminations, reductions in force (RIFs), and other personnel actions. This volume was more than four times MSPB's typical annual workload and created a substantial inventory of cases spanning multiple fiscal years. MSPB began FY 2026 with 11,442 initial appeals on hand and received over 8,500 new appeals throughout the fiscal year. Although weekly receipts declined from their peak, the continued volume of new appeals, combined with the existing inventory, placed sustained pressure on MSPB's adjudicatory and case-processing capacity.

In FY 2026, MSPB faced additional workforce pressures as a temporary partial government shutdown coincided with the agency's lowest staffing level. Following review of the staffing plan, MSPB resumed hiring for administrative judges, paralegals, and other mission-critical personnel. The agency continues to evaluate its workforce structure, consolidate responsibilities where appropriate, and prioritize mission-critical hiring, with the goal of reaching 180 FTEs in FY 2027.

To address these workload and workforce pressures, MSPB adopted measures to make efficient use of existing tools and resources while strengthening case-processing capacity and reducing the elevated appeals inventory. Despite these challenges, the dedication and commitment of MSPB's workforce enabled the agency to continue advancing its mission while addressing an unprecedented workload.

Performance Summary

The FY 2026 Annual Performance Report is scheduled to be released in February 2027 and can be found at U.S. Merit Systems Protection Board | Agency Plans and Reports under Performance Reports & Plans.

MSPB's FY 2026 funding provided $51.480 million in budget authority, comprising $49.135 million in appropriations and $2.345 million from the Civil Service Retirement and Disability fund. During FY 2026, MSPB incurred $50.861 million in new obligations across its unexpired accounts to support its mission which includes the below strategic goals. Total new obligations and upward adjustments, including adjustments in expired accounts, were $51.619 million.

Below is an overall summary of the Board's strategic goals and progress.

Strategic Goal 1: Strengthen adjudicatory excellence by providing understandable, high-quality resolution of appeals through fair, efficient, and transparent adjudication and alternative dispute resolution (ADR).

MSPB strengthened adjudicatory excellence by exceeding targets for resolving its oldest cases, meeting its affirmance-rate target, and obtaining approval for and beginning implementation of the ADR customer survey.

Strategic Goal 2: Enhance the adherence to merit system principles and the prevention of prohibited personnel practices through research and outreach.

MSPB advanced understanding of the merit system principles and the prevention of prohibited personnel practices by publishing seven research products, exceeding its annual target of four. The agency also obtained OMB approval for its outreach engagement satisfaction survey, establishing a foundation for measuring the effectiveness of future outreach activities.

Strategic Goal 3: Build organizational capacity and resilience by leveraging technology, advancing data maturity, and improving processes.

MSPB strengthened organizational capacity and resilience by expanding staff use of super intelligence (SI) tools, improving the accuracy of public information, and accelerating hiring. Seventy-five percent of staff actively used SI tools, exceeding the 50 percent target; the agency reduced its information error rate to 15 percent, surpassing the target of less than 30 percent; and hiring actions averaged 61.25 days, outperforming the target of fewer than 80 days. MSPB also obtained OMB approval for the user satisfaction survey and finalized and approved a plan to reduce records storage costs, establishing a foundation for measuring customer satisfaction and future cost savings.

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.

The financial statements are prepared to report the overall financial position 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.

Table of Key Measures

Dollars in Millions	FY 2026	FY 2025	Increase / (Decrease) $	%
Costs				
Gross Program Costs	$51.001	$56.427	($5.426)	(9.6%)
Less Earned Revenue	$0.180	$0.604	($0.424)	(70.2%)
Net Cost of Operations	$50.821	$55.824	($5.003)	(9.0%)
Net Position				
Assets				
Cash & Other Monetary Assets	-	-	-	-
Fund Balance with Treasury	$16.867	$14.020	$2.848	20.3%
Property, Plant, & Equipment, Net	$1.057	$1.056	$0.001	0.1%
Other	$0.044	$0.033	$0.011	33.3%
Total Assets	$17.969	$15.109	$2.860	18.9%
Liabilities				
Accounts Payable	$0.101	$0.052	$0.049	94.3%
Pension, Post-Employment, Benefits Payable	$0.812	$0.658	$0.154	23.4%
Other	$4.333	$4.370	($0.037)	(0.8%)
Total Liabilities	$5.246	$5.080	$0.166	3.3%
Net Position (Assets minus Liabilities)	$12.723	$10.029	$2.694	26.9%

Compared with FY 2025, FY 2026 net cost of operations decreased from $55.824 million to $50.821 million. MSPB had fewer employees on board during FY 2026 than in FY 2025, which contributed to lower operating costs. Total assets increased from $15.109 million to $17.969 million, while total liabilities remained relatively stable, increasing from $5.080 million to $5.246 million. The Table of Key Measures summarizes the agency's costs and financial position on an accrual basis, consistent with Federal generally accepted accounting principles (GAAP). These measures should not be interpreted as amounts available for obligation or expenditure.

