OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

Audit of USAID's Financial Statements for Fiscal Years 2019 and 2018

AUDIT REPORT 0-000-20-006-C
NOVEMBER 19, 2019

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MEMORANDUM

DATE: November 19, 2019

TO: USAID, Chief Financial Officer, Reginald W. Mitchell

FROM: Deputy Assistant Inspector General for Audit, Alvin Brown/s/

SUBJECT: Audit of USAID's Financial Statements for Fiscal Years 2019 and 2018 (0-000-20-006-C)

Enclosed is the final audit report on the audit of USAID's financial statements for fiscal years 2019 and 2018. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of GKA P.C. to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and Office of Management and Budget Bulletin 19-03, "Audit Requirements for Federal Financial Statements."

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and inquired of its representatives. Our review, which was different from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on USAID's financial statements. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We found no instances in which GKA did not comply, in all material respects, with applicable standards.

The audit objectives were to: (1) express an opinion on whether the financial statements as of September 30, 2019, were presented fairly, in all material respects; (2) evaluate USAID's internal control; and (3) determine whether USAID complied with applicable laws and regulations. The purpose was not to provide an opinion on the effectiveness of the entity's internal control or compliance with provisions of applicable laws, regulations, contracts, and grant agreements. To answer the audit objectives, GKA assessed risk, considered internal control, and designed audit procedures relevant to USAID's presentation of its 2019 financial statements.

The audit concluded that USAID's financial statements as of and for fiscal year ended September 30, 2019, are presented fairly, in all material respects, and in conformity with accounting principles generally accepted in the United States. The audit also found no instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements. The financial statements as of and for September 30, 2018, were audited by USAID OIG auditors whose report dated December 17, 2018, expressed an unmodified opinion on those statements. The audit reported five significant deficiencies related to USAID's internal control processes for:

- Reconciling suspense accounts,
- Deobligating unliquidated obligations,
- Recording accrued expenses,
- Managing accounts, and
- Improving information technology general (access) controls over USAID's financial systems.

To address the weaknesses identified in the report, we recommend that USAID's Chief Financial Officer:

Recommendation 1. Enforce its written policies and procedures which require that long outstanding Fund Balance with Treasury unreconciled items be researched and cleared within 3 months of the date of the transaction.

Recommendation 2. Enforce its written policies and procedures designed to ensure that suspense account transactions are researched and resolved within 60 days, as mandated by the Department of the Treasury (Treasury).

Recommendation 3. Continue to review, monitor, and coordinate with the Office of Acquisition and Assistance and the Executive Office to determine whether the $32 million obligations identified as excessive and without disbursement for 3 years should be de-obligated and the funds put to better use, or returned to Treasury.

Recommendation 4. Adjust the financial statements for the $32 million error posted to the general ledger.

Recommendation 5. Provide training on the accrual calculation process for the obligation officers/program managers (i.e., COR/AOR).

Recommendation 6. Require secondary reviews and approval of entries and adjustment vouchers, including accrual entries into the accounting system.

Recommendation 7. Update the System access control policies and procedures to ensure that the password settings are consistent with ADS Chapter 545, "Information Systems Security."

Recommendation 8. Update password settings to ensure that they comply with the Agency's requirements.

Recommendation 9. Update password settings for the databases supporting the System to ensure that they comply with the Agency's requirements.

Recommendation 10. Ensure that risk acceptances are properly documented within the System Security Plan if operational need necessitates that password settings cannot be configured in accordance with the Agency's policy.

Recommendation 11. Manage access to the databases supporting the System, including processes for granting, modifying, periodically reviewing/recertifying access permissions, disabling inactive accounts, and removing access permissions.

Recommendation 12. Require that Information System Security Officers formally approve access to the System via the System Access Signature Form.

Recommendation 13. Ensure that users are only assigned roles approved on their System Access Signature Forms.

Recommendation 14. Review and recertify access to the System production and reporting databases in accordance with the frequency established in the Agency's System Security Plan.

Recommendation 15. Conduct quarterly review of System user access via the Bureau Transition Coordinators' Roles and User ID Report.

Recommendation 16. Ensure that the triennial System access recertification includes all users, and that any access permissions not explicitly requested and approved during the recertification are disabled/removed.

Recommendation 17. Ensure that System administrators are notified promptly when accounts are not needed due to contractor or employee termination, and that such accounts are promptly disabled.

Recommendation 18. Ensure that access is disabled after 90 days of inactivity in accordance with the Agency's policy.

Recommendation 19. Update the system roles documents to include all roles and identifying all segregation of duty conflicts.

In finalizing the report, the audit firm evaluated USAID's responses to the recommendations. After reviewing that evaluation, we consider all recommendations open and resolved. For recommendations 1 through 19, please provide evidence of final action to the Audit Performance and Compliance Division.

We appreciate the assistance extended to our staff and GKA employees during the engagement.

November 12, 2019

Inspector General
U.S. Agency for International Development
Washington, D.C.

RE: Audit of USAID's Financial Statements for Fiscal Year 2019

This letter transmits the final report on our audit of USAID's financial statements for fiscal year 2019. The Government Management Reform Act of 1994, Public Law 103–356, requires USAID to prepare consolidated financial statements for each fiscal year. Office of Management and Budget (OMB) Circular A–136, *Financial Reporting Requirements*, requires USAID to submit a Performance and Accountability Report or an Agency Financial Report, including audited financial statements to OMB, Congress, and the Government Accountability Office. USAID has prepared an Agency Financial Report with an agency head message, management's discussion and analysis, "other information" and a financial section. GKA is responsible for auditing the Agency's financial statements and preparing the independent auditor's report, which appears in the financial section.

GKA has issued an unmodified opinion on USAID's principal financial statements for fiscal year 2019. The financial statements of USAID as of September 30, 2018, were audited by the Office of the Inspector General (OIG) whose report dated December 17, 2018, expressed an unmodified opinion on those statements.

With respect to internal control, we identified five deficiencies that we consider significant deficiencies. The significant deficiencies pertain to USAID's processes for (1) reconciling of suspense accounts, (2) deobligating unliquidated obligations, (3) recording accrued expenses, (4) implementation of requirements pertaining to passwords; and (5) account management.

The results of our tests of compliance disclosed no instances of noncompliance with laws and regulations that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03. We identified no instances of substantial noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), Public Law 104-208.

The report contains six recommendations to improve USAID's internal control. After reviewing information you provided in response to the draft report, we consider the recommendations resolved but open pending completion of planned activities. For these recommendations please provide evidence of final action to the Audit Performance and Compliance Division.

We appreciate the assistance you and your staff extended to us during the audit.

GKA, P.C.

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INTRODUCTION

The financial statements of USAID reflect and evaluate the Agency's execution of its mission—promoting U.S. foreign policy interests in expanding democracy, growing free markets, and extending a helping hand to those working to improve their lives or to recover from disasters. USAID receives most of its funding from general Government funds administered by the U.S. Department of the Treasury and appropriated by Congress. For the fiscal year ended September 30, 2019, USAID reported total budgetary resources of approximately $31 billion.

GKA, P.C. (GKA) performed the audit to determine whether USAID's principal financial statements presented fairly the assets, liabilities, net position, net costs, changes in net position, and budgetary resources for the fiscal year 2019.

SUMMARY

USAID's consolidated balance sheets, consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources present fairly, in all material respects, the financial position of USAID as of and for the fiscal year ended September 30, 2019, and in conformity with accounting principles generally accepted in the United States of America. We identified five significant deficiencies in internal control related to USAID's processes for:

(1) reconciling of suspense accounts;
(2) de-obligating unliquidated obligations;
(3) recording accrued expenses;
(4) implementation of requirements pertaining to passwords; and
(5) account management.

The results of our tests of compliance disclosed no instances of noncompliance with laws and regulations that are required to be reported under *Government Auditing Standards* or Office of Management and Budget (OMB) Bulletin No. 19-03.

We identified no instances of substantial noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), Public Law 104-208.

We made six recommendations to improve USAID's internal control.

BACKGROUND

The Government Management Reform Act of 1994, Public Law 103-356, requires USAID to submit audited financial statements to the Office of Management and Budget annually. Accordingly, for fiscal year 2019, USAID has prepared the following:

- Consolidated Balance Sheet
- Consolidated Statement of Net Cost
- Consolidated Statement of Changes in Net Position
- Combined Statement of Budgetary Resources
- Notes to the Principal Financial Statements

- Required Supplementary Information

In our opinion, the financial statements referred to above present fairly, in all material respects and in conformity with accounting principles generally accepted in the United States of America, USAID's assets, liabilities, net position, net costs, changes in net position, and budgetary resources as of September 30, 2019, and for the year then ended.

In accordance with Government Auditing Standards, GKA has also issued reports, dated November 12, 2019, on its consideration of USAID's internal control over financial reporting and on its tests of USAID's compliance with certain provisions of laws, regulations, contracts and grant agreements. These reports are an integral part of an overall audit conducted in accordance with Government Auditing Standards and should be read in conjunction with the independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Inspector General
U.S. Agency for International Development
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the U.S. Agency for International Development (USAID), which comprise the consolidated balance sheet as of September 30, 2019 and the related consolidated statement of net cost, consolidated statement of changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the financial statements (hereinafter referred to as the "consolidated financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the consolidated 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 the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of USAID as of and for fiscal year ended September 30, 2019, and in conformity with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of USAID as of September 30, 2018, were audited by the Office of the Inspector General, whose report dated December 17, 2018, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the Required Supplementary Information (RSI) be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's 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

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The information in the *About This Report* section, the *USAID At A Glance* section, the *Message from the Administrator*, the *Message from the Chief Financial Officer*, the Other Information section, and the appendixes in the Agency Financial Report is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements; and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued reports dated November 12, 2019, on our consideration of USAID's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USAID's internal control over financial reporting and compliance.

GKA, P.C.

Washington, DC
November 12, 2019

gka, p.c.
Certified Public Accountants
& Consultants

Member of the American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Inspector General
U.S. Agency for International Development
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, the financial statements of U.S. Agency for International Development (USAID), which comprise the consolidated balance sheet as of September 30, 2019 and the related consolidated statement of net cost, consolidated statement of changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the financial statements (hereinafter referred to as the "consolidated financial statements") and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of USAID's financial statements as of and for the year ended September 30, 2019, we considered USAID's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USAID's internal control. Accordingly, we do not express an opinion on the effectiveness of USAID's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982 (*FMFIA), Public Law 97-255.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control that presents a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified five significant deficiencies in internal control related to USAID's financial management processes:

- Reconciliation of Suspense Accounts
- De-obligating Unliquidated Obligations
- Recording accrued expenses
- Enforcement of requirements pertaining to passwords; and
- Account management.

We also noted other matters involving internal control over financial reporting, which were not significant deficiencies that we will communicate to USAID's management.

Significant Deficiencies

Long outstanding reconciling items are not being researched and cleared timely, and Suspense Account items are not being researched and resolved within the Department of the Treasury's 60-day rule.

1. During our review of the third quarter Fund Balance With Treasury (FBWT) reconciliation, we reviewed the Treasury GL Reconciliation (TyGR) Analysis performed outside the Electronic Cash Reconciliation Tool (eCART), to determine whether the process was effective. The TyGR process provides a monthly and quarterly summary and detail listing of all outstanding reconciling items by appropriation. Based on our review of the June 2019 TyGR report, we noted several reconciling items that were outstanding for more than three months. The table below illustrates the age, count and amount of the outstanding items at June 30, 2019;

Table 1:

Month	Year	Age	Count	Amount	Absolute Amount
June	2019	> 1 year	690	$ (1,555,399.02)	$ 30,288,586.60
		6-12 Months	1,058	$(26,918,123.49)	$ 900,092,477.01
		4-6 months	436	$ 25,528,710.94	$ 47,328,500.72
		91-120 days	321	$ 1,171,725.12	$ 27,677,142.72
TOTAL			**2,505**	**$ (1,773,086.45)**	**$ 1,005,386,707.05**

2. During our review of the FBWT Suspense Account for the end of the second and third quarters of FY2019, we noted that a significant number of suspense account items had not been resolved within the 60-day timeframe mandated by Treasury. The Table below illustrates the age, number of outstanding suspense account transactions (count) and the amounts at the end of the second and third quarters of FY2019.

Table 2:

END OF THIRD QUARTER					
Month	**Year**	**Age**	**Count**	**Amount**	**Absolute Amount**
June	2019	2-3 Months	545	$ (5,450,572.84)	$ 10,165,560.66
		4-12 Months	302	$ (1,190,198.05)	$ 2,822,120.07
		> One Year	1,553	$ 5,045,011.69	$ 17,706,836.61
TOTAL			**2,400**	**$ (1,595,759.20)**	**$ 30,694,517.34**

Table 3:

END OF SECOND QUARTER					
Month	**Year**	**Age**	**Count**	**Amount**	**Absolute Amount**
March	2019	2-3 Months	187	$ 264,373.93	$ 1,335,937.59
		4-12 Months	100	$ (1,165,898.72)	$ 1,579,820.36
		> One Year	1,578	$ 5,326,344.20	$ 17,423,862.46
TOTAL			**1,865**	**$ 4,424,819.41**	**$ 20,339,620.41**

FBWT Reconciliation Procedures, a Supplement to the Treasury Financial Manual, Volume I, part 2-5100, states that federal agencies should not permit prior-month differences to remain outstanding for more than 3 months.

Treasury Financial Manual, Bulletin No. 2017-10 requires that transactions in suspense accounts be cleared within 60 business days of the date of the transaction.

USAID staff did not perform timely research and clearing of long outstanding FBWT reconciling items. Additionally, USAID did not have sufficient controls in place - or the controls in place were insufficient - to ensure that suspense account transactions are resolved within the 60-day timeframe mandated by Treasury.

Long outstanding reconciling items represent an area of uncertainty that increases the risk of misstatements in the financial statements. In addition, the longer they remain in suspense, the less likely they are to be resolved.

Recommendation 1
We recommend that the Office of the Chief Financial Officer enforce its written policies and procedures which require that long outstanding FBWT unreconciled items be researched and cleared within three months of the date of the transaction. A report (monthly or quarterly) should be generated of these items, identifying those which were cleared during the period. Explanations should be provided regarding those items which were not cleared during the period. The report should be signed by a responsible official as evidence of the work done. Senior management should give special attention to any uncleared items older than ninety days and determine next steps.

Recommendation 2
We recommend that the Office of the Chief Financial Officer enforce its written policies and procedures designed to ensure that suspense account transactions are researched and resolved within sixty days, as mandated by Treasury. A report (monthly or quarterly) should be generated of these items, identifying those which were cleared during the period. Explanations should be provided with respect to those items which were not cleared during the period. The report should be signed by a responsible official as evidence of the work done. Senior management should give special attention to any uncleared items older than sixty days and determine next steps.

Unliquidated obligations (ULOs) are not consistently identified and de-obligated as excess or unneeded funds

USAID does not consistently review its ULOs to determine whether those without activity for 3 years or more are still required - or should be de-obligated. Although USAID and its Missions review ULOs annually, neither the Agency nor its Missions consistently de-obligate ULOs identified as excess or unneeded funds. When funds are de-obligated, they may be made available in the Phoenix accounting system for reprogramming. During our audit, we analyzed USAID's ULOs and determined that, as of September 30, 2019, USAID had approximately $31.6 million in unliquidated obligations with no disbursements for more than three years. These may be available for de-obligation. Of the $31.6 million obligations noted below, we determined that approximately $2.1 million have had no disbursements since they were established.

ULOs by (a) the fiscal years the obligation was created and (b) by last disbursement age:

Table 4:

Fiscal Year Established	Obligation Amount – No Activity since Establishment ($)	Unliquidated Amount – No Activity in Three Years ($)	Total Unliquidated Obligation Amount ($)
2008 and Prior	$ -	$ 404,386	$ 404,386
2009	-	114,472	114,472
2010	740	509,383	510,123
2011	9,654	2,635,691	2,645,345

Fiscal Year Established	Obligation Amount – No Activity since Establishment ($)	Unliquidated Amount – No Activity in Three Years ($)	Total Unliquidated Obligation Amount ($)
2012	49,782	3,982,144	4,031,926
2013	168,343	4,379,439	4,547,782
2014	248,230	11,514,347	11,762,577
2015	1,250,074	5,510,753	6,760,827
2016	338,468	453,366	791,834
TOTAL	**$ 2,065,291**	**$ 29,503,981**	**$ 31,569,272**

Under the provisions of US Code, Title 31 Section 1554: Audit, Control, and Reporting, after "*the close of each fiscal year, the head of each Agency shall submit to the President and the Secretary of the Treasury a report regarding the unliquidated obligations, unobligated balances, canceled balances, and adjustments made to appropriation accounts of that Agency during the completed fiscal year… Each report required by this subsection shall… contain a certification by the head of the Agency that the obligated balances in each appropriation account of the Agency reflect proper existing obligations and that expenditures from the account since the preceding review were supported by a proper obligation of funds and otherwise were proper.*" Additionally, the regulation requires that the "*head of each Agency shall establish internal controls to assure that an adequate review of obligated balances is performed.*"

In addition, USAID's Automated Directives System (ADS) Chapter 621, "Obligations," requires USAID and its Missions to initiate and coordinate reviews of all ULOs, at least annually, to determine whether their balances should be retained or de-obligated.

These deficiencies occurred because obligation managers did not consistently monitor the performance of the contracts and grants that were assigned to them. Furthermore, the Agency does not require Contracting Officers to include the period of performance dates in the Global Acquisition and Assistance System (GLAAS) so that they can be recorded in the Phoenix accounting system.

There is an increased risk of losing program and operating expense funds that may expire before they are de-obligated. Failure to maintain an effective ULO control environment in which invalid open obligations are identified and de-obligated timely may result in difficulties in managing funds, improper payments, inaccurate budgetary reports, and possible violations of Federal regulations.

Recommendation 3

We recommend that the Office of the Chief Financial Officer continue to review, monitor, and coordinate with the Office of Acquisition and Assistance (OAA) and the Executive Office (EXO) to determine whether obligations deemed to be no longer needed, and without disbursement for three years, should be de-obligated and the funds put to better use, or returned to Treasury. A separate report (monthly or quarterly) of these obligations should be provided to senior management for this purpose. The report should be signed by the person responsible for the review.

