



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

**OFFICE OF THE
INSPECTOR GENERAL**

March 31, 2014

MEMORANDUM TO: Chairman Macfarlane

FROM: Hubert T. Bell */RA/*
Inspector General

SUBJECT: TRANSMITTAL OF THE INDEPENDENT AUDITORS'
REPORT ON THE CONDENSED FINANCIAL
STATEMENTS (OIG-14-A-13)

Office of Management and Budget Circular No. A-136, *Financial Reporting Requirements*, Revised, October 21, 2013, requires all entities covered under *The Chief Financial Officers Act of 1990* to prepare a summary of performance and financial information which summarizes performance and accountability results for the fiscal year. The summary report should include the most important performance and financial information contained in NRC's *Performance and Accountability Report* in a brief, user-friendly format that is easily understood by a reader with little technical background in these areas. The purpose of this memorandum is to transmit CliftonLarsonAllen LLP (CLA) Auditors' Report on the Condensed Financial Statements. NRC publishes this report and condensed financial statements as part of the *Fiscal Year 2013 Summary Of Performance And Financial Information*.

CLA is responsible for the attached auditor's opinion, dated March 26, 2014. The Office of the Inspector General (OIG) is responsible for technical and administrative oversight regarding the firm's performance under the terms of the contract. Our oversight of CLA's work, as differentiated from an audit in conformance with *Government Auditing Standards*, was not intended to enable us to express, and accordingly we do not express, an opinion on the condensed financial statements included in the summary report. However, OIG's oversight of CLA's work disclosed no instances where CLA did not comply with applicable auditing standards.

We appreciate the cooperation provided by NRC staff.

Attachment: As stated

cc: Commissioner Svinicki
Commissioner Apostolakis
Commissioner Magwood
Commissioner Ostendorff
K. Brock, OEDO
J. Arildsen, OEDO
C. Jaegers, OEDO
RidsEdoMailCenter



CliftonLarsonAllen LLP

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Independent Auditors' Report on Condensed Financial Statements

Inspector General
United States Nuclear Regulatory Commission

Chairman
United States Nuclear Regulatory Commission

The accompanying condensed financial statements, which comprise the condensed balance sheets as of September 30, 2013 and 2012, the statement of net cost and condensed statement of changes in net position for the years then ended are derived from the audited financial statements of the United States Nuclear Regulatory Commission (NRC) as of and for the years ended September 30, 2013 and 2012. We expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2013. The audited financial statements, and the condensed financial statements derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements.

The condensed financial statements do not contain the statement of budgetary resources and all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of NRC.

Management's Responsibility for the Condensed Financial Statements

Management is responsible for the preparation of the condensed financial statements in accordance with accounting principles generally accepted in the United States of America.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the condensed financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in

Independent Auditors' Report on Condensed Financial Statements (Continued)

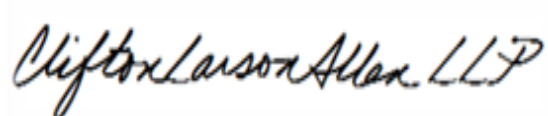
the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The procedures consisted principally of comparing the condensed financial statements with the related information in the audited financial statements from which the condensed financial statements have been derived, and evaluating whether the condensed financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. We did not perform any audit procedures regarding the audited financial statements after the date of our report on those financial statements.

Opinion

In our opinion, the condensed financial statements of the NRC as of and for the years ended September 30, 2013 and 2012 referred to above are consistent, in all material respects, with the audited financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, our report on the audited financial statements referred to above includes an opinion on the effectiveness of internal control over financial reporting and a report on compliance with laws and regulations for the years ended September 30, 2013 and 2012. Those reports are an integral part of a financial statement audit performed in accordance with *Government Auditing Standards* in considering NRC's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

Arlington, Virginia

March 26, 2014

NRC Fiscal Year 2013 Condensed Financial Statements

(Extracted from NRC's Fiscal Year 2013 Summary Performance and Accountability Report)



CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet* (In Thousands)

As of September 30,	2013	2012
Assets		
Fund balance with Treasury	\$ 318,244	\$ 357,529
Accounts receivable, net	91,808	100,606
Property and equipment, net	107,771	99,982
Other	4,952	11,750
Total Assets	\$ 522,775	\$ 569,867
Liabilities		
Accounts payable	\$ 38,048	\$ 43,172
Federal employee benefits	7,023	7,224
Other	74,427	74,197
Total Liabilities	119,498	124,593
Net Position		
Unexpended appropriations	242,640	285,080
Cumulative results of operations	160,637	160,194
Total Net Position	403,277	445,274
Total Liabilities and Net Position	\$ 522,775	\$ 569,867

Statement of Net Cost* (In Thousands)

For the years ended September 30,	2013	2012
Nuclear Reactor Safety and Security		
Gross costs	\$ 831,114	\$ 824,091
Less: Earned revenue	(760,283)	(815,701)
Total Net Cost of Nuclear Reactor Safety and Security	70,831	8,390
Nuclear Materials and Waste Safety and Security		
Gross costs	232,011	228,000
Less: Earned revenue	(91,959)	(88,630)
Total Net Cost of Nuclear Materials and Waste Safety and Security	140,052	139,370
Net Cost of Operations	\$ 210,883	\$ 147,760

CONDENSED FINANCIAL STATEMENTS



Condensed Statement of Changes in Net Position* (In Thousands)

For the years ended September 30,	2013	2012
Cumulative Results of Operations		
Beginning Balance	\$ 160,194	\$ 105,193
Budgetary Financing Sources	176,651	169,753
Other Financing Sources	34,675	33,008
Net Cost of Operations	(210,883)	(147,760)
Net Change	443	55,001
Cumulative Results of Operations	\$ 160,637	\$ 160,194
Unexpended Appropriations		
Beginning Balance	\$ 285,080	\$ 310,332
Budgetary Financing Sources	(42,440)	(25,252)
Total Unexpended Appropriations	242,640	285,080
Net Position	\$ 403,277	\$ 445,274

* For a complete set of financial statements and notes, see Chapter 3, "Financial Statements and Auditors' Report" beginning on page 75 of the Fiscal Year 2013 Performance and Accountability Report. This report can be accessed on the NRC Web site at <http://www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr1542/>.