Analysis of Entity's Systems, Controls, and Legal Compliance

Federal Managers' Financial Integrity Act (FMFIA) of 1982

In accordance with the FMFIA, 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 (FFMIA) of 1996

The purpose of the FFMIA 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. Information on MSPB's FY 2026 payment integrity activities and results is presented in Section 3, Payment Integrity Information Act Reporting.

SECTION 2: FINANCIAL SECTION

Message from the Budget Officer

It is an honor to present the U.S. Merit Systems Protection Board's (MSPB) financial statements for fiscal year (FY) 2026. I am pleased to report that MSPB received an unmodified (clean) audit opinion. The auditors reported no material weaknesses in internal controls and no material instances of noncompliance with laws and regulations. These results reflect our continued commitment to fiscal integrity, accountability, and responsible stewardship of taxpayer dollars.

MSPB has partnered with the Department of the Treasury's Bureau of the Fiscal Service (BFS) in Parkersburg, West Virginia, to support the agency's compliance with all external reporting requirements. BFS provides timely reports that help us identify potential concerns and address them promptly. This longstanding partnership remains integral to our financial management and reporting efforts.

Our commitment to financial accountability extends beyond consistently earning an unmodified audit opinion. We remain focused on strengthening financial performance, maintaining rigorous internal controls, and managing public resources responsibly. These efforts support MSPB's mission to protect the federal merit systems and the rights of individuals within those systems.

Respectfully,

Melissa Jenner

Melissa Jenner, PhD.
Budget Officer
November 16, 2026

Notes on the Financial Statements

Effective financial management remains a high priority for MSPB and is essential to demonstrating accountability and improving services to Federal agencies, employees, and the public. The agency's financial management improvements reflect recent legislation, external initiatives, and a firm commitment to sound financial policies and procedures that strengthen operational efficiency and effectiveness. This commitment is especially important amid financial uncertainty and tightening budgets. Central to these efforts is providing decisionmakers with reliable budgetary and cost information to guide day-to-day operations and improve performance.

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 2026.

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 2026. Table 1 relates to the agency's FY 2026 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

Payment Integrity Information Act Reporting

MSPB completed its FY 2026 payment integrity reporting and reported no improper payments. Salaries and benefits account for most agency outlays. MSPB maintains payment integrity through adherence to payroll service providers' standards and guidance, independent reviews of payroll accounting files, and coordinated monitoring of payment activities. Through its financial service provider, Treasury's Center for Financial Management, MSPB uses Treasury's Do Not Pay system to validate vendor data weekly as a preventive control against improper or fraudulent payments or awards. Payment integrity information is available at PaymentAccuracy.gov.

MSPB does not operate any programs designated as high priority for improper payments. The FY 2026 internal control review of time and attendance, travel, government purchase cards, and contracting identified no material weaknesses in the financial processes reviewed.

Civil Monetary Penalties Adjustment for Inflation

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, generally requires federal agencies to adjust civil monetary penalties (CMPs) annually for inflation to maintain their deterrent effect. MSPB is authorized to assess CMPs under 5 U.S.C. § 1215(a)(3) and 5 U.S.C. § 7326 in disciplinary actions brought by the Special Counsel. The corresponding regulation is 5 C.F.R. § 1201.126(a).

For calendar year 2026, OMB Memorandum M-26-11, issued April 17, 2026, directed agencies to continue using the applicable 2025 civil monetary penalty levels. OMB did not issue an updated cost-of-living adjustment multiplier because the October 2025 Consumer Price Index for All Urban Consumers data required for the calculation were unavailable. Accordingly, no inflation adjustment was made for 2026.

The following table provides detailed information on each of the agency's CMPs as of September 30, 2026.

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

This page was intentionally left blank.