USAID's process to calculate and record accounts payable and accrued expenses should be improved.

USAID's methodology for estimating and recording accounts payable and accrued expenses, based on Contracting Officer Representative (COR) reviews of the information contained in the Accrual Reporting System, needs improvement. The system generates estimated accruals, which CORs must modify and approve before they are recorded in USAID's general ledger. From a sample of 25 estimated accruals judgmentally selected and reviewed, we noted that two were erroneously recorded in the general ledger, resulting in an overstatement of expenditures by approximately $93 million. Of that amount, $61 million was expended on behalf of another Federal agency and was not included in USAID's financial statements. However, $32 million was included in the financial statements in error.

ADS 631.3.4, "Accrued Expenditures," states that *the obligation manager or COR must (1) review system-generated accrual amounts and/or allocations to determine whether the amounts can be validated or needs to be modified; (2) compare the amount developed based on actual conditions and first-hand knowledge of the project or activity with system-generated accrual amounts; and (3) complete the accrual process in accordance with the established time schedule and deadlines*.

CORs did not consistently modify the accrued amounts generated by the system to correspond with the CORs generated accrual worksheet, before recording the amounts in the general ledger. As a consequence, accrual amounts could be incorrectly included in the financial statements. This could affect the accuracy and reliability of the financial statements.

Recommendation 4

We recommend that the Office of the Chief Financial Officer:

- Adjust the financial statements for the $32 million included therein in error;
- Provide training to the Obligation Officers/Program Managers (i.e. COR/AOR) on the process of accrual calculation; and
- Perform periodic reviews (by someone independent of the process) of postings of adjustment vouchers (AVs), including accrual entries, into Phoenix (PHX).

Password controls should be strengthened.

We noted the following weaknesses in the password controls for one system application and its production and reporting databases:

- The access control (AC) policy and procedures password requirements for the system were not consistent with the password requirements documented in ADS Chapter 545, *Information Systems Security*. Specifically, we noted the following differences:

- The maximum password expiration is 90 days in the system's AC policy and procedures, and 60 days in the Agency's security policy; and
  - The account lockout duration is 20 minutes in the system's AC policy and procedures, and 30 minutes in the Agency's security policy.

- In the password and account lockout configurations we noted that:

  - Password expiration was configured for 90 days instead of 60 days;
  - Password reuse was configured for 6 passwords instead of 24;
  - The account lockout counter was reset after 20 minutes instead of 30 minutes; and
  - The account lockout threshold was set for 20 minutes instead of 30 minutes.

- In the password configurations for the production database supporting the system application, we noted that:

  - Password expiration was configured to 200 days for one profile and 70 days for two other profiles, instead of 60 days; and
    - Password reuse was not configured for one profile to prevent the reuse of a password for 24 generations;

- In the password configurations for the reporting database supporting the system application, we noted that:

  - Password expiration for one database was set to unlimited for two profiles, instead of 60 days. Additionally, password expiration was configured to 90 days, with an unlimited grace time for one profile and 372 days for another, instead of 60 days;
  - Three profiles for one database was not configured to prevent the reuse of a password for 24 generations;
  - Account lockout threshold for one database was configured to 5 and 10 attempts for two profiles respectively, instead of 3 attempts. Additionally, the account lockout threshold for one profile was set to unlimited instead of 3 failed attempts; and
  - Account lockout duration for one database was configured to one minute for one profile and 14.8 minutes for another, instead of 30 minutes, or until released by an administrator.

ADS Chapter 545, *Information Systems Security*, states that, "*SOs must conform to the minimum requirements described below; however, SOs must determine whether higher level restrictions and conditions beyond these minimum requirements should be established in light of the risks involved with respect to the particular system. SOs must assure that the final restrictions and conditions are documented in the SSP*"

"SOs must ensure the information system does the following regarding passphrases and password-based authentication:

1) *Enforces minimum password complexity of at least 12 characters, mix of at least one character from each of three of the following four-character types: upper-case letters, lower-case letters, numbers, and special characters;*
2) *Enforces at least the following number of changed characters when new passwords are*

created: four characters must be changed;

3) *Stores and transmits only encrypted passwords;*
4) *Enforces password minimum and maximum lifetime restrictions, with no minimum lifetime and a maximum lifetime of 60 days;*
5) *Prohibits password reuse for 24 generations;*
6) *Allows the use of a temporary password for system logons only with an immediate change upon first-time logon to a new password; and*
7) *Prevents embedding passwords in scripts or source code.*

System access controls policies and procedures, states that:

- *The Information System Security Officer (ISSO) must configure information systems to automatically lock a user's account upon 3 consecutive failed logon attempts during a 24-hour time period;*
- *The automatic lockout period for accounts locked due to failed login attempts must be a minimum of 20 minutes;*
- *The ISSO must establish a process for manually unlocking accounts prior to the expiration of the automatic lockout period after sufficient user identification; and*
- *The ISSO must record and periodically review all failed logon attempts in an audit log.*

The following policy statements apply to passwords:

- *Systems will comply with M/CIO/IA guidance on password construction;*
- *passwords to expire every 90 days; and*
- *Passwords to change every 90 days.*

USAID has not updated the access control policies and procedures to align with the ADS 545 requirements. Additionally, one system and its supporting databases have not been configured to meet ADS 545 password and account lockout requirements. Management informed us that they are in the process of testing the system configuration changes designed to update the settings to comply with ADS 545 requirements. Additionally, we were informed that in instances where operational need necessitates that the settings do not comply with ADS 545, then a risk acceptance will be documented within the System Security Plan.

Weaknesses in password controls increases the risk that unauthorized access to the system and its supporting databases may be compromised, thus putting the system and data at risk of unauthorized disclosure, modification or destruction - possibly without detection.

Recommendation 5

We recommend that the Office of the Chief Financial Officer:

- Update the system access control policies and procedures to ensure that the password settings are consistent with ADS Chapter 545, *Information Systems Security*;
- Update password settings to ensure they are compliant with the Agency's requirements;
- Update password settings for the databases supporting the system to ensure they are

compliant with the Agency's requirements; and

- Ensure that risk acceptances are properly documented within the System Security Plan if operational need necessitates that password settings cannot be configured in accordance with the Agency's policy.

Account management controls should be strengthened.

We noted the following with respect to the account management controls for one system application and its supporting databases:

- Documented policies and procedures were not in place for managing access to the system's supporting databases, including processes for granting, modifying, periodically reviewing/recertifying access permissions, disabling inactive accounts and removing access permissions;
- There was one new user added as of October 1, 2018. However, the user's system access signature form was not signed as approved by the ISSO. In addition, the user was granted the INQUIRY permission. This too was not signed as approved on the access form; and
- Our review of the process for periodically reviewing access to the system and its supporting databases revealed that:

    - Database access permissions for the system's production and reporting databases were not recertified on a quarterly basis as stated in the system security plan; and
    - Evidence was not available to validate that Bureau Transition Coordinators (BTC) and Mission Controllers generate and review the system's user access on a quarterly basis via the BTC Roles and User Id Report.
    - We tested 3 Missions and determined that the Triennial recertification was not effective for all 3 Missions. Specifically, we noted that:

        - There were 3 individuals at the Haiti Mission that were assigned roles that were not recertified on their system user access request list form;
        - There was one individual in the Haiti Mission who was listed as departed, but retained active access and roles;
        - The Haiti Mission recertification did not include 18 out of the 25 users assigned access to the Mission;
        - There were 17 individuals at the Ghana Mission that were assigned roles that were not recertified on their system user access request list form;
        - The Ghana Mission recertification did not include 41 out of the 65 users assigned access to the Mission;
        - There were 19 individuals at the Afghanistan Mission that were assigned roles that were not recertified on their system user access request list form; and
        - The Afghanistan Mission recertification did not include 44 out of the 65 users assigned access to the Mission.

- Our review of the Segregation of Duties controls revealed that:

    - The document used to define roles and identify segregation of duties conflicts was not complete. We identified 4 roles that were granted to users in the system that were not included in the document (FSNBATCH, MSGOFDAY, RPTPILOT, and ADMIN); and

- o We noted that the Table Administrator (TBLADMIN) privilege - which is a security/system administrator role that allows users to maintain all reference tables - did not have any segregation of duties conflicts identified, even though it is a role that should not be assigned with other financial processing roles.

- Our review of the process for disabling inactive accounts and removing accounts for terminated employees revealed that:

  - o There were 4 terminated employees identified that retained active accounts on the system as of July 10, 2019 when the list was generated;
  - o There were 5 individuals identified who had not logged onto the system for 90 days from the date the list was generated (July 10, 2019). However, they retained active accounts at July 10, 2019;
  - o There were 49 accounts that had never logged on to the system and whose start dates were more than 90 days from the date the access list was generated (July 10, 2019). However, their accounts were not deactivated due to inactivity. These accounts were inactive between 316 and 1,539 days; and
  - o There was no process in place for disabling access to the system reporting database after 90 days of inactivity, in accordance with USAID's policy.

ADS Chapter 545, *Information Systems Security*, states that:

- *Approvals by system ISSOs and SOs/SO designees are required for requests to create information system accounts and authorize access to the information system; and*
- *SOs must separate critical information system functions among different individuals or groups; document separation of duties of individuals; and define information system access authorizations to support separation of duties.*

Access controls policies and procedures, states that:

- *All users who need access to the system must have a BTC or Mission Controller complete and submit a User Role Request form on their behalf;*
- *BTCs and Mission Controllers are responsible for running the system Roles and User Id Report for the users for whom they are responsible on a quarterly basis;*
- *BTCs and Mission Controllers are also required to notify the ISSO to revoke user access privileges within 2 days of the user's departure or the determination that a user no longer requires access to the system;*
- *ISSOs will conduct monthly reviews of user access to verify that no conflicting roles are assigned, and that all user access is properly authorized. They will also disable user accounts which are inactive for at least 90 days by using an automated script daily. No exceptions will be made; and*
- *ISSOs will manage a triennial re-benchmark of all user roles. In the first-year, missions*

will be required to review and resubmit role request forms for all their users. In year two Washington bureaus will do the same. Year three will be an off year.

The System Security Plan requires that accounts be disabled within 24 business hours of receiving notification that it should be done.

USAID currently does not retain evidence that quarterly reviews of system user access forms by Bureau Transition Coordinators and Mission Controllers have occurred, or that the Information System Security Officer documented his/her final approval. In addition, the triennial access review did not always include all users, or verify that access was removed for roles that were not recertified. Also, security personnel and system administrators were not notified upon user termination - to ensure that system access permissions were removed. Additionally, the script used to deactivate inactive accounts was not designed to deactivate accounts where users had never logged on to the application.

Segregation of duties conflicts were not identified and documented for some roles because they are assigned to the system team and are not intended for average system users. However, because of this, there is no assurance that users, supervisors, BTCs, Mission Controllers and others involved in the access approval process are aware of possible conflicting roles.

Also, according to management, due to the limited number of individuals with access to the databases supporting the system, procedures were not documented for account management, and controls were not implemented for the reporting database to deactivate inactive accounts.

Weaknesses in account management controls increase the risk that individuals may have unauthorized access to the system and data, thus putting the system and data at risk of unauthorized disclosure, modification or destruction of data; possibly without detection.

Recommendation 6

We recommend that the Office of the Chief Financial Officer enforce its policies and procedures with respect to:

- Managing access to the databases supporting the system, including processes for granting, modifying, periodically reviewing/recertifying access permissions, disabling inactive accounts and removing access permissions;
- Requiring that ISSOs formally approve access to the system via the system access signature form;
- Ensuring that users are only assigned roles approved on their system one access signature forms;
- Ensuring that BTCs and Mission Controllers generate and periodically review and recertify access to the system production and reporting databases in accordance with the frequency established in the Agency's system security plan;
- Ensuring the quarterly review of system user access via the BTC Roles and User ID Report;
- Ensuring that the triennial system access recertification includes all users, and that any

access permission not explicitly requested and approved during the recertification are disabled/removed;
- Ensuring that system administrators are notified promptly when accounts are not needed due to contractor or employee termination; and that such accounts are promptly disabled;
- Ensuring that access is disabled after 90 days of inactivity in accordance with the Agency's policy; and
- Updating the system roles documents to include all roles and identifying all segregation of duty conflicts.

The Agency's Response to Audit Findings

The Agency's responses to our findings and recommendations appear in Appendix B. The Agency's responses were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of USAID's internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USAID's internal control. Accordingly, this communication is not suitable for any other purpose.

GKA, P.C.

Washington, DC
November 12, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH APPLICABLE PROVISIONS OF LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS

Inspector General
U.S. Agency for International Development
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, the financial statements of the U.S. Agency for International Development (USAID), which comprise the consolidated balance sheet as of September 30, 2019 and the related consolidated statement of net cost, consolidated statement of changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the financial statements (hereinafter referred to as the "consolidated financial statements") and have issued our report thereon dated November 12, 2019.

Compliance and Other Matters

The management of USAID is responsible for complying with laws, regulations, contracts, and grant agreements applicable to USAID. As part of obtaining reasonable assurance about whether USAID's financial statements are free of material misstatement, we performed tests of USAID's compliance with certain provisions of laws regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and with certain other laws and regulations specified in OMB Bulletin 19-03, including the requirements referred to in section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA). We limited our tests of compliance to these provisions and did not test compliance with all laws and regulations applicable to USAID. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03.

Compliance with the Federal Financial Management Improvement Act of 1996

Under FFMIA, we are required to report on whether USAID's financial management systems substantially comply with 1) Federal financial management system requirements, 2) applicable Federal accounting standards, and 3) the United States Government Standard General Ledger (USSGL) at the transaction level. To meet this requirement, we performed tests of compliance with each of these three FFMIA section 803(a) (31 U.S.C. 3512 note) requirements, Public Law 104-208, Title VIII.

The results of our tests of FFMIA disclosed no instances in which the USAID's financial management systems did not substantially comply with the three requirements discussed in the preceding paragraph.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance with applicable provisions of laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on USAID's compliance with applicable provisions of laws, regulations, contracts, and grant agreements. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USAID's Compliance. Accordingly, this communication is not suitable for any other purpose.

GKA, P.C.

Washington, DC
November 12, 2019

APPENDIX A. SCOPE AND METHODOLOGY

USAID’s management is responsible for (1) preparing the financial statements in accordance with U.S. generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers’ Financial Integrity Act (FMFIA) are met; (3) ensuring that USAID’s financial management systems substantially comply with the requirements of the Federal Financial Management Improvement Act (FFMIA) section 803(a); and (4) complying with other applicable laws and regulations.

GKA, P.C. (GKA) is responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. GKA is also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit; (2) testing and reporting whether USAID’s financial management systems substantially comply with FFMIA section 803(a) requirements; (3) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements, and laws for which OMB audit guidance requires testing; and (4) performing limited procedures with respect to certain other information appearing in the Agency Financial Report.

To fulfill these responsibilities, GKA:

- Obtained an understanding of USAID’s design of internal control components related to financial reporting and compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- Tested relevant internal controls over financial reporting and compliance, and evaluated the design and operating effectiveness of these internal controls;
- Statistically and judgmentally selected transactions, including, advances, accrued expenditures, disbursements, payroll, accounts receivable, direct loans and loan guarantees, and obligations;
- Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessed the accounting principles used and significant estimates made by management;
- Evaluated the overall presentation of the financial statements;
- Considered the process for evaluating and reporting on internal control and financial management systems under FMFIA; and
- Tested USAID’s compliance with FFMIA section 803(a) requirements.

We also tested USAID’s compliance with selected provisions of the following:

- Anti-Deficiency Act, July 12, 1870 (codified at 31 U.S.C. 1341(a)(1)(A), (B) and (C) and 1517(a)
- Improper Payments Elimination and Recovery Act, Public Law 112-248, sections 5 (a)(1)

and (b)(4);

- Prompt Payment Act, Public Law 97-177) (codified at 31 U.S.C. 3901(a)(4)(A) 3903(a)(1)(A) and (B), 3902 (a), (b), and (f); and 3904
- Debt Collection Improvement Act of 1996, Public Law 104-134
- Federal Credit Reform Act of 1990, Public Law 93-344
- OMB Circular A–136
- OMB Circular A–123
- Federal Financial Management Improvement Act of 1996, Public Law 104-208
- Pay and Allowance System for Civilian Employees

We did not evaluate all internal controls relevant to operating objectives as broadly defined by FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error, fraud, losses, or noncompliance may occur and may not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to USAID. We limited our tests of compliance to those laws and regulations required by OMB audit guidance that we deemed applicable to the financial statements for the fiscal year ended September 30, 2019. We caution that noncompliance may occur and may not be detected by these tests, and that such testing may not be sufficient for other purposes.

We conducted our audit from April 2019 through November 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We assessed whether USAID was substantially compliant with section 803(a) of the FFMIA, which requires agencies to implement and maintain financial management systems that substantially comply with (1) Federal financial management system requirements; (2) applicable Federal accounting standards; and (3) USSGL at the transaction level. We evaluated USAID's financial transactions recorded in USAID's financial management system to determine whether they were compatible with Federal accounting standards and USSGL at the transaction level.

APPENDIX B. THE AGENCY'S RESPONSE TO AUDIT FINDINGS

USAID
FROM THE AMERICAN PEOPLE

Chief Financial Officer

November 16, 2019

MEMORANDUM

TO: Deputy Assistant Inspector General for Audit, Alvin Brown

FROM: Reginald W. Mitchell /s/

SUBJECT: Management Response to Draft Independent Auditor's Report on USAID's Financial Statements for FYs 2019 and 2018 (0-000-20- 00X-C)

Thank you for your official draft audit report on the *Audit of USAID's Financial Statements for Fiscal Year (FY) 2019 and 2018* and for the professionalism exhibited by the external auditors and your staff throughout this process. We are pleased that the USAID Office of Inspector General (OIG) will issue an unmodified opinion on the Agency's principal financial statements.

The following are Management's comments regarding the OIG's 19 recommendations associated with the 5 significant deficiency audit findings and their associated target completion dates when closure requests will be submitted to the OIG.