U.S. MERIT SYSTEMS PROTECTION BOARD

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2026 AND 2025

Prepared By
Brown & Company CPAs and Management Consultants, PLLC
November 13, 2026

U.S. MERIT SYSTEMS PROTECTION BOARD

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2026 AND 2025

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT 1

BALANCE SHEETS 7

STATEMENTS OF NET COST 8

STATEMENTS OF CHANGES IN NET POSITION 9

STATEMENTS OF BUDGETARY RESOURCES 10

NOTES TO THE FINANCIAL STATEMENTS 11

INDEPENDENT AUDITOR'S REPORT

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

In our audits of the fiscal years 2026 and 2025 financial statements of the U.S. Merit Systems Protection Board (MSPB), we found:

- MSPB's financial statements as of and for the fiscal years ended September 30, 2026, and 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 procedures we performed;[1] and
- no reportable noncompliance for fiscal year 2026 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 statements;[3] (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 sheets as of September 30, 2026, and 2025; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements. In our opinion, MSPB's financial statements present fairly, in all material respects, MSPB's financial position as of September 30, 2026, and 2025, and its net costs of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

[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, Financial section, and the auditor's report.

6401 GOLDEN TRIANGLE DRIVE, SUITE 310 • GREENBELT, MD 20770
PHONE: (240) 770-4900 • FAX: (301) 773-2090 • mail@brownco-cpas.com • www.brownco-cpas.com

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 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 these 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 that is applicable in the annual report. 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 deficiencies[4] or to express an opinion on the effectiveness of MSPB's internal control over financial reporting. Given these limitations, during our 2026 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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 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, 2026, 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.

[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.

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 audits 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 2026 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

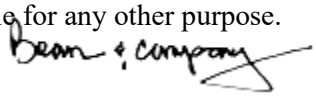
MSPB's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to MSPB.

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

Our responsibility is to test compliance with selected provisions of applicable 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 provisions of 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, 2026

MERIT SYSTEMS PROTECTION BOARD
BALANCE SHEETS
AS OF SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	2026	2025
Assets		
Intragovernmental Assets		
Fund Balance with Treasury (Note 2)	$ 16,867,458	$ 14,019,645
Advances and Prepayments	44,316	32,871
Total Intragovernmental Assets	16,911,774	14,052,516
Other than Intragovernmental Assets		
Accounts Receivable, Net (Note 3)	-	376
Property, Plant, and Equipment, Net (Note 4)	1,057,253	1,056,019
Total Other than Intragovernmental Assets	1,057,253	1,056,395
Total Assets	**$ 17,969,027**	**$ 15,108,911**
Liabilities (Note 5)		
Intragovernmental Liabilities		
Accounts Payable	$ 1,498	$ -
Other Liabilities (Note 7)	418,870	416,612
Total Intragovernmental Liabilities	420,368	416,612
Other than Intragovernmental Liabilities		
Accounts Payable	99,464	51,971
Federal Employee Salary, Leave, and Benefits Payable	3,915,008	3,949,388
Pension, Post-Employment, and Veterans Benefits Payable (Note 6)	811,998	658,129
Other Liabilities (Note 7)	(780)	3,823
Total Other than Intragovernmental Liabilities	4,825,690	4,663,311
Total Liabilities	**$ 5,246,058**	**$ 5,079,923**
Net Position		
Unexpended Appropriations		
Funds from Other than Dedicated Collections	$ 15,722,930	$ (1,303,434)
Total Unexpended Appropriations (Consolidated)	15,722,930	(1,303,434)
Cumulative Results of Operations		
Funds from Other than Dedicated Collections	(2,999,961)	11,332,422
Total Cumulative Results of Operations (Consolidated)	(2,999,961)	11,332,422
Total Net Position	**$ 12,722,969**	**$ 10,028,988**
Total Liabilities and Net Position	**$ 17,969,027**	**$ 15,108,911**

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

MERIT SYSTEMS PROTECTION BOARD
STATEMENTS OF NET COST
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	2026	2025
Program Costs:		
Program: Adjudication		
Adjudication Program Gross Costs	$ 45,250,319	$ 49,697,081
Adjudication Program Less: Earned	(179,841)	(603,739)
Net Program Costs	**$ 45,070,478**	**$ 49,093,342**
Program: Management Support		
Management Support Program Gross Costs	$ 4,508,564	$ 5,076,009
Net Program Costs	**$ 4,508,564**	**$ 5,076,009**
Program: Merit Systems Studies		
Merit Systems Studies Program Gross Costs	$ 1,241,888	$ 1,654,177
Net Program Costs	**$ 1,241,888**	**$ 1,654,177**
Net Cost of Operations	**$ 50,820,930**	**$ 55,823,528**