Office of Inspector General Recommendations

Recommendation 1: Enforce its written policies and procedures which require that long outstanding Fund Balance with Treasury (FBWT) unreconciled items be researched and cleared within 3 months of the date of the transaction.

Management Comments: Management agrees with this recommendation.

M/CFO is committed to clearing all unreconciled items within three months from the date of transactions and will further enforce its reconciliation policy by increasing communications to the operating units on the requirements for timely reconciliation.

Management believes applying these internal control measures will help ensure accuracy and timeliness of the cash reconciliation process to clear unreconciled items within three months of the date of the transaction.

In addition, M/CFO recently implemented procedures governing the timely research and clearing of open reconciling items. These efforts enhanced the Agency's ability to reconcile items in a timely manner including its world-wide operations. As a result, the overall count of total open aged items was reduced by 71% from 2,505 in FY 2019 3rd quarter to 724 at the end of the FY 2019 4th quarter. This represents a 97% reduction in absolute amount (from $1,005.4 million as indicated in the finding to $30.3 million at the end of 4th quarter). The Agency received and processed over one million transactions (average 84,000 per month) with net disbursement amount of $19.1 billion during FY 2019; the number of aged open items represents 0.01% of the total count and 0.2% of the net disbursement transactions processed in FY 2019.

Target Completion Date: July 31, 2020

Recommendation 2: Enforce its written policies and procedures designed to ensure that suspense account transactions are researched and resolved within 60 days, as mandated by the Department of the Treasury (Treasury).

Management Comments: Management agrees with this recommendation.

M/CFO is committed to resolving suspense account transactions within 60-business days by researching and clearing items, as mandated by Treasury Financial Manual (TFM), Bulletin No. 2017-10, and will further enforce its policy by increasing communications to the operating units on the requirements for timely resolution.

Target Completion Date: July 31, 2020

Recommendation 3: Continue to review, monitor, and coordinate with the Office of Acquisition and Assistance (OAA) and the Executive Office (EXO) to determine whether obligations identified as excessive and without disbursement for three years, should be deobligated and the funds put to better use, or returned to Treasury.

Management Comments: Management agrees with this recommendation.

M/CFO will coordinate with M/OAA management to ensure obligation managers actively monitor the performance of contracts and grants to ensure controls remain effective. Funds determined to be excessive by the obligation managers will be deobligated and put to better use appropriate or return to Treasury. Notwithstanding, the Agency's ULOs over three years old ($32 million) at the end of FY 2019 represents less than 0.2% overall unliquidated balances management will continue to make reducing this number a priority.

Target Completion Date: September 30, 2020

Recommendation 4: Adjust the financial statements for the $32 million error posted to the general ledger.

Management Comments: Management disagrees with this recommendation.

M/CFO will address the $32 million in the Schedule of Uncorrected Errors rather than adjust the financial statements.

Target Completion Date: November 19, 2019

Recommendation 5: Provide training on the Accrual calculation process for the Obligation Officers/Program Managers i.e. COR/AOR.

Management Comments: Management agrees with this recommendation.

The Agency has mandatory on-line training in place for Contract Officer Representatives (CORs) and Agreement Officer Representatives (AORs). The Agency is in the process of updating this training.

Target Completion Date: July 31, 2020

Recommendation 6: Require secondary reviews and approval of entries and adjustment vouchers (AVs) including accrual entries into the accounting System.

Management Comments: Management agrees with this recommendation.

M/CFO will review a sample of the quarterly accrual entries for reasonableness; conduct an OMB Circular A-123 internal control assessment; and report the results to the senior assessment team.

Target Completion Date: November 15, 2020

Recommendation 7: Update the System access control policies and procedures to ensure that the password settings are consistent with the Automated Directives System (ADS) Chapter 545, Information Systems Security.

Management Comments: Management agrees with the recommendation.

M/CFO will update its System Access Control Policies and Procedures to be consistent with ADS 545.

Target Completion Date: June 30, 2020

Recommendation 8: Update password settings to ensure they are compliant with the Agency's requirements.

Management Comments: Management agrees with this recommendation.

M/CFO updated the System password settings to comply with ADS 545. The Agency completed corrective actions and will submit its request for closure of the recommendation to the OIG.

Target Completion Date: November 29, 2019

Recommendation 9: Update password settings for the databases supporting the System to ensure they are compliant with the Agency's requirements.

Management Comments: Management agrees with this recommendation.

M/CFO updated the password settings for the database supporting System and has documented any other deviations in the System Security Plan per Recommendation 10. The Agency completed corrective actions and we will submit its request for closure of the recommendation to the OIG.

Target Completion Date: November 29, 2019

Recommendation 10. Ensure that risk acceptances are properly documented within the System Security Plan (SSP) if operational need necessitates that password settings cannot be configured in accordance with the Agency's policy.

Management Comments: Management agrees with this recommendation.

M/CFO documented deviations from Agency policy for password setting configuration based on operational needs. The Agency completed corrective actions and will submit its request for closure of the recommendation to the OIG.

Target Completion Date: November 29, 2019

Recommendation 11: Manage access to the databases supporting the System, including processes for granting, modifying, periodically reviewing/recertifying access permissions, disabling inactive accounts and removing access permissions.

Management Comments: Management agrees with this recommendation.

M/CFO will manage the access to the databases supporting the System based on the requirements in ADS 545 and the System Security Plan.

Target Completion Date: September 30, 2020

Recommendation 12: Require that ISSOs formally approve access to the System via the System Access Signature Form.

Management Comments: Management agrees with this recommendation.

M/CFO will approve access to the System based on the ADS 545 and the System Access Control Policies and Procedures.

Target Completion Date: September 30, 2020

Recommendation 13: Ensure that users are only assigned roles approved on their System One Access Signature Forms.

Management Comments: Management agrees with this recommendation.

M/CFO will ensure only approved roles are assigned and will ensure that the System Access Control Policies and Procedures, as well as the user role request forms, document what roles are given to all users.

Target Completion Date: June 30, 2020

Recommendation 14: Review and recertify access to the System production and reporting databases in accordance with the frequency established in the Agency's System Security Plan.

Management Comments: Management agrees with this recommendation.

M/CFO will review and recertify access to the System production and reporting databases in accordance with the frequency established in the Agency's System Security Plan.

Target Completion Date: July 31, 2020

Recommendation 15: Conduct quarterly review of System user access via the Bureau Transition Coordinators' Roles and User ID Report.

Management Comments: Management agrees this recommendation.

M/CFO will update the System access review process quarterly to conform with ADS 545.

Target Completion Date: April 30, 2020

Recommendation 16: Ensure that the triennial System access recertification includes all users, and that any access permission not explicitly requested and approved during the recertification are disabled/removed.

Management Comments: Management agrees with this recommendation.

M/CFO will recertify all System users via the System recertification process and disabled and/or removed accordingly.

Target Completion Date: September 30, 2020

Recommendation 17: Ensure that System administrators are notified promptly when accounts are not needed due to contractor or employee termination; and that such accounts are promptly disabled.

Management Comments: Management agrees with this recommendation.

M/CFO will notify System administrators when its contractors or employees no longer need System access and will promptly disable the related accounts in compliance with ADS 545.

Target Completion Date: June 30, 2020

Recommendation 18: Ensure that access is disabled after 90 days of inactivity in accordance with the Agency's policy.

Management Comments: Management agrees with this recommendation.

M/CFO updated the script used to disable access after 90 days of inactivity. The Agency completed corrective actions and will submit its request for closure of the recommendation to the OIG.

Target Completion Date: November 29, 2019

Recommendation 19: Update the System roles documents to include all roles and identifying all segregation of duty conflicts.

Management Comments: Management agrees with this recommendation.

M/CFO will document the additional roles only available to the application support team, as well as roles provided to all users. Management will also identify all segregation of duty conflicts and work with operating units to eliminate segregation of duty conflicts.

Target Completion Date: June 30, 2020

Clearances:
M/DCFO:KKuyumjian (clear) Date: 11/15/2019 M/DCFO:KBody
(clear) Date: 11/15/2019

Drafted by:M/CFO/CAR:JGuliwala/M/CFO/FS:NMausolf:11/15/2019

APPENDIX C. STATUS OF PRIOR-YEARS FINDINGS AND RECOMMENDATIONS

OMB Circular A–50, "Audit Follow-up," states that a management decision on audit recommendations shall be made within 6 months after a final report is issued. Corrective action should proceed as rapidly as possible.

Status of 2018 Findings and Recommendations

Condition:
Material Weakness: USAID Did Not Reconcile Its Fund Balance with Treasury Account with the Department of the Treasury and Resolve Unreconciled Items in a Timely Manner (Repeat Finding)

Recommendation:
No additional recommendation was provided for this material weakness because a similar finding was reported in previous audits and USAID's efforts to address the problem was acknowledged. In FY 2018, USAID management consulted with Treasury and the Office of Management and Budget (OMB) to resolve the unexplained difference and submitted a plan to them for their approval.

Status:
The finding is considered closed as of November 12, 2019.

Condition:
Significant Deficiency: Intragovernmental Transactions Remain Unreconciled (Repeat Finding)

Recommendation 1:
Establish an Agency working group comprising personnel of the Office of the Chief Financial Officer and the bureaus to research and address the $455 million differences between USAID and its trading partners that were reported in the fiscal year 2018 Agency Financial Report.

Status:
The finding is considered closed as of November 12, 2019.

Condition:
Significant Deficiency: USAID Did Not Maintain Adequate Records of Property, Plant and Equipment (Repeat Finding)

Recommendation:
No additional recommendation was provided for this significant deficiency because a similar finding was reported in previous audits and USAID's efforts to address the problem was acknowledged. USAID management implemented a Quality Assurance Program (QAP) during the fourth quarter of FY 2018. The QAP was anticipated to fully address the issues.

Status:
The finding is considered closed as of November 12, 2019.

Condition:
Significant Deficiency: USAID Did Not Comply with Federal Standards in Accounting for Reimbursable Agreements (Repeat Finding)

Recommendation 2. Review and revise, if necessary, the business process to account for reimbursable agreements so that all transactions are recorded in accordance with U.S. generally accepted accounting principles and the U.S. Standard General Ledger.

Status:
The finding is considered closed as of November 12, 2019.

Status of 2017 Findings and Recommendations

Recommendation 1. The Office of the Chief Financial Officer continue to investigate the $83 million differences between the Agency's Fund Balance with Treasury Account and Treasury fund balance to identify the root cause and, if appropriate, modify its business process to mitigate future occurrences.

Status: Closed as of November 12, 2019.

Recommendation 2. The Office of the Chief Financial Officer enhance its policies and procedures to ensure the subsidiary and general ledgers are completely reconciled and the causes of the differences are corrected.

Status: Closed as of November 12, 2019.

Recommendation 3. The Office of the Chief Financial Officer implement a quality assurance program to validate the quarterly information that missions submit, and ensure that there are no differences between vehicle management information system and the Chief Financial Officer's records.

Status: Closed as of November 12, 2019.

Status of 2016 Findings and Recommendations

*Recommendation 1***.** We recommend that the Office of the Chief Financial Officer resolve all unexplained differences between USAID's Fund Balance with Treasury account and the Department of the Treasury by December 31, 201 and institutionalize the monthly reconciliation of the Fund Balance With Treasury account.

Status: Closed as of November 12, 2019.

Status of 2014 Findings and Recommendations

Recommendation 2. We recommend that USAID's Office of the Chief Financial Officer consult with the U.S. Treasury to obtain advice and approval for resolving unreconciled funds.

Status: Closed as of November 12, 2019.

Status of 2012 Findings and Recommendations

Recommendation 1. We recommend that the Chief Financial Officer verify that all differences between USAID and the Department of the Treasury are researched and resolved in a timely manner in accordance with Treasury financial manual reconciliation procedures.

Status: Closed as of November 12, 2019.

APPENDIX D. FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

As of September 30, 2019 and 2018
(In Thousands)

	2019	2018
ASSETS:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 35,971,075	$ 35,482,587
Accounts Receivable (Note 3)	17,504	6,855
Other Assets (Note 4)	43,814	15,862
Total Intragovernmental	36,032,393	35,505,304
Cash and Other Monetary Assets (Note 5)	233,113	210,917
Accounts Receivable, Net (Note 3)	102,797	102,410
Direct Loans and Loan Guarantees, Net (Note 6)	628,535	936,618
Inventory and Related Property, Net (Note 7)	27,193	26,584
General Property, Plant, and Equipment, Net (Note 8)	78,841	81,370
Other Assets (Note 4)	1,031,014	829,064
Total Assets	**$38,133,886**	**$ 37,692,267**
LIABILITIES:		
Intragovernmental:		
Accounts Payable	$104,685	$ 81,531
Debt (Note 11)	7,565	36,686
Liability for Capital Transfers to the General Fund of the Treasury (Note 11)	1,705,243	1,157,007
Other Liabilities (Notes 10 and 12)	730,536	751,593
Total Intragovernmental	2,548,029	2,026,817
Accounts Payable	2,287,902	2,407,953
Loan Guarantee Liability (Note 6)	2,837,519	3,726,199
Federal Employee and Veteran's Benefits (Note 13)	21,807	23,469
Other Liabilities (Notes 10 and 12)	472,639	433,519
Total Liabilities	**8,167,896**	**8,617,957**
Commitments and Contingencies (Note 14)	–	–
NET POSITION:		
Unexpended Appropriations	29,430,913	28,803,928
Cumulative Results of Operations	535,077	270,382
Total Net Position	**29,965,990**	**29,074,310**
Total Liabilities and Net Position	**$ 38,133,886**	**$ 37,692,267**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF NET COST

For the Years Ended September 30, 2019 and 2018

(In Thousands)

Categories	2019	2018
DR–Democracy, Human Rights and Governance		
Gross Costs	$ 1,466,950	$ 1,701,494
Less: Earned Revenue	(9,611)	(7,348)
Net Program Costs	1,457,339	1,694,146
EG–Economic Growth		
Gross Costs	2,827,344	3,588,058
Less: Earned Revenue	(192,255)	(153,659)
Net Program Costs	2,635,089	3,434,399
ES–Education and Social Services		
Gross Costs	1,252,617	1,186,630
Less: Earned Revenue	(13,720)	(7,780)
Net Program Costs	1,238,897	1,178,850
HA–Humanitarian Assistance		
Gross Costs	3,847,122	3,808,222
Less: Earned Revenue	(16,061)	(7,854)
Net Program Costs	3,831,061	3,800,368
HL–Health		
Gross Costs	1,704,271	1,875,981
Less: Earned Revenue	(636,801)	(625,227)
Net Program Costs	1,067,470	1,250,754
PO–Program Development and Oversight		
Gross Costs	1,125,668	1,078,908
Less: Earned Revenue	(16,874)	(8,099)
Net Program Costs	1,108,794	1,070,809
PS–Peace and Security		
Gross Costs	699,339	592,571
Less: Earned Revenue	(4,338)	(2,079)
Net Program Costs	695,001	590,492
Net Cost of Operations (Notes 15 and 16)	**$ 12,033,651**	**$ 13,019,818**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2019 and 2018

(In Thousands)

	2019	2018
Unexpended Appropriations:		
Beginning Balance	$ 28,803,928	$ 28,126,624
Budgetary Financing Sources:		
Appropriations Received	13,880,992	14,110,845
Appropriations Transferred-in/out	(58,918)	(112,966)
Other Adjustments	(101,384)	(164,588)
Appropriations Used	(13,093,705)	(13,155,987)
Total Budgetary Financing Sources	626,985	677,304
Total Unexpended Appropriations	29,430,913	28,803,928
Cumulative Results of Operations:		
Beginning Balance	$ 270,382	$ 205,099
Budgetary Financing Sources:		
Appropriations Used	13,093,705	13,155,987
Nonexchange Revenue	(175)	(30)
Donations and Forfeitures of Cash and Cash Equivalents	196,184	109,539
Other Financing Sources (Non-Exchange):		
Donations and Forfeitures of Property	16,133	20,829
Imputed Financing	34,311	36,541
Other	(1,041,812)	(237,765)
Total Financing Sources	12,298,346	13,085,101
Net Cost of Operations (Notes 15 and 16)	(12,033,651)	(13,019,818)
Net Change	264,695	65,283
Cumulative Results of Operations	535,077	270,382
Net Position	**$ 29,965,990**	**$ 29,074,310**

The accompanying notes are an integral part of these statements.

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2019 and 2018

(In Thousands)

	2019		2018	
	Budgetary	**Non-Budgetary Credit Reform Financing Accounts**	**Budgetary**	**Non-Budgetary Credit Reform Financing Accounts**
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority, Net	$ 11,889,046	$ 3,731,579	$ 11,654,602	$ 3,489,262
Appropriations (Discretionary and Mandatory)	13,811,384	68	13,918,947	4
Borrowing Authority (Discretionary and Mandatory) (Note 11)	–	6,955	–	40
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,009,612	425,715	1,079,850	559,833
Total Budgetary Resources	**$ 26,710,042**	**$ 4,164,317**	**$ 26,653,399**	**$ 4,049,139**
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total) (Note 17)	$ 16,055,975	$ 276,118	$ 15,501,459	$ 282,592
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts (Note 2)	10,034,077	333,264	5,903,112	262,199
Exempt from Apportionment, Unexpired Accounts (Note 2)	(1)	–	(4)	–
Unapportioned, Unexpired Accounts (Note 2)	489,585	3,554,935	4,996,796	3,504,348
Unexpired Unobligated Balance, End of Year	**10,523,661**	**3,888,199**	**10,899,904**	**3,766,547**
Expired Unobligated Balance, End of Year	130,406	–	252,036	–
Total Unobligated Balance, End of Year	10,654,067	3,888,199	11,151,940	3,766,547
Total Budgetary Resources	**$ 26,710,042**	**$ 4,164,317**	**$ 26,653,399**	**$ 4,049,139**
Outlays, Net:				
Outlays, Net (Total) (Discretionary and Mandatory)	$ 13,192,061	$ (155,573)	$ 12,703,861	$ (279,039)
Distributed Offsetting Receipts (-)	(462,118)	–	(396,088)	–
Agency Outlays, Net (Discretionary and Mandatory)	**$ 12,729,943**	**$ (155,573)**	**$ 12,307,773**	**$ (279,039)**

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying principal financial statements report USAID's financial position and results of operations. They have been prepared using USAID's books and records in accordance with Agency accounting policies, the most significant of which are summarized in this note. The statements are presented in accordance with the guidance and requirements of the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements.*

USAID accounting policies follow generally accepted accounting principles for the Federal government, as established by the Federal Accounting Standards Advisory Board (FASAB). The FASAB has been recognized by the American Institute of Certified Public Accountants (AICPA) as the official accounting standard setting authority for the Federal government. These standards have been agreed to by the Director of the OMB, the Secretary of the Treasury, and the Comptroller General.

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.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. REPORTING ENTITY

Established in 1961 by President John F. Kennedy, USAID is the independent U.S. Government agency that provides economic development and humanitarian assistance to advance United States economic and political interests overseas.

PROGRAMS

The hierarchy of USAID programs is reported first at the budget authority funding level followed by responsibility segments that encompass Functional and Geographical Bureaus. These Bureaus in turn carry out the agency's mission through various programs that include the core program area followed by sub-divisions into target specific objectives.

The main programs include Assistance for Europe, Eurasia, and Central Asia; Civilian Stabilization Initiative; Economic Support Fund; Development Assistance; International Disaster Assistance; Global Health and Child Survival; and Direct and Guaranteed Loan Programs, which are used throughout all foreign assistance programs categories. This classification is consistent with the budget of the United States.

Assistance for Europe, Eurasia, and Central Asia

Funds appropriated under this heading are considered to be economic assistance under the Foreign Assistance Act of 1961.

This account provides funds for a program of assistance to the independent states that emerged from the former Soviet Union. These funds support the U.S. foreign policy goals of consolidating improved

U.S. security; building a lasting partnership with the new independent states; and providing mutual access to markets, resources, and expertise.

Funds appropriated in prior years under "Assistance for the Independent States of the Former Soviet Union" and "Assistance for Eastern Europe" shall be available under this heading Assistance for Europe, Eurasia, and Central Asia.

Civilian Stabilization Initiative

This fund provides support for the necessary expenses needed to establish, support, maintain, mobilize, and deploy a civilian response corps in coordination with the USAID. This fund is also used for related reconstruction and stabilization assistance to prevent or respond to conflict or civil strife in foreign countries or regions, or to enable transition from such unstable conditions.

Economic Support Fund

The Economic Support Fund (ESF) supports U. S. foreign policy objectives by providing economic assistance to allies and countries in transition to democracy. Programs funded through this account promote stability and U.S. security interests in strategic regions of the world.

Development Assistance

This program provides economic resources to developing countries with the aim of bringing the benefits of development to the poor. The program promotes broad-based, self-sustaining economic growth and opportunity, and supports initiatives intended to stabilize population growth, protect the environment and foster increased democratic participation in developing countries. The program is concentrated in those areas in which the United States has special expertise and which promise the greatest opportunity for the poor to better their lives.

International Disaster Assistance

Funds for the International Disaster Assistance Program provide relief, rehabilitation, and reconstruction assistance to foreign countries struck by disasters such as famines, floods, hurricanes and earthquakes. The program also provides assistance in disaster preparedness, prevention and mitigation; and providing emergency commodities and services for immediate healthcare and nutrition. Additionally, this fund supports the capability to provide timely emergency response to disasters worldwide.

Global Health and Child Survival

This fund provides economic resources to developing countries in support of programs to improve infant and child nutrition, with the aim of reducing infant and child mortality rates; to reduce HIV transmission and the impact of the HIV/AIDS pandemic in developing countries; to reduce the threat of infectious diseases of major public health importance such as polio, malaria or tuberculosis; and to expand access to quality basic education for girls and women.

Direct and Guaranteed Loans

- *Direct Loan Program*

  These loans are authorized under the Foreign Assistance Act of 1961, various predecessor agency programs, and other foreign assistance legislation. Direct Loans are issued in both U.S. dollars and the currency of the borrower. Foreign currency loans made "with maintenance of value" places the risk of currency devaluation on the borrower, and are recorded in equivalent U.S. dollars. Loans made "without maintenance of value" place the risk of devaluation on the U.S. Government, and are recorded in the foreign currency of the borrower.

- *Urban and Environmental Program*

  The Urban and Environmental (UE) Program extends guaranties to U.S. private investors who make loans to developing countries, to assist them in formulating and executing sound housing and community development policies that meet the needs of lower income groups.

- *Micro and Small Enterprise Development Program*

  The Micro and Small Enterprise Development (MSED) Program was established to support private sector activities in developing countries by providing direct loans and loan guarantees to local micro and small enterprises. Although the MSED program is still active, most of USAID's new loan guarantee activity is managed through the Development Credit Authority (DCA) Program.

- *Development Credit Authority*

  The first obligations for USAID's Development Credit Authority were made in FY 1999. The DCA allows missions and other offices to use loans and loan guarantees to achieve their development objectives when it can be shown that (1) the project generates enough revenue to cover the debt service including USAID fees, (2) there is at least 50 percent risk-sharing by a private-sector institution, and (3) the DCA guarantee addresses a financial market failure in-country and does not "crowd-out" private sector lending. The DCA can be used in any sector and by any USAID operating unit whose project meets the DCA criteria. DCA projects are approved by the Agency Credit Review Board and the Chief Financial Officer.

- *Israel Loan Guarantee Program*

  Congress authorized the Israel Loan Guarantee Program in Section 226 of the Foreign Assistance Act to support the costs for immigrants resettling to Israel from the former Soviet Union, Ethiopia, and other countries. Under the program, the U.S. Government guaranteed the repayment of up to $10.5 billion in notes issued.

- *Loan Guarantees to Middle East Northern Africa (MENA) Program*

  The authority for the MENA Program was initially established under the Consolidated Appropriations Act, 2012 (Pub. L. No. 112-74), earmarked to provide support for the Republic of Tunisia. In FY 2014, this program was expanded to include Jordan and renamed the Middle East Northern Africa Loan Guarantee Program. In January 2017, pursuant to the Further Continuing and Security Assistance Appropriations Act, 2017 (Pub. L. No. 114-254), a new guarantee agreement with Iraq, was added to the MENA portfolio. These assistance programs aim to support these Sovereign governments in their respective economic transition and reform initiatives. Under this program, the U.S Government guaranteed the total repayment of $6.24 billion notes issued to date.

- *Ukraine Loan Guarantee Program*

  The Loan Guarantee Program for Ukraine was established in accordance with Title III of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2014 (division K of Pub. L. No. 113-76). The Ukraine Loan Program is intended to help Ukraine meet its near-term social spending needs and insulate vulnerable Ukrainians from the impact of necessary economic adjustments. To date a total of $3 billion in notes have been issued.

FUND TYPES

The principal statements include the accounts of all funds under USAID's control. Most of the fund accounts relate to general fund appropriations. USAID also has special funds, revolving funds, trust funds, deposit funds, a capital investment fund, receipt accounts, and budget clearing accounts.

General fund appropriations and the special funds are used to record financial transactions under Congressional appropriations or other authorization to spend general revenue.

Revolving funds are established by law to finance a continuing cycle of operations, with receipts derived from such operations usually available in their entirety for use by the fund without further action by Congress.

Trust funds are credited with receipts generated by the terms of the underlying trust agreement or statute. At the point of collection, these receipts may be available or unavailable, depending upon statutory spending authority.

Deposit funds are established for (1) amounts received for which USAID is acting as a fiscal agent or custodian, (2) unidentified remittances, (3) monies withheld from payments for goods or services received, and (4) monies held awaiting distribution on the basis of legal determination.

The capital investment fund contains no-year (non-expiring) funds to provide the Agency with greater flexibility to manage investments in technology systems and facility construction that's allowed under the annual appropriation for operating expenses.

C. BASIS OF ACCOUNTING

Transactions are recorded on both an accrual and budgetary basis. Under the accrual basis, 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 compliance with legal constraints on, and controls of, the use of federal funds. The accompanying Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position have been prepared on an accrual basis. The Statement of Budgetary Resources has been prepared in accordance with budgetary accounting rules.

D. BUDGETS AND BUDGETARY ACCOUNTING

The components of USAID's budgetary resources include current budgetary authority (that is, appropriations and borrowing authority) and unobligated balances remaining from multiyear and no-year budget authority received in prior years. Budget authority is the authorization provided by law to enter into financial obligations that result in immediate or future outlays of federal funds. Budgetary resources also include reimbursement and other income (that is, spending authority from offsetting collections credited to an appropriation or fund account) and adjustments (that is, recoveries of prior year obligations).

Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, for five years until that account is canceled. When accounts are canceled amounts are not available for obligations or expenditure for any purpose and are returned to Treasury.

The "Consolidated Appropriations Act" signed into law as Pub. L. No.112-74 provides to USAID extended authority to obligate funds. USAID's appropriations have consistently provided essentially similar authority, commonly known as "7011" authority. Under this authority, funds shall remain available for obligation for an extended period if such funds are initially obligated within their initial period of availability.

E. REVENUES AND OTHER FINANCING SOURCES

USAID receives the majority of its funding through congressional appropriations—annual, multiyear, and no-year (non-expiring) appropriations—that may be used within statutory limits. Appropriations are recognized as a financing source (*i.e.,* Appropriations used) on the Statement of Changes in Net Position at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are not recognized as expenses. In addition to funds warranted directly to USAID, the agency also receives allocation transfers from the Department of Agriculture (USDA) Commodity Credit Corporation, the Executive Office of the President, the Department of State, and Millennium Challenge Corporation (MCC).

Additional financing sources for USAID's various credit programs and trust funds include amounts obtained through collection of guaranty fees, interest income on rescheduled loans, penalty interest on delinquent balances, permanent indefinite borrowing authority from the U.S. Treasury, proceeds from the sale of overseas real property acquired by USAID, and advances from foreign governments and international organizations.

Revenues are recognized as financing sources to the extent that they are received by USAID from other agencies, other governments and the public. Imputed revenues are reported in the financial statements to offset imputed costs. Amounts received from other Federal agencies under reimbursable agreements are recognized as revenue as related expenditures are incurred.

F. FUND BALANCE WITH THE U.S. TREASURY

Cash receipts and disbursements are processed by the U.S. Treasury. The fund balances with Treasury are primarily appropriated funds that are available to pay current liabilities and finance authorized purchase commitments, but they also include revolving, deposit, and trust funds.

G. FOREIGN CURRENCY

The Direct Loan Program maintains foreign currency funds, which are used to disburse loans in certain countries. Those balances are reported at the U.S. dollar equivalents using the exchange rates prescribed by the U.S. Treasury. A gain or loss on currency conversion is recognized for any change in valuation of foreign currencies at year-end. Additionally, some USAID host countries contribute funds for the overhead operation of the host mission and the execution of USAID programs. These funds are held in trust and reported in U.S. dollar equivalents on the Balance Sheet and Statement of Net Costs.

H. ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due mainly from foreign governments but also from other Federal agencies and private organizations. USAID regards amounts due from other Federal agencies as 100 percent collectible. The Agency establishes an allowance for uncollectible accounts receivable from the public for non-loan or revenue generating sources based on a historical analysis of collectability.

I. DIRECT LOANS AND LOAN GUARANTEES

Loans are accounted for as receivables after funds have been disbursed. For loans obligated before October 1, 1991 (pre-1992), loan principal, interest, and penalties receivable are reduced by an allowance for estimated uncollectible amounts. The allowance is estimated based on an allowance for loss method prescribed by Office of Management and Budget (OMB) that takes into account country risk and projected cash flows.

The Federal Credit Reform Act of 1990 (FCRA) prescribes an alternative method of accounting for direct loans and guarantees obligated on or after October 1, 1991 (post-1991); the loans receivable are reduced by an allowance equal to the net present value of the cost to the United States Government of making the loan. This cost, known as "subsidy", takes into account all cash inflows and outflows associated with the loan, including the interest rate differential between the loans and Treasury borrowing, the estimated delinquencies and defaults net of recoveries, and offsets from fees and other estimated cash flows. This allowance is reestimated when necessary and changes reflected in the operating statement.

Subsidy cost associated with direct loans and guarantees, is required by the FCRA to be recognized as an expense in the year in which the direct loan or guarantee is disbursed. Subsidy cost is calculated by agency program offices prior to obligation using a model prescribed by OMB. Subsidy relating to existing loans and guarantees is generally required to be reestimated on an annual basis to adjust for changes in risk and interest rate assumptions.

Loans have been made in both U.S. dollars and foreign currencies. Loans extended in foreign currencies can be with or without "Maintenance of Value" (MOV). Foreign currency exchange gain or loss is recognized on those loans extended without MOV, and reflected in the net credit programs receivable balance.

Credit program receivables also include origination and annual fees on outstanding guarantees, interest on rescheduled loans and late charges. Claims receivables (subrogated and rescheduled) are due from foreign governments as a result of defaults for pre-1992 guaranteed loans. Receivables are stated net of an allowance for uncollectible accounts that is determined using an OMB approved net present value default methodology.

While estimates of uncollectible loans and interest are made using methods prescribed by OMB, the final determination as to whether a loan is collectible is also affected by actions of other federal government agencies.

Pre-1992 direct loan and loan guarantee repayments expected from the Borrowers are accounted for as a Liability for Capital Transfers since any unobligated balance from the collections are paid out to Treasury at the end of each fiscal year. In addition, any excess subsidy derived through the reestimate calculations on post-1991 loan guarantees is expected to be disbursed to Treasury and is also accounted for as a Liability for Capital Transfer.

J. ADVANCES

Funds disbursed before expenditures are incurred are recorded as advances. Most advances consist of funds disbursed under letters of credit to contractors and grantees. The advances are liquidated and recorded as expenses upon receipt of expenditure reports from the recipients.

K. INVENTORY AND RELATED PROPERTY

USAID's inventory and related property are comprised of life essential materials and supplies. The Agency has materials and supplies in reserve for foreign disaster assistance stored at strategic sites around the world. These include tents, disaster kits, field packs, and water purification units.

Agency supplies held in reserve for future use are items not readily available in the market, or for which there is more than a remote chance that the supplies will be needed, but not in the normal course of operations. Their valuation is based on cost and they are not considered "held for sale." USAID has no supplies categorizable as excess, obsolete, or unserviceable operating materials and supplies.

L. PROPERTY, PLANT AND EQUIPMENT

USAID capitalizes all property, plant and equipment that have an acquisition cost of $25,000 or greater and a useful life of two years or more. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost, depending on when the asset was put into production and depreciated using the straight-line method (mid-year and mid-quarter). Real property is depreciated over 20 years, nonexpendable personal property is depreciated over three to five years. The Agency uses land, buildings, and equipment that are provided by the General Services Administration. Internal use software that has development costs of $300,000 or greater is capitalized. Deferred maintenance amounts are immaterial with respect to the financial statements. In addition, certain USAID assets are held by government contractors. Under provisions of the Federal Acquisition Regulation (FAR), the contractors are responsible for the control and accountability of the assets in their possession, which are immaterial to the financial statements.

M. LIABILITIES

Liabilities represent the amount of monies or other resources that are likely to be paid by USAID as the result of transactions or events that have already occurred. However, no liability can be paid by the Agency without an appropriation or borrowing authority. Liabilities for which an appropriation has not been enacted are therefore classified as Liabilities Not Covered by Budgetary Resources (unfunded liabilities), and there is no certainty that the appropriations will be enacted. As a sovereign entity, the Federal Government can abrogate the payment of all liabilities other than for contracts.

N. LIABILITIES FOR LOAN GUARANTEES

The FCRA, which became effective on October 1, 1991, significantly changed the manner in which USAID finances the activities of loan programs. The main purpose of the FCRA was to more accurately measure the cost of Federal credit programs and to place the cost of such programs on a budgetary basis equivalent to other Federal spending. Consequently, commencing in FY 1992, USAID can only make new loans or guarantees with an appropriation available to fund the cost of making the loan or guarantee. This cost is known as "subsidy".

For USAID's loan guarantee programs, when guarantee commitments are made, an obligation for subsidy cost is recorded in the program account. This cost is based on the net present value of the estimated net cash outflows to be paid by the program as a result of the loan guarantees, except for administrative costs, less the net present value of all cash inflows to be generated from those guarantees. When the loans are disbursed, the subsidy cost is disbursed from the program account to a financing account.

For pre-1992 loan guarantees, the liability for loan guarantees represents an unfunded liability. The amount of unfunded liabilities also represents a future funding requirement for USAID. The liability is calculated using a reserve methodology that is similar to the OMB- prescribed method for post-1991 loan guarantees.

O. ANNUAL, SICK, AND OTHER LEAVE

Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent that current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expensed as taken.

P. RETIREMENT PLANS AND POST EMPLOYMENT BENEFITS

USAID recognizes its share of the cost of providing future pension benefits to eligible employees over the period of time the employees provide the related services. The pension expense recognized in the financial statements equals the current service cost for USAID employees for the accounting period less the amount contributed by the employees. The measurement of the service cost requires the use of an actuarial cost method and assumptions. The Office of Personnel Management (OPM) administers these benefits and provides the factors that USAID applies to calculate the cost. The excess of the pension expense over the amount contributed by USAID and employees represents the amount being financed directly through the Civil Service Retirement System and the Federal Employees Retirement System administered by OPM. This cost is considered imputed cost to USAID.

USAID recognizes a current period expense for the future cost of post retirement health benefits and life insurance for its employees while they are still working. USAID accounts for and reports this expense in its financial statements in a manner similar to that used for pensions, with the exception that employees and USAID do not make contributions to fund these future benefits.

Q. COMMITMENTS AND CONTINGENCIES

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible gain or loss to USAID. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. For pending, threatened or potential litigation, a liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is likely, and the related future outflow or sacrifice of resources is measurable. For other litigations, a contingent liability is recognized when similar events occur except that the future outflow or other sacrifice of resources is more likely than not.

R. NET POSITION

Net position is the residual difference between assets and liabilities. It is composed of unexpended appropriations and cumulative results of operations.

- Unexpended appropriations are the portion of the appropriations represented by undelivered orders and unobligated balances.
- Cumulative results of operations are also part of net position. This account reflects the net difference between expenses and losses and financing sources, including appropriations, revenues and gains, since the inception of the activity.