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

MERIT SYSTEMS PROTECTION BOARD
STATEMENTS OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	2026	2025
Unexpended Appropriations		
Beginning Balance	$ (1,303,434)	$ 1,705,482
Appropriations Received	49,135,000	49,135,000
Other Adjustments	(893,217)	(642,242)
Appropriations Used	(31,215,419)	(51,501,674)
Net Change in Unexpended Appropriations	17,026,364	(3,008,916)
Total Unexpended Appropriations	**$ 15,722,930**	**$ (1,303,434)**
Cumulative Results of Operations		
Beginning Balance	$ 11,332,422	$ 9,554,994
Appropriations Used	31,215,419	51,501,674
Transfers In/(Out) Without Reimbursement	2,345,000	2,345,000
Imputed Financing (Note 10)	2,928,128	3,754,282
Net Cost of Operations	(50,820,930)	(55,823,528)
Net Change in Cumulative Results of Operations	(14,332,383)	1,777,428
Total Cumulative Results of Operations	**$ (2,999,961)**	**$ 11,332,422**
Net Position	**$ 12,722,969**	**$ 10,028,988**

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

MERIT SYSTEMS PROTECTION BOARD
STATEMENTS OF BUDGETARY RESOURCES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	2026	2025
Budgetary Resources		
Unobligated Balance From Prior Year Budget Authority, Net (Note 11)	$ 7,233,653	$ 5,941,800
Appropriations	49,135,000	49,135,000
Spending Authority From Offsetting Collections	3,079,840	2,948,739
Total Budgetary Resources	**$ 59,448,493**	**$ 58,025,539**
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total)	$ 51,618,789	$ 51,024,006
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	5,727,276	4,852,707
Unapportioned, Unexpired Accounts	641	733,962
Unexpired, Unobligated Balance, End of Year	5,727,917	5,586,669
Expired, Unobligated Balance, End of Year	2,101,787	1,414,864
Unobligated Balance, End of Year (Total)	7,829,704	7,001,533
Total Budgetary Resources	**$ 59,448,493**	**$ 58,025,539**
Outlays, Net and Disbursements, Net		
Outlays, Net (Total)	$ 45,393,970	$ 48,855,635
Agency Outlays, Net	**$ 45,393,970**	**$ 48,855,635**

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The U.S. Merit Systems Protection Board (MSPB) is an adjudicative 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 Salaries and Expenses 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 are presented on a comparative basis. 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:

Description	Useful Life (years)
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 terminates 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. Reclassification

Certain fiscal year 2025 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

O. 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, 2026 and 2025, were as follows:

	2026	2025
Status of Fund Balance With Treasury		
Unobligated Balance	$ 7,829,704	$ 7,001,533
Obligated Balance Not Yet Disbursed	9,037,754	7,018,112
Total Fund Balance With Treasury	**$ 16,867,458**	**$ 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, 2026 and 2025, were as follows:

	2026	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, 2026 and 2025.

NOTE 4. PROPERTY, PLANT, AND EQUIPMENT, NET

Schedule of General Property, Plant, and Equipment, Net as of September 30, 2026 and 2025:

	Acquisition Cost	Accumulated Depreciation and Amortization	Net Book Value
2026			
Major Class:			
Leasehold Improvements	$ 1,396,864	$ 1,394,571	$ 2,293
Furniture and Equipment	751,331	419,493	331,838
Construction In Progress	295,977	-	295,977
Software	1,103,686	676,541	427,145
Total	**$ 3,547,858**	**$ 2,490,605**	**$ 1,057,253**
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, 2026 and 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.

	2026	2025
Intragovernmental-Unfunded FECA Liability	$ 156,280	$ 158,032
Unfunded Leave	3,088,843	2,977,777
Actuarial FECA	811,998	658,129
Other Payroll Liabilities	93	93
Total Liabilities Not Covered by Budgetary Resources	$ 4,057,214	$ 3,794,031
Total Liabilities Covered by Budgetary Resources	1,188,844	1,285,892
Total Liabilities	**$ 5,246,058**	**$ 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, 2026 and 2025, was $811,998 and $658,129, respectively.