S. NON-ENTITY ASSETS

Non-entity fund balances are amounts in deposit fund accounts. These include such items as: funds received from outside sources where the government acts as fiscal agent, monies the government has withheld awaiting distribution based on legal determination, and unidentified remittances credited as suspense items outside the budget. For USAID, non-entity assets are minimal in amount, and are composed solely of accounts receivable, net of allowances.

T. AGENCY COSTS

USAID costs of operations are comprised of program and operating expenses. USAID/Washington program and Mission related expenses by objectives are obtained directly from Phoenix, the Agency general ledger. A cost allocation model is used to distribute operating expenses, including Management Bureau, Global Development Alliance, Trust Funds and Support Offices costs to specific goals. Expenses related to Credit Reform and Revolving Funds are directly applied to specific agency goals based on their objectives.

U. PARENT/CHILD REPORTING

USAID is a party to allocation transfers with other federal agencies as both a transferring (parent) entity and receiving (child) entity. Allocation transfers are legal delegations by one department of its ability to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are also charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (*e.g.,* budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Per OMB Circular A-136 guidance, parent transfer activities are to be included and child transfer activities are to be excluded in trial balances. Exceptions to this general rule affecting USAID include the Executive Office of the President, for whom USAID is the child in the allocation transfer but, per OMB guidance, will report all activity relative to these allocation transfers in USAID's financial statements. In addition to these funds, USAID allocates funds as the parent to:

- Department of Agriculture, Forest Service
- Department of State.

USAID receives allocation transfers as the child from:

- Department of State
- Executive Office of the President
- Millennium Challenge Corporation
- Department of Agriculture, Commodity Credit Corporation.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2019 and 2018 consisted of the following *(in thousands)*:

Status of Fund Balance with Treasury	2019	2018
Unobligated Balance		
Available	$ 10,367,340	$ 6,165,307
Unavailable	4,174,926	8,753,181
Obligated and Other Balances Not Yet Disbursed (Net)	21,428,809	20,564,099
Total	$ 35,971,075	$ 35,482,587

Fund Balance with Treasury (FBWT) is the aggregate amount of USAID's accounts with Treasury for which the Agency is authorized to make payments. Other Funds include credit program and operating funds which are established to record amounts held for the loan guarantee and other operating funds.

As of September 30, 2019, the Agency's historical difference of $131 million in its FBWT has been resolved after OMB and Treasury approved the request for backdated adjustment. Accordingly, M/CFO recorded a one-time adjustment on September 30, 2019 in its general ledger account which permanently addressed the out-of-balance condition with Treasury.

Unobligated balances become available when apportioned by OMB for obligation in the current Fiscal Year. Obligated and other balances not yet disbursed (net) include balances for non-budgetary funds and unfilled customer orders without advances. The unobligated and obligated balances are reflected on the Combined Statement of Budgetary Resources. The total available unobligated balance includes expired funds which are available for upward adjustments, however they are not available to incur new obligations. In the Combined Statement of Budgetary Resources the expired fund balance is included in Unobligated Balance, Unapportioned. The obligated and other balances not yet disbursed include other liabilities without related budgetary obligations.

NOTE 3. ACCOUNTS RECEIVABLE, NET

The primary components of USAID's Accounts Receivable, Net as of September 30, 2019 and 2018 are as follows *(in thousands)*:

	Receivable Gross	Allowance Accounts	Receivable Net 2019	Receivable Net 2018
Intragovernmental				
Accounts Receivable from Federal Agencies	$ 1,071,503	N/A	$1,071,503	$ 443,649
Less: Intra-Agency Receivables	(1,053,999)	N/A	(1,053,999)	(436,794)
Total Intragovernmental Accounts Receivable	17,504	N/A	17,504	6,855
Accounts Receivable from the Public	117,083	(14,286)	102,797	102,410
Total Receivables	$ 134,587	$ (14,286)	$120,301	$ 109,265

Entity intragovernmental accounts receivable consist of amounts due from other U.S. Government Agencies. No allowance accounts have been established for the intragovernmental accounts receivable, which are considered to be 100 percent collectible.

All other entity accounts receivable consist of amounts managed by Missions or USAID/Washington. These receivables consist of overdue advances, unrecovered advances, and audit findings. The allowance for uncollectable accounts related to these receivables is calculated based on a historical analysis of collectability. Accounts receivable from Missions are collected and recorded to the respective appropriation.

Interest receivable is calculated separately, and there is no interest included in the accounts receivable listed above.

NOTE 4. OTHER ASSETS

Other Assets as of September 30, 2019 and 2018 consisted of Advances, as follows *(in thousands)*:

	2019	2018
Intragovernmental		
Advances to Federal Agencies	$ 43,814	$ 15,862
Total Intragovernmental	43,814	15,862
With the Public		
Advances to Contractors/Grantees	622,601	624,676
Advances to Host Country Governments and Institutions	652,181	496,098
Advances, Other	(243,768)	(291,710)
Total with the Public	1,031,014	829,064
Total Other Assets	$ 1,074,828	$ 844,926

Intragovernmental Other Assets are comprised of advance payments to other Federal Government entities for Agency expenses not yet incurred and for goods and services not yet received.

Advances to Contractors/Grantees are amounts that USAID pays to cover immediate cash needs related to program implementation until Contractors/Grantees submit expense reports to USAID and USAID records those expenses. Advances to Host Country Governments and Institutions represent amounts advanced by USAID Missions to host-country governments and other in-country organizations, such as educational institutions and volunteer organizations. Advances, Other consist primarily of amounts advanced for living quarters, travel, and home service. Advances, Other is negative due to the liquidating of advances at the Missions. The advances were issued under Advances, Contractors and were liquidated under Advances, Other.

NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2019 and 2018 are as follows *(in thousands)*:

	2019	2018
Other Cash	$ (577)	$ (672)
Foreign Currencies	233,690	211,589
Total Cash and Other Monetary Assets	$ 233,113	$ 210,917

Foreign Currencies is the value of the Foreign Currency Trust Funds which totaled $234 million in FY 2019 and $212 million in FY 2018, as disclosed in Note 12. USAID does not have any non-entity cash or other monetary assets. The funds are restricted to Host Countries programs.

The negative amounts occurred in Other Cash due to the posting model used by the Missions for recording transfers to the local banks. The posting model has been revised and the Missions have been advised to reconcile with their local national banks.

NOTE 6. DIRECT LOANS AND LOAN GUARANTEES, NET

USAID operates the following loan and/or loan guarantee programs:

- Direct Loan Program (Direct Loan)
- Urban and Environmental Program (UE)
- Micro and Small Enterprise Development Program (MSED)
- Israel Loan Guarantee Program (Israel Loan)
- Development Credit Authority Program (DCA)
- Middle East North Africa (MENA) Loan Guarantee Program (comprised of Tunisia, Jordan, and Iraq Loan Guarantees)
- Ukraine Loan Guarantee Program

A description of these credit programs and the accounting for them is detailed in Note 1 of this report.

An analysis of loans receivable, loan guarantees, liability for loan guarantees, and the nature and amounts of the subsidy costs associated with the loans and loan guarantees are provided in the following sections.

The following net loan receivable amounts are not the same as the proceeds that USAID would expect to receive from selling its loans. Actual proceeds may be higher or lower depending on the borrower and the status of the loan.

Summary of Loans Receivables, Net as of September 30, 2019 and 2018 are as follows *(in thousands)*:

	2019	2018
Net Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method)	$ 595,606	$ 836,456
Net Direct Loans Obligated After FY 1991 (Present Value Method)	(146,317)	(83,913)
Defaulted Guaranteed Loans from Pre-1992 (Allowance for Loss Method)	57,776	71,920
Defaulted Guaranteed Loans Post-1991 (Present Value Method)	121,470	112,155
Total Loans Receivable, Net as reported on the Balance Sheet	$ 628,535	$ 936,618

DIRECT LOANS

Direct Loan amounts for loans obligated prior to 1992 and after 1991 as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
Direct Loans Obligated Prior to 1992 (Allowance for Loss Method) as of September 30, 2019:				
Direct Loans	$ 807,094	$ 371,158	$ (582,646)	$ 595,606
MSED	29	5	(34)	–
Total	$ 807,123	$ 371,163	$ (582,680)	$ 595,606
Direct Loans Obligated Prior to 1992 (Allowance for Loss Method) as of September 30, 2018:				
Direct Loans	$ 1,047,908	$ 354,864	$ (566,316)	$ 836,456
MSED	29	5	(34)	–
Total	$ 1,047,937	$ 354,869	$ (566,350)	$ 836,456

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance for Subsidy Cost	Value of Assets Related to Direct Loans, Net
Direct Loans Obligated After 1991 (Present Value) as of September 30, 2019:				
Direct Loans	$ 672,756	$ 6,176	$ (825,249)	$ (146,317)
Total	$ 672,756	$ 6,176	$ (825,249)	$ (146,317)
Direct Loans Obligated After 1991 (Present Value) as of September 30, 2018:				
Direct Loans	$ 708,928	$ 6,526	$ (799,367)	$ (83,913)
Total	$ 708,928	$ 6,526	$ (799,367)	$ (83,913)

Total Amount of Direct Loans Disbursed as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Direct Loan Programs	2019	2018
Direct Loans	$ 1,479,850	$ 1,756,836
MSED	29	29
Total	$ 1,479,879	$ 1,756,865

Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans) as of September 30, 2019 and 2018 are as follows *(in thousands)*:

	2019			2018		
	Direct Loan	UE (Subrogated Claims)	Total	Direct Loan	UE (Subrogated Claims)	Total
Beginning Balance of the Subsidy Cost Allowance	$ 799,367	$ –	$ 799,367	$ 777,037	$ (1,896)	$ 775,141
Add: Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component:						
(A) Interest Rate Differential Costs	–	–	–	–	–	–
(B) Default Costs (Net of Recoveries)	–	–	–	–	–	–
(C) Fees and Other Collections	–	–	–	–	–	–
(D) Other Subsidy Costs	–	–	–	–	–	–
Total of the Above Subsidy Expense Components	–	–	–	–	–	–
Adjustments:						
(A) Loan Modifications	–	–	–	–	–	–
(B) Fees Received	–	–	–	–	–	–
(C) Foreclosed Property Acquired	–	–	–	–	–	–
(D) Loans Written Off	–	–	–	–	–	–
(E) Subsidy Allowance Amortization	18,800	–	18,800	19,843	–	19,843
(F) Other	7,082	–	7,082	2,487	1,896	4,383
Ending Balance of the Subsidy Cost Allowance Before Reestimates	$ 825,249	$ –	$ 825,249	$ 799,367	$ –	$ 799,367
Add or Subtract Subsidy Reestimates by Component:						
(A) Interest Rate Reestimate	–	–	–	–	–	–
(B) Technical/Default Reestimate	–	–	–	–	–	–
Total of the Above Reestimate Components	–	–	–	–	–	–
Ending Balance of the Subsidy Cost Allowance	$ 825,249	$ –	$ 825,249	$799,367	$ –	$ 799,367

DEFAULTED GUARANTEED LOANS FROM PRE-1992 GUARANTEES

Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method) as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): 2019				
UE	$ 92,111	$ 9,640	$ (43,975)	$ 57,776
Total	$ 92,111	$ 9,640	$ (43,975)	$ 57,776
Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): 2018				
UE	$ 108,457	$ 7,737	$ (44,274)	$ 71,920
Total	$ 108,457	$ 7,737	$ (44,274)	$ 71,920

DEFAULTED GUARANTEED LOANS FROM POST-1991 GUARANTEES

Defaulted Guaranteed Loans from Post-1991 as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Defaulted Guaranteed Loans from Post-1991 Guarantees (2019):				
UE (Subrogated Claims)	$ 73,084	$ 48,386	$ –	$ 121,470
Total	$ 73,084	$ 48,386	$ –	$ 121,470
Defaulted Guaranteed Loans from Post-1991 Guarantees (2018):				
UE (Subrogated Claims)	$ 68,586	$ 43,569	$ –	$ 112,155
Total	$ 68,586	$ 43,569	$ –	$ 112,155

GUARANTEED LOANS OUTSTANDING

Guaranteed Loans Outstanding as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	Outstanding Principal, Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Guaranteed Loans Outstanding (2019):		
DCA	$ 600,594	$ 300,297
Israel	7,947,226	7,947,226
UE	257,257	257,257
Ukraine	2,000,000	2,000,000
MENA	4,750,000	4,750,000
Total	$ 15,555,077	$ 15,254,780
Guaranteed Loans Outstanding (2018):		
DCA	$ 607,468	$ 303,734
Israel	8,366,966	8,366,966
UE	332,068	332,068
Ukraine	3,000,000	3,000,000
MENA	6,235,000	6,235,000
Total	$ 18,541,502	$ 18,237,768
New Guaranteed Loans Disbursed (2019):		
DCA	$ 126,782	$ 63,391
Total	$ 126,782	$ 63,391
New Guaranteed Loans Disbursed (2018):		
DCA	$ 262,506	$ 131,253
Total	$ 262,506	$ 131,253

Liability for Loan Guarantees as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Post-1991 Guarantees	Loan Guarantee Liabilities
Liability for Loan Guarantees as of September 30, 2019:			
UE	$ 176	$ 159,464	$ 159,640
MSED	–	–	–
Israel	–	1,021,532	1,021,532
DCA	–	94,733	94,733
Ukraine	–	517,135	517,135
MENA	–	1,044,479	1,044,479
Total	$ 176	$ 2,837,343	$ 2,837,519
Liability for Loan Guarantees as of September 30, 2018:			
UE	$ 176	$ 155,072	$ 155,248
MSED	–	1	1
Israel	–	1,101,548	1,101,548
DCA	–	92,209	92,209
Ukraine	–	1,182,907	1,182,907
MENA	–	1,194,286	1,194,286
Total	$ 176	$ 3,726,023	$ 3,726,199

SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Subsidy Expense for Loan Guarantees by Program and Component as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
Subsidy Expense for New Loan Guarantees (2019):					
DCA	$ –	$ 12,390	$ (1,664)	$ –	$ 10,726
Total	$ –	$ 12,390	$ (1,664)	$ –	$ 10,726
Subsidy Expense for New Loan Guarantees (2018):					
DCA	$ –	$ 9,953	$ (1,670)	$ –	$ 8,283
Total	$ –	$ 9,953	$ (1,670)	$ –	$ 8,283

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Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Modifications and Reestimates (2019):				
UE	$ –	$ –	$ (4,926)	$ (4,926)
Israel	–	–	(156,799)	(156,799)
DCA	68	–	(6,977)	(6,909)
Ukraine	–	–	(694,933)	(694,933)
MENA	–	–	(175,367)	(175,367)
Total	$ 68	$ –	$ (1,039,002)	$ (1,038,934)
Modifications and Reestimates (2018):				
UE	$ –	$ –	$ (8,876)	$ (8,876)
Israel	–	–	(151,948)	(151,948)
DCA	4	–	(1,227)	(1,223)
Ukraine	–	–	33,740	33,740
MENA	–	–	89,681	89,681
Total	$ 4	$ –	$ (38,630)	$ (38,626)

Total Loan Guarantee Subsidy Expense as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	2019	2018
UE	$ (4,926)	$ (8,876)
Israel	(156,799)	(151,948)
DCA	3,817	7,060
Ukraine	(694,933)	33,740
MENA	(175,367)	89,681
Total	$ (1,028,208)	$ (30,343)

SUBSIDY RATES FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Budget Subsidy Rates for Loan Guarantees for the Current Year's Cohorts are as follows *(percent)*:

Loan Guarantee Programs	Interest Supplements (%)	Defaults (%)	Fees and Other Collections (%)	Other (%)	Total (%)
DCA	–	9.54%	-2.81%	–	6.73%

Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees) as of September 30, 2019 and 2018 are as follows *(in thousands)*:

2019: Post-1991 Loan Guarantees

	DCA	MSED	UE	Israel	Ukraine	MENA	Total
Beginning Balance of the Loan Guarantee Liability	$ 92,209	$ 1	$ 155,072	$ 1,101,548	$1,182,907	$ 1,194,286	$ 3,726,023
Add: Subsidy Expense for Guaranteed Loans Disbursed During the Reporting Years by Component:							
(A) Interest Supplement Costs	–	–	–	–	–	–	–
(B) Default Costs (Net of Recoveries)	12,390	–	–	–	–	–	12,390
(C) Fees and Other Collections	1,664	–	–	–	–	–	1,664
(D) Other Subsidy Costs	–	–	–	–	–	–	–
Total of the Above Subsidy Expense Components	$ 14,054	$ –	$ –	$ –	$ –	$ –	$14,054
Adjustments:							
(A) Loan Guarantee Modifications	–	–	–	–	–	–	–
(B) Fees Received	2,296	–	594	–	–	–	2,890
(C) Interest Supplements Paid	–	–	–	–	–	–	–
(D) Foreclosed Property and Loans Acquired	–	–	–	–	–	–	–
(E) Claim Payments to Lenders	(9,052)	–	–	–	–	–	(9,052)
(F) Interest Accumulation on the Liability Balance	2,726	–	3,280	76,783	29,161	25,560	137,510
(G) Other	(523)	–	5,444	–	–	–	4,921
Ending Balance of the Loan Guarantee Liability Before Reestimates	$101,710	$ 1	$ 164,390	$ 1,178,331	$1,212,068	$ 1,219,846	$ 3,876,346
Add or Subtract Subsidy Reestimates by Component:							
(A) Interest Rate Reestimate	–	–	–	–	–	–	–
(B) Technical/Default Reestimate	(6,977)	(1)	(4,926)	(156,799)	(694,933)	(175,367)	(1,039,003)
Total of the Above Reestimate Components	(6,977)	(1)	(4,926)	(156,799)	(694,933)	(175,367)	(1,039,003)
Ending Balance of the Loan Guarantee Liability	$ 94,733	$ –	$ 159,464	$ 1,021,532	$ 517,135	$ 1,044,479	$ 2,837,343

2018: Post-1991 Loan Guarantees

	DCA	MSED	UE	Israel	Ukraine	MENA	Total
Beginning Balance of the Loan Guarantee Liability	$ 81,357	$ 1	$ 156,953	$ 1,173,872	$1,121,642	$ 1,086,038	$ 3,619,863
Add: Subsidy Expense for Guaranteed Loans Disbursed During the Reporting Years by Component:							
(A) Interest Supplement Costs	–	–	–	–	–	–	–
(B) Default Costs (Net of Recoveries)	9,953	–	–	–	–	–	9,953
(C) Fees and Other Collections	1,670	–	–	–	–	–	1,670
(D) Other Subsidy Costs	–	–	–	–	–	–	–
Total of the Above Subsidy Expense Components	$ 11,623	$ –	$ –	$ –	$ –	$ –	$ 11,623
Adjustments:							
(A) Loan Guarantee Modifications	–	–	–	–	–	–	–
(B) Fees Received	2,730	–	711	–	–	–	3,441
(C) Interest Supplements Paid	–	–	–	–	–	–	–
(D) Foreclosed Property and Loans Acquired	–	–	–	–	–	–	–
(E) Claim Payments to Lenders	(5,390)	–	–	–	–	–	(5,390)
(F) Interest Accumulation on the Liability Balance	3,116	–	3,225	79,624	27,525	18,567	132,057
(G) Other	–	–	3,059	–	–	–	3,059
Ending Balance of the Loan Guarantee Liability Before Reestimates	$ 93,436	$ 1	$ 163,948	$ 1,253,496	$1,149,167	$ 1,104,605	$ 3,764,653
Add or Subtract Subsidy Reestimates by Component:							
(A) Interest Rate Reestimate	–	–	–	–	–	–	–
(B) Technical/Default Reestimate	(1,227)	–	(8,876)	(151,948)	33,740	89,681	(38,630)
Total of the Above Reestimate Components	(1,227)	–	(8,876)	(151,948)	33,740	89,681	(38,630)
Ending Balance of the Loan Guarantee Liability	$ 92,209	$ 1	$ 155,072	$ 1,101,548	$1,182,907	$ 1,194,286	$ 3,726,023

Administrative Expense as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	2019	2018
DCA	$ 9,851	$ 9,408
Total	$ 9,851	$ 9,408

OTHER INFORMATION

1. Allowance for loss for pre-1992 receivables have been calculated in accordance with OMB guidance using an allowance for loss method which assigns risk ratings to receivables based upon the country of debtor. No country is in violation of Section 620q of the Foreign Assistance Act, that is more than six months delinquent. Six countries are in violation of the Brooke-Alexander Amendment to the Foreign Operations Export Financing and Related Programs Appropriations Act, owing $542.1 million that is more than one year delinquent.

2. Reestimate amounts calculated during the year are subject to approval by OMB, and any adjustments, if necessary, will be made in FY 2020. Several loan guarantees matured and were fully repaid in 2019, reducing USAID's risk exposure by approximately $2.5 billion, as a result, the amount of downward reestimates calculated in the current fiscal year increased by approximately $804 million.

3. In 2019, a DCA guarantee was modified to allow for maximum utilization of disbursements, extend the coverage expiration date of the agreement and increase utilization fees. Subsequently this resulted in a $68 thousand adjustment in the subsidy cost for this guarantee.

4. The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the guarantees of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loan guarantees reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

5. New guaranteed loans disbursed under the DCA guarantee program are maintained within USAID's Central Management System.

6. The $(146) million asset reported for post-1991 direct loans is attributed to the increase in the allowance for subsidy over the years. Financing account interest is calculated at the end of each fiscal year per Treasury and OMB guidelines. This accumulated interest income and expense has gradually created an abnormal balance for the direct loan financing account since the offset of the cash receipts/disbursements on the interest is in the allowance for subsidy account. There have been no new direct loans in recent years and these historical loans continue to draw down as borrowers repay. The abnormal balance will clear when USAID returns the funds to Treasury.

7. On October 5, 2018, the *Better Utilization of Investments Leading to Development (BUILD) Act* was signed into law. In accordance with this legislation, USAID will transfer a portion of its loan credit portfolio to the newly established agency, U.S. International Development Finance Corporation (DFC), in FY 2020. As of FY 2019, the loan portfolio made up approximately 13 percent of USAID's overall budgetary resources, consequently, a significant change is anticipated to the agency's upcoming fiscal year financial statements.

NOTE 7. INVENTORY AND RELATED PROPERTY, NET

USAID's Inventory and Related Property, Net is comprised of Operating Materials and Supplies. Operating Materials and Supplies as of September 30, 2019 and 2018 are as follows *(in thousands)*:

	2019	2018
Items Held for Use		
Office Supplies	$ 2,095	$ 4,006
Items Held in Reserve for Future Use		
Disaster Assistance Materials and Supplies	8,925	8,560
Birth Control Supplies	16,172	14,018
Total Inventory and Related Property	$ 27,193	$ 26,584

Operating Materials and Supplies are considered tangible properties that are consumed in the normal course of business and not held for sale. The valuations are based on historical acquisition costs. There are no obsolete or unserviceable items, and no restrictions on their use. Items costing less than $25,000 are expensed as incurred.

NOTE 8. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

The components of Property, Plant and Equipment (PP&E), Net as of September 30, 2019 and 2018 are as follows *(in thousands)*:

2019	Useful Life	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	$ 64,268	$ (52,946)	$ 11,322
Buildings, Improvements, and Renovations	5 to 20 years	114,982	(59,169)	55,813
Land and Land Rights	N/A	7,203	N/A	7,203
Construction in Progress	N/A	–	–	–
Internal Use Software	3 to 5 years	128,717	(124,214)	4,503
Total PP&E		$ 315,170	$ (236,329)	$ 78,841

2018	Useful Life	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	$ 58,862	$ (48,829)	$ 10,033
Buildings, Improvements, and Renovations	5 to 20 years	111,757	(54,818)	56,939
Land and Land Rights	N/A	7,203	N/A	7,203
Construction in Progress	N/A	3	–	3
Internal Use Software	3 to 5 years	128,717	(121,525)	7,192
Total PP&E		$ 306,542	$ (225,172)	$ 81,370

(continued on next page)

Equipment consists primarily of electric generators, Automatic Data Processing (ADP) hardware, vehicles, and copiers located at the overseas field Missions.

Buildings, Improvements, and Renovations, in addition to Land and Land Rights include USAID-owned office buildings and residences at foreign Missions, including the land on which these structures reside. These structures are used and maintained by the field Missions. USAID generally does not separately report the cost of the building and the land on which the building resides.

Land consists of property owned by USAID in foreign countries. Land is generally procured with the intent of constructing buildings.

NOTE 9. LEASES

As of September 30, 2019, Future Lease Payments consisted of the following *(in thousands)*:

Operating Leases: **Future Payments Due:** **Fiscal Year**	**2019** **Future Costs**
2020	$ 119,140
2021	44,325
2022	40,587
2023	38,740
2024	29,963
2025 and Beyond	30,119
Total Future Lease Payments	$ 302,874

Future operating lease payments total $303 million in future lease payments, of which $148 million is for the USAID headquarters in Washington, D.C., and the remainder is for the Missions. The current lease agreements are for approximately 893,888 sq. feet for the headquarters. The expiration dates for headquarters leases are from FY 2020 through FY 2025 and the expiration dates for the Missions' leases are from FY 2020 through FY 2028. All the leases are non-cancelable and the lessor for headquarters is General Services Administration (GSA), which charges commercial rates for USAID's occupancy.

NOTE 10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

As of September 30, 2019 and 2018 Liabilities Not Covered by Budgetary Resources were as follows *(in thousands)*:

	2019	2018
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental:		
Unfunded FECA Liability (Note 13)	$ 7,013	$ 5,164
Other Unfunded Employment Related Liability	–	55
Other Liabilities (Note 12)	5,176	2,302
Total Intragovernmental	$ 12,189	$ 7,521
Accrued Annual Leave	55,115	54,215
Future Workers' Compensation Benefits (Note 13)	21,807	23,469
Debt – Contingent Liabilities for Loan Guarantees (Note 6)	176	176
Total Liabilities Not Covered by Budgetary Resources	89,287	85,381
Total Liabilities Covered by Budgetary Resources	8,078,609	8,532,576
Total Liabilities	$ 8,167,896	$ 8,617,957

USAID records liabilities for amounts that are likely to be paid as the direct result of events that have already occurred. USAID considers the Intragovernmental accounts payable as liabilities covered under budgetary resources. These accounts payable are those payable to other Federal Agencies and consist mainly of unliquidated obligation balances related to interagency agreements between USAID and other Federal Agencies. The accounts payable with the public represent liabilities to non-Federal entities.

Liabilities not covered by budgetary resources include accrued unfunded annual leave and separation pay. Although future appropriations to fund these liabilities are probable and anticipated, Congressional action is needed before budgetary resources can be provided. Accrued unfunded annual leave, workers' compensation benefits, and separation pay represent future liabilities not currently funded by budgetary resources, but will be funded as it becomes due with future resources. The Contingent Liabilities for Loan Guarantees is in the pre-Credit Reform Urban and Environmental (UE) Housing Loan Guarantee liquidating fund. As such, it represents the estimated liability to lenders for future loan guarantee defaults in that program.

NOTE 11. INTRAGOVERNMENTAL DEBT

USAID Intragovernmental Debt as of September 30, 2019 and 2018 consisted of the following borrowings from Treasury for post-1991 loan programs, which is classified as other debt *(in thousands)*:

Debt Due to Treasury	2018 Beginning Balance	Net Borrowing	2018 Ending Balance	Net Borrowing	2019 Ending Balance
Direct Loans	$ 36,076	$ –	$ 36,076	$ (36,076)	$ –
DCA	628	(18)	610	6,955	7,565
Total Treasury Debt	$ 36,704	$ (18)	$ 36,686	$ (29,121)	$ 7,565

Pursuant to the Federal Credit Reform Act of 1990, Agencies with credit programs have permanent indefinite authority to borrow funds from the Treasury. These funds are used to fund the unsubsidized portion of direct loans and, in certain situations, to cover credit program costs.

The above disclosed debt is principal payable to Treasury, which represents Financing account borrowings from Treasury. Sufficient cash was received to repay the full amount of the $36 million Direct Loan debt in FY 2019. On the other hand, as a result of four new guarantees established, there was a need to borrow $6.96 million for the DCA program. The overall interest paid to Treasury's Bureau of the Fiscal Service on the outstanding debt in the current fiscal year was $1.1 million.

The Balance Sheet components of the $1.7 billion *Liability for Capital Transfers to the General Fund of the Treasury* consists of: $663 million of pre-1992 loan equity in the liquidating accounts and $1 billion in downward reestimates that is anticipated to be paid to Treasury next fiscal year. All debt shown is intragovernmental debt.

NOTE 12. OTHER LIABILITIES

As of September 30, 2019 and 2018 Other Current Liabilities consisted of the following *(in thousands)*:

	2019	2018
Intragovernmental		
IPAC Suspense	$ 6,321	$ 4,770
Unfunded FECA Liability (Note 13)	7,013	5,164
Custodial Liability	3,214	7,575
Employer Contributions & Payroll Taxes Payable	3,033	7,144
Other Unfunded Employment Related Liability	–	55
Liability for Advances and Prepayments	705,779	724,583
Other Liabilities	5,176	2,302
Total Intragovernmental	$ 730,536	$ 751,593
With the Public		
Accrued Funded Payroll and Leave	36,156	9,656
Accrued Unfunded Annual Leave and Separation Pay (Note 10)	55,115	54,215
Advances From Others	35,861	51,600
Foreign Currency Trust Fund	233,690	211,589
Other Liabilities	111,817	106,459
Total Liabilities With the Public	$ 472,639	$ 433,519
Total Other Liabilities	$ 1,203,175	$ 1,185,112

Intragovernmental Liabilities represent amounts due to other Federal Agencies. All remaining Other Liabilities are liabilities to non-Federal entities.

NOTE 13. FEDERAL EMPLOYEES AND VETERAN'S BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2019 and 2018 are indicated in the table below *(in thousands)*:

Unfunded Workers' Compensation Benefits	2019	2018
Liabilities Not Covered by Budgetary Resources		
Future Workers' Compensation Benefits	$ 21,807	$ 23,469
Accrued Unfunded FECA Liability	7,013	5,164
Total Unfunded Workers' Compensation Benefits	$ 28,820	$ 28,633

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job and to beneficiaries of employees whose deaths are attributable to job-related injury or disease. The FECA program is administered by the U.S. Department of Labor (DOL). DOL initially pays valid FECA claims for all Federal Government Agencies and seeks reimbursement two Fiscal Years later from the Federal Agencies employing the claimants.

For FY 2019, USAID's total FECA liability was $28.8 million, comprised of unpaid FECA billings for $7 million and estimated future FECA costs of $21.8 million.

The actuarial estimate for the FECA unfunded liability is determined by the DOL using a method which uses historical benefit payment patterns. The projected annual benefit payments are discounted to present value using economic assumption for 10-year Treasury notes and bonds and the amount is further adjusted for inflation.

NOTE 14. COMMITMENTS AND CONTINGENCIES

USAID is involved in certain claims, suits, and complaints that have been filed or are pending. These matters are in the ordinary course of the Agency's operations and are not expected to have a material adverse effect on the Agency's financial operations.

As of September 30, 2019, there were three pending cases.

The schedule below details the accrued liabilities and estimated range of loss for pending legal cases as of September 30, 2019 and 2018 *(in thousands)*:

	2019		2018	
	Estimated Range of Loss		Estimated Range of Loss	
	Lower End	Upper End	Lower End	Upper End
Legal Contingencies:				
Probable	$ –	$ –	$ –	$ –
Reasonably Possible	100	12,573	–	1,973
Total Accrued Liabilities and Estimated Range of Loss	$ 100	$ 12,573	$ –	$ 1,973

USAID's normal course of business involves the execution of project agreements with foreign governments that are a type of treaty. All of these agreements give rise to obligations that are fully reported on USAID's financial statements, and none of which are contingent. It is not USAID's normal business practice to enter into other types of agreements or treaties with foreign governments that create contingent liabilities.

NOTE 15. SCHEDULE OF COSTS AND EARNED REVENUE

The Consolidated Statement of Net Cost reports the Agency's gross costs less earned revenues to arrive at net cost of operations by Program Categories and Responsibility Segments, as of September 30, 2019. These categories are consistent with the new State-USAID Standardized Program Structure and Definition (SPSD).

The format of the Consolidated Statement of Net Cost is also consistent with OMB Circular A-136 guidance.

Note 15 shows the value of exchange transactions between USAID and other Federal entities as well as non-Federal entities. These are also categorized within the Agency by Program Categories, Responsibility Segments, and Program Areas are defined in Note 16.

Intragovernmental Costs and Earned Revenue sources relate to transactions between USAID and other Federal entities. Public costs and earned revenues on the other hand relate to transactions between USAID and non-Federal entities. Program Costs and Earned Revenue by Responsibility Segment for the years ended September 30, 2019 and 2018 are indicated in the table on the following pages *(in thousands)*:

Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
DR–Democracy, Human Rights and Governance												
Intragovernmental Costs	$ 7,861	$ 8,671	$ 2,613	$ –	$ 16,595	$ –	$ –	$ 20,372	$ 5,221	$ 5,679	$ 67,012	$ 89,815
Public Costs	192,447	147,497	30,781	22,755	213,462	–	–	339,398	142,911	310,687	1,399,938	1,611,679
Total Program Costs	200,308	156,168	33,394	22,755	230,057	–	–	359,770	148,132	316,366	1,466,950	1,701,494
Intragovernmental Earned Revenue	(814)	(948)	(266)	–	(1,687)	–	–	(2,184)	(572)	(548)	(7,019)	(6,876)
Public Earned Revenue	(301)	(350)	(98)	–	(623)	–	–	(806)	(211)	(203)	(2,592)	(472)
Total Earned Revenue	(1,115)	(1,298)	(364)	–	(2,310)	–	–	(2,990)	(783)	(751)	(9,611)	(7,348)
Net Program Costs	**199,193**	**154,870**	**33,030**	**22,755**	**227,747**	**–**	**–**	**356,780**	**147,349**	**315,615**	**1,457,339**	**1,694,146**
EG–Economic Growth												
Intragovernmental Costs	55,236	27,521	125	76,635	13,870	–	21,685	23,699	57,630	25,799	302,200	283,514
Public Costs	594,563	293,597	4,556	606,584	141,066	–	92,817	238,641	218,247	335,073	2,525,144	3,304,544
Total Program Costs	649,799	321,118	4,681	683,219	154,936	–	114,502	262,340	275,877	360,872	2,827,344	3,588,058
Intragovernmental Earned Revenue	(2,594)	(2,030)	(14)	(149,006)	(1,200)	–	(2,361)	(1,584)	(6,076)	(17,215)	(182,080)	(151,156)
Public Earned Revenue	(962)	(749)	(5)	(3,538)	(443)	–	(872)	(584)	(2,244)	(778)	(10,175)	(2,503)
Total Earned Revenue	(3,556)	(2,779)	(19)	(152,544)	(1,643)	–	(3,233)	(2,168)	(8,320)	(17,993)	(192,255)	(153,659)
Net Program Costs	**646,243**	**318,339**	**4,662**	**530,675**	**153,293**	**–**	**111,269**	**260,172**	**267,557**	**342,879**	**2,635,089**	**3,434,399**
ES–Education and Social Services												
Intragovernmental Costs	13,693	7,644	1,466	18,605	67	10	1,131	6,001	10,729	12,171	71,517	70,757
Public Costs	366,499	89,806	31,437	158,173	1,279	24	18,773	99,850	203,803	211,456	1,181,100	1,115,873
Total Program Costs	380,192	97,450	32,903	176,778	1,346	34	19,904	105,851	214,532	223,627	1,252,617	1,186,630
Intragovernmental Earned Revenue	(1,448)	(578)	(163)	(5,347)	(301)	(1)	(126)	(639)	(916)	(1,352)	(10,871)	(7,606)
Public Earned Revenue	(534)	(213)	(60)	(763)	(3)	–	(46)	(236)	(338)	(656)	(2,849)	(174)
Total Earned Revenue	(1,982)	(791)	(223)	(6,110)	(304)	(1)	(172)	(875)	(1,254)	(2,008)	(13,720)	(7,780)
Net Program Costs	**378,210**	**96,659**	**32,680**	**170,668**	**1,042**	**33**	**19,732**	**104,976**	**213,278**	**221,619**	**1,238,897**	**1,178,850**
HA–Humanitarian Assistance												
Intragovernmental Costs	–	378	134,258	–	6	99	–	692	741	38	136,212	135,000
Public Costs	2	5,644	3,663,853	–	44	8,696	–	16,014	15,822	835	3,710,910	3,673,222
Total Program Costs	2	6,022	3,798,111	–	50	8,795	–	16,706	16,563	873	3,847,122	3,808,222
Intragovernmental Earned Revenue	–	(42)	(11,549)	–	(1)	(10)	–	(77)	(82)	(4)	(11,765)	(7,552)
Public Earned Revenue	–	(16)	(4,204)	–	–	(4)	–	(40)	(30)	(2)	(4,296)	(302)
Total Earned Revenue	–	(58)	(15,753)	–	(1)	(14)	–	(117)	(112)	(6)	(16,061)	(7,854)
Net Program Costs	**2**	**5,964**	**3,782,358**	**–**	**49**	**8,781**	**–**	**16,589**	**16,451**	**867**	**3,831,061**	**3,800,368**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
HL–Health												
Intragovernmental Costs	116,677	22,322	92	–	918	41,955	418	6,798	11,103	11,288	211,571	234,641
Public Costs	416,813	75,112	3,922	15,322	2,726	620,116	1,741	31,432	159,901	165,615	1,492,700	1,641,340
Total Program Costs	533,490	97,434	4,014	15,322	3,644	662,071	2,159	38,230	171,004	176,903	1,704,271	1,875,981
Intragovernmental Earned Revenue	(12,901)	(2,477)	(10)	–	(99)	(591,975)	(46)	(755)	(687)	(1,245)	(610,195)	(622,000)
Public Earned Revenue	(4,805)	(915)	(4)	–	(37)	(19,820)	(17)	(279)	(254)	(475)	(26,606)	(3,227)
Total Earned Revenue	(17,706)	(3,392)	(14)	–	(136)	(611,795)	(63)	(1,034)	(941)	(1,720)	(636,801)	(625,227)
Net Program Costs	**515,784**	**94,042**	**4,000**	**15,322**	**3,508**	**50,276**	**2,096**	**37,196**	**170,063**	**175,183**	**1,067,470**	**1,250,754**
PO–Program Development and Oversight												
Intragovernmental Costs	41,330	14,458	39,103	76,314	6,426	–	30,976	16,213	6,884	26,860	258,564	260,125
Public Costs	167,455	59,423	153,729	181,881	25,793	–	91,955	74,058	45,422	67,388	867,104	818,783
Total Program Costs	208,785	73,881	192,832	258,195	32,219	–	122,931	90,271	52,306	94,248	1,125,668	1,078,908
Intragovernmental Earned Revenue	(1,274)	(612)	(583)	(5,001)	(233)	–	(3,402)	(590)	(212)	(417)	(12,324)	(7,789)
Public Earned Revenue	(470)	(226)	(215)	(1,847)	(86)	–	(1,256)	(218)	(78)	(154)	(4,550)	(310)
Total Earned Revenue	(1,744)	(838)	(798)	(6,848)	(319)	–	(4,658)	(808)	(290)	(571)	(16,874)	(8,099)
Net Program Costs	**207,041**	**73,043**	**192,034**	**251,347**	**31,900**	**–**	**118,273**	**89,463**	**52,016**	**93,677**	**1,108,794**	**1,070,809**
PS–Peace and Security												
Intragovernmental Costs	2,640	3,294	4,413	–	1,058	–	–	7,276	12,273	5,597	36,551	29,265
Public Costs	71,786	48,538	149,658	–	14,899	–	–	95,978	177,831	104,098	662,788	563,306
Total Program Costs	74,426	51,832	154,071	–	15,957	–	–	103,254	190,104	109,695	699,339	592,571
Intragovernmental Earned Revenue	(292)	(343)	(489)	–	(118)	–	–	(635)	(731)	(502)	(3,110)	(1,999)
Public Earned Revenue	(108)	(207)	(181)	–	(43)	–	–	(234)	(270)	(185)	(1,228)	(80)
Total Earned Revenue	(400)	(550)	(670)	–	(161)	–	–	(869)	(1,001)	(687)	(4,338)	(2,079)
Net Program Costs	**74,026**	**51,282**	**153,401**	**–**	**15,796**	**–**	**–**	**102,385**	**189,103**	**109,008**	**695,001**	**590,492**
Net Cost of Operations	**$2,020,499**	**$ 794,199**	**$ 4,202,165**	**$ 990,767**	**$ 433,335**	**$ 59,090**	**$ 251,370**	**$ 967,561**	**$ 1,055,817**	**$1,258,848**	**$ 12,033,651**	**$ 13,019,818**

NOTE 16. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

The Schedule of Costs by Responsibility Segment categorizes costs and revenues by Program Categories, Program Areas, which is consistent with the new State-USAID SPSD, and Responsibility Segment.

A responsibility segment is the component that carries out a mission or major line of activity, and whose managers report directly to top management. The geographic and technical bureaus of USAID (on the pages following) meet the criteria for responsibility segments. These bureaus directly support the Agency goals while the remaining bureaus and offices support the operations of these bureaus. To report the full cost of program outputs, the cost of support bureaus and offices are allocated to the outputs of the geographic and technical bureaus. Intra-agency eliminations are allocated to Program Areas to reflect total costs.

In the FY 2019 Consolidated Statement of Net Cost, major responsibility segments are (i) the Geographic Bureaus and (ii) the Technical Bureaus. The six Geographic Bureaus are: Africa; Asia; Europe and Eurasia; Latin America and the Caribbean; the Middle East; and the Office of Afghanistan and Pakistan Affairs (OAPA). The four Technical Bureaus are: Democracy, Conflict and Humanitarian Assistance (DCHA); Economic Growth, Education and the Environment (E3); Global Health; and Innovation and Development Alliances (IDEA) & U.S. Global Development Lab (LAB). Note that receiving organizations IDEA and LAB have been merged as IDEA & LAB for Statement of Net Cost reporting purposes.

Schedule of Costs by SPSD for the years ended September 30, 2019 and 2018 are indicated in the table on the following pages *(in thousands)*:

Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
DR–Democracy, Human Rights and Governance												
DR.1–Rule of Law (ROL)												
Gross Costs	$ 20,282	$ 24,022	$ 1,895	$ 6,826	$ 28,650	$ –	$ –	$ 77,390	$ 11,529	$ 11,208	$ 181,802	$ 200,900
Less: Earned Revenue	(104)	(210)	(38)	–	(313)	–	–	(675)	(53)	(88)	(1,481)	(913)
Net Program Costs	**20,178**	**23,812**	**1,857**	**6,826**	**28,337**	**–**	**–**	**76,715**	**11,476**	**11,120**	**180,321**	**199,987**
DR.2–Good Governance												
Gross Costs	64,781	46,073	15,311	4,770	74,493	–	–	172,002	80,334	224,713	682,477	1,058,705
Less: Earned Revenue	(368)	(397)	(54)	–	(656)	–	–	(1,455)	(464)	(116)	(3,510)	(4,355)
Net Program Costs	**64,413**	**45,676**	**15,257**	**4,770**	**73,837**	**–**	**–**	**170,547**	**79,870**	**224,597**	**678,967**	**1,054,350**
DR.3–Political Competition and Consensus-Building												
Gross Costs	49,880	19,223	5,365	12	34,165	–	–	16,016	21,514	61,695	207,870	136,314
Less: Earned Revenue	(287)	(158)	(139)	–	(339)	–	–	(119)	(97)	(409)	(1,548)	(684)
Net Program Costs	**49,593**	**19,065**	**5,226**	**12**	**33,826**	**–**	**–**	**15,897**	**21,417**	**61,286**	**206,322**	**135,630**
DR.4–Civil Society												
Gross Costs	56,944	54,032	8,945	8,076	58,221	–	–	57,220	32,407	15,633	291,478	241,877
Less: Earned Revenue	(315)	(433)	(98)	–	(634)	–	–	(421)	(157)	(113)	(2,171)	(1,120)
Net Program Costs	**56,629**	**53,599**	**8,847**	**8,076**	**57,587**	**–**	**–**	**56,799**	**32,250**	**15,520**	**289,307**	**240,757**
DR.5–Independent Media and Free Flow of Information												
Gross Costs	2,230	4,725	5	–	32,313	–	–	4,499	–	–	43,772	12,561
Less: Earned Revenue	(10)	(38)	–	–	(334)	–	–	(33)	–	–	(415)	(42)
Net Program Costs	**2,220**	**4,687**	**5**	**–**	**31,979**	**–**	**–**	**4,466**	**–**	**–**	**43,357**	**12,519**
DR.6–Human Rights												
Gross Costs	6,191	8,093	1,874	3,071	2,214	–	–	32,643	2,348	3,117	59,551	51,137
Less: Earned Revenue	(31)	(62)	(36)	–	(33)	–	–	(287)	(12)	(25)	(486)	(234)
Net Program Costs	**6,160**	**8,031**	**1,838**	**3,071**	**2,181**	**–**	**–**	**32,356**	**2,336**	**3,092**	**59,065**	**50,903**
Total Democracy, Human Rights and Governance	**199,193**	**154,870**	**33,030**	**22,755**	**227,747**	**–**	**–**	**356,780**	**147,349**	**315,615**	**1,457,339**	**1,694,146**
EG–Economic Growth												
EG.1–Macroeconomic Foundation for Growth												
Gross Costs	3,403	1,138	–	126,376	463	–	–	10,374	49,081	4,072	194,907	778,619
Less: Earned Revenue	(2)	(3)	–	(66,692)	(1)	–	–	(81)	(7,211)	(15,477)	(89,467)	(58,678)
Net Program Costs	**3,401**	**1,135**	**–**	**59,684**	**462**	**–**	**–**	**10,293**	**41,870**	**(11,405)**	**105,440**	**719,941**
EG.2–Trade and Investment												
Gross Costs	17,103	24,326	–	11,968	13,905	–	–	13,862	5,777	20,335	107,276	110,133
Less: Earned Revenue	(99)	(228)	–	(95)	(135)	–	–	(118)	(30)	(169)	(874)	(810)
Net Program Costs	**17,004**	**24,098**	**–**	**11,873**	**13,770**	**–**	**–**	**13,744**	**5,747**	**20,166**	**106,402**	**109,323**
EG.3–Agriculture												
Gross Costs	375,047	87,837	–	201,711	3,649	–	1,673	43,290	12,063	82,410	807,680	925,132
Less: Earned Revenue	(2,047)	(743)	–	–	(42)	–	(73)	(412)	(66)	(658)	(4,041)	(2,751)
Net Program Costs	**373,000**	**87,094**	**–**	**201,711**	**3,607**	**–**	**1,600**	**42,878**	**11,997**	**81,752**	**803,639**	**922,381**
EG.4–Financial Sector												
Gross Costs	563	1,929	–	78,865	7,885	–	–	4,170	77,559	4,210	175,181	229,897
Less: Earned Revenue	(2)	(9)	–	(76,782)	(67)	–	–	(31)	(297)	(42)	(77,230)	(80,425)
Net Program Costs	**561**	**1,920**	**–**	**2,083**	**7,818**	**–**	**–**	**4,139**	**77,262**	**4,168**	**97,951**	**149,472**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
EG.5–Private Sector Productivity												
Gross Costs	12,645	34,893	–	17,165	76,227	–	108,101	53,621	99,797	27,167	429,616	524,833
Less: Earned Revenue	(90)	(312)	–	(167)	(810)	–	(3,128)	(461)	(536)	(229)	(5,733)	(5,090)
Net Program Costs	**12,555**	**34,581**	**–**	**16,998**	**75,417**	**–**	**104,973**	**53,160**	**99,261**	**26,938**	**423,883**	**519,743**
EG.6–Workforce Development												
Gross Costs	1,520	9,666	–	–	8,578	–	1,457	13,423	21,234	5,457	61,335	62,698
Less: Earned Revenue	(7)	(74)	–	–	(88)	–	(15)	(112)	(110)	(46)	(452)	(266)
Net Program Costs	**1,513**	**9,592**	**–**	**–**	**8,490**	**–**	**1,442**	**13,311**	**21,124**	**5,411**	**60,883**	**62,432**
EG.7–Modern Energy Services												
Gross Costs	84,995	17,363	–	5,389	27,483	–	2,126	4,663	5,678	140,721	288,418	228,460
Less: Earned Revenue	(437)	(127)	–	(186)	(296)	–	(12)	(39)	(38)	(894)	(2,029)	(880)
Net Program Costs	**84,558**	**17,236**	**–**	**5,203**	**27,187**	**–**	**2,114**	**4,624**	**5,640**	**139,827**	**286,389**	**227,580**
EG.8–Information and Communications Technology Services												
Gross Costs	976	88	–	261	255	–	39	75	105	2,588	4,387	3,961
Less: Earned Revenue	(5)	(1)	–	(3)	(3)	–	–	(1)	(1)	(16)	(30)	(15)
Net Program Costs	**971**	**87**	**–**	**258**	**252**	**–**	**39**	**74**	**104**	**2,572**	**4,357**	**3,946**
EG.9–Transport Services												
Gross Costs	27,497	2,475	–	2,806	7,187	–	1,107	2,105	2,957	72,939	119,073	111,728
Less: Earned Revenue	(149)	(20)	–	(97)	(89)	–	(6)	(18)	(21)	(453)	(853)	(443)
Net Program Costs	**27,348**	**2,455**	**–**	**2,709**	**7,098**	**–**	**1,101**	**2,087**	**2,936**	**72,486**	**118,220**	**111,285**
EG.10–Environment												
Gross Costs	118,994	121,997	4,681	228,000	9,305	–	–	103,365	1,626	974	588,942	598,373
Less: Earned Revenue	(675)	(1,121)	(19)	(8,520)	(113)	–	–	(809)	(10)	(10)	(11,277)	(4,280)
Net Program Costs	**118,319**	**120,876**	**4,662**	**219,480**	**9,192**	**–**	**–**	**102,556**	**1,616**	**964**	**577,665**	**594,093**
EG.11-Climate Change - Adaptation												
Gross Costs	–	–	–	1,591	–	–	–	720	–	–	2,311	922
Less: Earned Revenue	–	–	–		–	–	–	(9)	–	–	(9)	(1)
Net Program Costs	**–**	**–**	**–**	**1,591**	**–**	**–**	**–**	**711**	**–**	**–**	**2,302**	**921**
EG.12-Climate Change - Clean Energy												
Gross Costs	–	–	–	2,126	–	–	–	285	–	–	2,411	717
Less: Earned Revenue	–	–	–		–	–	–	(3)	–	–	(3)	(2)
Net Program Costs	**–**	**–**	**–**	**2,126**	**–**	**–**	**–**	**282**	**–**	**–**	**2,408**	**715**
EG.13-Climate Change - Sustainable Landscapes												
Gross Costs	7,056	19,405	–	6,959	–	–	–	12,387	–	–	45,807	12,585
Less: Earned Revenue	(43)	(140)	–		–	–	–	(74)	–	–	(257)	(18)
Net Program Costs	**7,013**	**19,265**	**–**	**6,959**	**–**	**–**	**–**	**12,313**	**–**	**–**	**45,550**	**12,567**
Total Economic Growth	**646,243**	**318,339**	**4,662**	**530,675**	**153,293**	**–**	**111,269**	**260,172**	**267,557**	**342,879**	**2,635,089**	**3,434,399**
ES–Education and Social Services												
ES.1–Basic Education												
Gross Costs	365,093	68,807	6,662	170,553	178	–	6,617	56,196	187,276	210,352	1,071,734	1,025,624
Less: Earned Revenue	(1,923)	(551)	(32)	(2,829)	(288)	–	(63)	(451)	(1,100)	(1,911)	(9,148)	(7,168)
Net Program Costs	**363,170**	**68,256**	**6,630**	**167,724**	**(110)**	**–**	**6,554**	**55,745**	**186,176**	**208,441**	**1,062,586**	**1,018,456**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
ES.2–Higher Education												
Gross Costs	11,898	11,970	941	603	1,167	–	13,288	7,352	5,855	8,732	61,806	9,412
Less: Earned Revenue	(44)	(97)	(3)	–	(15)	–	(110)	(67)	(23)	(42)	(401)	(17)
Net Program Costs	**11,854**	**11,873**	**938**	**603**	**1,152**	**–**	**13,178**	**7,285**	**5,832**	**8,690**	**61,405**	**9,395**
ES.3–Social Policies, Regulations, and Systems												
Gross Costs	245	431	1,010	252	–	–	–	7,643	1,818	432	11,831	13,539
Less: Earned Revenue	(1)	(4)	(10)	(312)	–	–	–	(50)	(12)	(5)	(394)	(55)
Net Program Costs	**244**	**427**	**1,000**	**(60)**	**–**	**–**	**–**	**7,593**	**1,806**	**427**	**11,437**	**13,484**
ES.4–Social Services												
Gross Costs	1,444	13,579	18,052	3,813	–	34	–	23,945	8,359	1,441	70,667	54,446
Less: Earned Revenue	(6)	(113)	(116)	(1,041)	–	(1)	–	(201)	(50)	(17)	(1,545)	(200)
Net Program Costs	**1,438**	**13,466**	**17,936**	**2,772**	**–**	**33**	**–**	**23,744**	**8,309**	**1,424**	**69,122**	**54,246**
ES.5–Social Assistance												
Gross Costs	1,511	2,663	6,238	1,556	–		–	10,716	11,226	2,669	36,579	83,609
Less: Earned Revenue	(7)	(26)	(62)	(1,927)	–		–	(107)	(71)	(32)	(2,232)	(340)
Net Program Costs	**1,504**	**2,637**	**6,176**	**(371)**	**–**	**–**	**–**	**10,609**	**11,155**	**2,637**	**34,347**	**83,269**
Total Education and Social Service	**378,210**	**96,659**	**32,680**	**170,668**	**1,042**	**33**	**19,732**	**104,976**	**213,278**	**221,619**	**1,238,897**	**1,178,850**
HA–Humanitarian Assistance												
HA.1–Protection, Assistance and Solutions												
Gross Costs	–	327	3,634,868	–	50	8,796	–	4,332	16,562	741	3,665,676	3,784,932
Less: Earned Revenue	–	–	(15,082)	–	(1)	(15)	–	(55)	(111)	(6)	(15,270)	(7,537)
Net Program Costs	**–**	**327**	**3,619,786**	**–**	**49**	**8,781**	**–**	**4,277**	**16,451**	**735**	**3,650,406**	**3,777,395**
HA.2–Disaster Readiness												
Gross Costs	2	5,694	163,243	–	–	–	–	184	–	–	169,123	23,182
Less: Earned Revenue	–	(57)	(671)		–	–	–	(2)	–	–	(730)	(317)
Net Program Costs	**2**	**5,637**	**162,572**	**–**	**–**	**–**	**–**	**182**	**–**	**–**	**168,393**	**22,865**
HA.3–Migration Management												
Gross Costs	–	–	–	–	–	–	–	12,190	–	133	12,323	108
Less: Earned Revenue	–	–	–	–	–	–	–	(60)	–	(1)	(61)	–
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,130**	**–**	**132**	**12,262**	**108**
Total Humanitarian Assistance	**2**	**5,964**	**3,782,358**	**–**	**49**	**8,781**	**–**	**16,589**	**16,451**	**867**	**3,831,061**	**3,800,368**
HL–Health												
HL.1–HIV/AIDS												
Gross Costs	256,334	22,998	1,133	2,820	2,902	629,272	1,016	17,596	65,553	69,006	1,068,630	1,277,629
Less: Earned Revenue	(9,663)	(879)	(4)	–	(112)	(609,994)	(30)	(509)	(372)	(767)	(622,330)	(617,909)
Net Program Costs	**246,671**	**22,119**	**1,129**	**2,820**	**2,790**	**19,278**	**986**	**17,087**	**65,181**	**68,239**	**446,300**	**659,720**
HL.2–Tuberculosis												
Gross Costs	8,428	11,372	9	21	212	951	8	71	494	2,597	24,163	9,330
Less: Earned Revenue	(353)	(490)	–	–	(9)	(45)	–	(1)	(3)	(44)	(945)	(187)
Net Program Costs	**8,075**	**10,882**	**9**	**21**	**203**	**906**	**8**	**70**	**491**	**2,553**	**23,218**	**9,143**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
HL.3–Malaria												
Gross Costs	70,776	4,053	41	102	19	1,215	37	1,236	2,367	2,491	82,337	44,969
Less: Earned Revenue	(3,006)	(171)	–	–	–	(72)	(1)	(44)	(13)	(28)	(3,335)	(909)
Net Program Costs	**67,770**	**3,882**	**41**	**102**	**19**	**1,143**	**36**	**1,192**	**2,354**	**2,463**	**79,002**	**44,060**
HL.4–Pandemic Influenza and Other Emerging Threats (PIOET)												
Gross Costs	4,318	790	60	148	27	3,456	53	496	3,441	3,622	16,411	26,971
Less: Earned Revenue	(113)	(28)	–	–	(1)	(178)	(2)	(8)	(19)	(40)	(389)	(314)
Net Program Costs	**4,205**	**762**	**60**	**148**	**26**	**3,278**	**51**	**488**	**3,422**	**3,582**	**16,022**	**26,657**
HL.5–Other Public Health Threats												
Gross Costs	6,407	1,512	1,804	218	40	3,637	177	732	5,680	5,347	25,554	39,986
Less: Earned Revenue	(168)	(42)	(7)	–	(1)	(174)	(6)	(12)	(30)	(59)	(499)	(441)
Net Program Costs	**6,239**	**1,470**	**1,797**	**218**	**39**	**3,463**	**171**	**720**	**5,650**	**5,288**	**25,055**	**39,545**
HL.6–Maternal and Child Health												
Gross Costs	51,133	17,003	311	774	142	20,706	327	7,071	21,390	42,494	161,351	157,772
Less: Earned Revenue	(1,822)	(703)	(1)	–	(4)	(1,045)	(10)	(237)	(117)	(276)	(4,215)	(2,061)
Net Program Costs	**49,311**	**16,300**	**310**	**774**	**138**	**19,661**	**317**	**6,834**	**21,273**	**42,218**	**157,136**	**155,711**
HL.7–Family Planning and Reproductive Health												
Gross Costs	28,733	13,743	139	346	64	1,675	79	3,231	20,198	11,107	79,315	69,153
Less: Earned Revenue	(1,068)	(580)	–	–	(2)	(140)	(2)	(109)	(110)	(141)	(2,152)	(870)
Net Program Costs	**27,665**	**13,163**	**139**	**346**	**62**	**1,535**	**77**	**3,122**	**20,088**	**10,966**	**77,163**	**68,283**
HL.8–Water Supply and Sanitation												
Gross Costs	99,821	20,999	498	10,846	228	866	446	7,091	50,784	30,334	221,913	239,129
Less: Earned Revenue	(1,211)	(294)	(2)	–	(6)	(125)	(13)	(87)	(272)	(337)	(2,347)	(2,371)
Net Program Costs	**98,610**	**20,705**	**496**	**10,846**	**222**	**741**	**433**	**7,004**	**50,512**	**29,997**	**219,566**	**236,758**
HL.9–Nutrition												
Gross Costs	7,540	4,964	19	47	9	293	17	705	1,098	9,905	24,597	11,042
Less: Earned Revenue	(302)	(205)	–	–	–	(22)	–	(26)	(6)	(28)	(589)	(165)
Net Program Costs	**7,238**	**4,759**	**19**	**47**	**9**	**271**	**17**	**679**	**1,092**	**9,877**	**24,008**	**10,877**
Total Health	**515,784**	**94,042**	**4,000**	**15,322**	**3,508**	**50,276**	**2,096**	**37,196**	**170,063**	**175,183**	**1,067,470**	**1,250,754**
PO–Program Development and Oversight												
PO.1–Program Design and Learning												
Gross Costs	76,015	15,026	25,461	142,481	6,525	–	122,420	25,454	21,368	24,564	459,314	456,394
Less: Earned Revenue	(606)	(185)	(89)	(4,562)	(58)	–	(4,655)	(240)	(118)	(212)	(10,725)	(5,883)
Net Program Costs	**75,409**	**14,841**	**25,372**	**137,919**	**6,467**	**–**	**117,765**	**25,214**	**21,250**	**24,352**	**448,589**	**450,511**
PO.2–Administration and Oversight												
Gross Costs	127,065	55,886	167,361	114,776	24,295	–	–	57,455	28,442	69,684	644,964	617,537
Less: Earned Revenue	(1,101)	(622)	(709)	(2,286)	(248)	–	–	(524)	(159)	(359)	(6,008)	(2,204)
Net Program Costs	**125,964**	**55,264**	**166,652**	**112,490**	**24,047**	**–**	**–**	**56,931**	**28,283**	**69,325**	**638,956**	**615,333**
PO.3–Evaluation												
Gross Costs	5,705	2,969	10	938	1,399	–	512	7,361	2,496	–	21,390	4,977
Less: Earned Revenue	(37)	(31)	–	–	(13)	–	(4)	(43)	(13)	–	(141)	(12)
Net Program Costs	**5,668**	**2,938**	**10**	**938**	**1,386**	**–**	**508**	**7,318**	**2,483**	**–**	**21,249**	**4,965**
Total Program Development and Oversight	**207,041**	**73,043**	**192,034**	**251,347**	**31,900**	**–**	**118,273**	**89,463**	**52,016**	**93,677**	**1,108,794**	**1,070,809**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
PS–Peace and Security												
PS.1–Counterterrorism												
Gross Costs	27,607	22,438	5,201	–	1,561	–	–	–	3,604	–	60,411	53,397
Less: Earned Revenue	(159)	(196)	(16)	–	(18)	–	–	–	(19)	–	(408)	(141)
Net Program Costs	**27,448**	**22,242**	**5,185**	**–**	**1,543**	**–**	**–**	**–**	**3,585**	**–**	**60,003**	**53,256**
PS.2–Combating Weapons of Mass Destruction (WMD)												
Gross Costs	–	–	–	–	–	–	–	–	–	–	–	75,471
Less: Earned Revenue	–	–	–	–	–	–	–	–	–	–	–	(336)
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**75,135**
PS.3–Counternarcotics												
Gross Costs	–	–	–	–	–	–	–	83,195	–	20,200	103,395	103,350
Less: Earned Revenue	–	–	–	–	–	–	–	(662)	–	(170)	(832)	(519)
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**82,533**	**–**	**20,030**	**102,563**	**102,831**
PS.4-Transnational Threats and Crime												
Gross Costs	–	–	–	–	1,980	–	–	–	–	–	1,980	1,011
Less: Earned Revenue	–	–	–	–	(21)	–	–	–	–	–	(21)	(2)
Net Program Costs	**–**	**–**	**–**	**–**	**1,959**	**–**	**–**	**–**	**–**	**–**	**1,959**	**1,009**
PS.5–Trafficking in Persons												
Gross Costs	440	14,050	947	–	1,387	–	–	1,036	–	3,351	21,211	26,590
Less: Earned Revenue	(2)	(214)	(3)	–	(14)	–	–	(6)	–	(34)	(273)	(143)
Net Program Costs	**438**	**13,836**	**944**	**–**	**1,373**	**–**	**–**	**1,030**	**–**	**3,317**	**20,938**	**26,447**
PS.6–Conflict Mitigation and Stabilization												
Gross Costs	46,379	15,339	147,922	–	9,831	–	–	18,745	186,500	86,144	510,860	331,695
Less: Earned Revenue	(239)	(140)	(650)	–	(98)	–	–	(201)	(982)	(483)	(2,793)	(935)
Net Program Costs	**46,140**	**15,199**	**147,272**	**–**	**9,733**	**–**	**–**	**18,544**	**185,518**	**85,661**	**508,067**	**330,760**
PS.7–Conventional Weapons Security and Explosive Remnants of War (ERW)												
Gross Costs	–	1	–	–	1,073	–	–	–	–	–	1,074	198
Less: Earned Revenue	–	–	–	–	(10)	–	–	–	–	–	(10)	(1)
Net Program Costs	**–**	**1**	**–**	**–**	**1,063**	**–**	**–**	**–**	**–**	**–**	**1,064**	**197**
PS.8–Strengthening Military Partnerships and Capabilities												
Gross Costs	–	1	–	–	28	–	–	–	–	–	29	124
Less: Earned Revenue	–	–	–	–	–	–	–	–	–	–	–	–
Net Program Costs	**–**	**1**	**–**	**–**	**28**	**–**	**–**	**–**	**–**	**–**	**29**	**124**
PS.9–Citizen Security and Law Enforcement												
Gross Costs	–	3	–	–	98	–	–	278	–	–	379	735
Less: Earned Revenue	–	–	–	–	(1)	–	–	–	–	–	(1)	(2)
Net Program Costs	**–**	**3**	**–**	**–**	**97**	**–**	**–**	**278**	**–**	**–**	**378**	**733**
Total Peace and Security	**74,026**	**51,282**	**153,401**	**–**	**15,796**	**–**	**–**	**102,385**	**189,103**	**109,008**	**695,001**	**590,492**
Net Cost of Operations	**$2,020,499**	**$794,199**	**$4,202,165**	**$ 990,767**	**$ 433,335**	**$ 59,090**	**$251,370**	**$ 967,561**	**$1,055,817**	**$1,258,848**	**$ 12,033,651**	**$ 13,019,818**