NOTE 7. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2026 and 2025, were as follows:

	Current	Non-Current	Total
2026			
Intragovernmental Other Liabilities			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	$ 62,688	$ -	$ 62,688
Employer Contributions and Payroll Taxes Payable	199,902	-	199,902
Unfunded FECA Liability	138,351	17,929	156,280
Total Intragovernmental Other Liabilities	**$ 400,941**	**$ 17,929**	**$ 418,870**
Other than Intragovernmental Other Liabilities			
Other Liabilities w/o Related Budgetary Obligations	$ 93	$ -	$ 93
Other Liabilities w/Related Budgetary Obligations	(873)	-	(873)
Total Other than Intragovernmental Other Liabilities	**$ (780)**	**$ -**	**$ (780)**
Total Other Liabilities	**$ 400,161**	**$ 17,929**	**$ 418,090**
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, 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 January 14, 2018, and expires on May 31, 2035. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. The total operating lease expense for fiscal years 2026 and 2025 were $3,260,490 and $3,717,961, respectively.

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

	Buildings	Total Federal
Fiscal Year		
2027	$ 3,452,318	$ 3,452,318
2028	3,217,496	3,217,496
2029	3,190,542	3,190,542
2030	3,020,479	3,020,479
2031	3,050,684	3,050,684
2032-2036	11,660,198	11,351,800
Total	**$ 27,591,717**	**$ 27,591,717**

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, 2026 and 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 years ended September 30, 2026 and 2025, respectively, inter-entity costs were as follows:

	2026	2025
Office of Personnel Management	$ 2,928,128	$ 3,752,799
Treasury Judgement Fund	-	1,483
Total Inter-Entity Costs	**$ 2,928,128**	**$ 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, 2026 and 2025, consisted of the following:

	2026	2025
Unobligated Balance Brought Forward from Prior Year, October 1	$ 7,001,533	$ 5,627,318
Recoveries of Prior Year Obligations	1,125,337	956,724
Other Changes in Unobligated Balances	(893,217)	(642,242)
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	**$ 7,233,653**	**$ 5,941,800**

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2026 and 2025 were as follows:

	Intragovernmental	Other than Intragovernmental	Total
2026			
Paid Undelivered Orders	$ 44,316	$ -	$ 44,316
Unpaid Undelivered Orders	3,771,008	4,077,901	7,848,909
Total Undelivered Orders	**$ 3,815,324**	**$ 4,077,901**	**$ 7,893,225**
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 2026 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in February 2027 and can be found at the OMB website: https://www.whitehouse.gov/omb/. The Fiscal Year 2027 Budget of the United States Government, with the "Actual" column completed for 2025, 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)	Net Outlays
Combined Statement of Budgetary Resources	$ 58	$ 51	$ 49
Unobligated Balance Not Available	(1)	-	-
Difference Due to Rounding	(1)	-	-
Budget of the U.S. Government	**$ 56**	**$ 51**	**$ 49**

NOTE 14. CUSTODIAL REVENUES

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 total custodial collections are $0 and $3,410 for the years ended September 30, 2026 and 2025, respectively.

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.

The reconciliation of Net Cost to Net Outlays as of September 30, 2026:

	Intragovern-mental	Other than Intragovern-mental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	**$ 16,672,084**	**$ 34,148,846**	**$ 50,820,930**
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(294,743)	(294,743)
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays:			
Accounts Receivable, Net	-	(376)	(376)
Advances and Prepayments	11,445	-	11,445
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays:			
Accounts Payable	(1,498)	(47,494)	(48,992)
Federal Employee Salary, Leave, and Benefits Payable	-	34,381	34,381
Pension, Other Post-Employment, and Veterans Benefits Payable	-	(153,869)	(153,869)
Other Liabilities	(2,258)	4,603	2,345
Financing Sources:			
Imputed Cost	(2,928,128)	-	(2,928,128)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	**$ (2,920,439)**	**$ (457,498)**	**$ (3,377,937)**
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	295,977	-	295,977
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	**$ (2,049,023)**	**$ -**	**$ (2,049,023)**
Total Net Outlays (Calculated Total)	**$ 11,702,622**	**$ 33,691,348**	**$ 45,393,970**
Budgetary Agency Outlays, Net (SBR 4210)			
Budgetary Agency Outlays, Net			**$ 45,393,970**

The 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)
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)
Misc Items			
Custodial/Non-Exchange Revenue	3,410	(3,410)	-
Budgetary Agency Outlays, Net (SBR 4210)			
Budgetary Agency Outlays, Net			**$ 48,855,635**