NOTE 17. COMBINED STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources presents information about total budgetary resources available to USAID and the status of those resources, as of September 30, 2019 and 2018. USAID's total budgetary resources were $30.9 billion and $30.7 billion as of September 30, 2019 and 2018, respectively.

The following schedule details the amount of the direct and reimbursable new obligations and upward adjustments against the apportionment categories.

A. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED *(in thousands)*:

	2019	2018
Category A, Direct	$ 1,579,716	$ 1,538,392
Category B, Direct	14,155,954	13,490,282
Category A, Reimbursable	55,901	52,107
Category B, Reimbursable	540,522	703,270
Total	$ 16,332,093	$ 15,784,051

B. BORROWING AUTHORITY, END OF PERIOD AND TERMS OF BORROWING AUTHORITY USED:

The Agency had $7 million and $40 thousand in borrowing authority in FY 2019 and FY 2018, respectively. Borrowing authority is indefinite and authorized under the Federal Credit Reform Act of 1990 (Title XIII, Subtitle B, Pub. L. No. 101-508), and is used to finance obligations during the current year, as needed.

C. PERMANENT INDEFINITE APPROPRIATIONS:

USAID has permanent indefinite appropriations relating to specific Federal Credit Reform Program and Liquidating appropriations. USAID is authorized permanent indefinite authority for Federal Credit Reform Program appropriations for subsidy reestimates and Federal Credit Reform Act of 1990. At year-end FY 2019, there is $3.9 billion in availability related to Federal Credit Reform Program and Liquidating appropriations.

D. LEGAL ARRANGEMENTS AFFECTING THE USE OF UNOBLIGATED BALANCES:

The "Consolidated Appropriations Act" signed into law as Pub. L. No. 112-74 provides to USAID extended authority to obligate funds. USAID's appropriations have consistently provided essentially similar authority, known as "7011" authority. Under this authority funds shall remain available for obligation for an extended period if such funds are obligated within their initial period of availability. Any subsequent recoveries (deobligations) of these funds become unobligated balances that are available for reprogramming by USAID (subject to OMB approval through the apportionment process).

E. UNDELIVERED ORDERS AT THE END OF THE YEAR:

Budgetary Resources obligated for Undelivered Orders as of September 30, 2019 and 2018, were $20 billion and $19 billion, respectively.

	2019	2018
Federal		
Obligations Paid	$ 34,322	$ 27,700
Obligations Unpaid	773,272	824,059
Total Federal	807,594	851,759
Non-Federal		
Obligations Paid	1,032,876	800,663
Obligations Unpaid	18,248,570	17,362,979
Total Non-Federal	19,281,446	18,163,642
Total Undelivered Orders at End of Year	$ 20,089,040	$ 19,015,401

F. DIFFERENCE BETWEEN THE COMBINED STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT *(in thousands)*:

The reconciliation between the Statement of Budgetary Resources (SBR) and the Budget of the U.S. Government (Budget) is presented below. This reconciliation is as of September 30, 2018 because submission of the Budget for FY 2020, which presents the execution of the FY 2019 Budget, occurs after publication of these financial statements. The USAID Budget Appendix can be found on the OMB website (*http://www.whitehouse.gov/omb/budget*) and will be available in early February 2020.

Differences between the SBR and Budget of the U.S. Government are caused mainly by the fact that certain funds are reported in the SBR but not included in the USAID section of the "Department of State and Other International Programs" Appendix of the Budget of the U.S. Government. This is largely reflected in the Economic Support Fund, which is approximately $9.9 billion. This fact is corroborated by the State Department Budget Office, which confirms the aforementioned funds being warranted/allocated to State, and included in State's section of the President's budget as a transfer of funds to USAID.

The amounts in the line "Other Differences" in the table below cannot be further defined because appropriation level detail is not provided in the Budget of the U.S. Government.

2018	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 30,702,538	$ 15,784,051	$ (396,088)	$ 12,424,822
Funds Reported in SBR, Not Attributed to USAID in the President's Budget	(9,869,000)	(5,453,000)	–	(4,911,000)
Other Differences	555,462	709,949	396,088	479,178
Budget of the U.S. Government	$ 21,389,000	$ 11,041,000	$ –	$ 7,993,000

NOTE 18. RECONCILIATION OF NET OPERATING COST AND NET BUDGETARY OUTLAYS CROSSWALK GUIDANCE

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides and explanation of the relationship between the budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

Schedule of Reconciliation of Net Cost of Operations to Net Costs of Budgetary Outlays the year ended September 30, 2019 is indicated in the table below *(in thousands)*:

	Intragovernmental	With the Public	Total FY 2019
Net Cost	$ 245,692	$ 11,787,959	$ 12,033,651
Components of Net Cost That Are Not Part of Net Outlays:			
Property, Plant, and Equipment Depreciation	–	(27,497)	(27,497)
Property, Plant, and Equipment Disposal and Revaluation	–	(1,082)	(1,082)
Unrealized Valuation Loss/Gain on Investments	(12,235)	(48)	(12,283)
Other	–	(1,228,840)	(1,228,840)
Increase/(Decrease) in Assets			
Accounts Receivable	627,853	388	628,241
Loans Receivable	–	(308,083)	(308,083)
Other Assets	27,988	202,011	229,999
(Increase)/Decrease in Liabilities			
Accounts Payable	(4,767)	150,242	145,475
Salaries and Benefits	4,111	(26,499)	(22,388)
Insurance and Guarantee Program Liabilities		888,679	888,679
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	(1,337,644)	(5,867)	(1,343,511)
Other Financing Sources:			
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(34,311)	–	(34,311)
Total Components of Net Operating Cost That Are Not Part of Net Outlays	**$ (729,004)**	**$ (356,596)**	**$ (1,085,600)**
Components of Net Outlays That Are Not Part of Net Cost:			
Other	1,289,565	210,043	1,499,608
Unreconciled Difference	–	126,712	126,712
Total Components of Net Outlays That Are Not Part of Net Cost	**$ 1,289,565**	**$ 336,755**	**$ 1,626,320**
NET OUTLAYS	**$ 806,253**	**$ 11,768,118**	**$ 12,574,371**

NOTE 19. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, AND STATEMENT OF CHANGES IN NET POSITION

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the USAID's financial statements and the USAID's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

Reclassification of the Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for the year ended September 30, 2019 are presented in the following tables *(in thousands)*:

FY 2019 USAID Balance Sheet		Line Items Used to Prepare FY 2019 Government-wide Balance Sheet	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
ASSETS:			**ASSETS:**
Intragovernmental Assets:			Intragovernmental Assets:
Fund Balance with Treasury (Note 2)	$ 35,971,075	$ 35,971,075	Fund Balance with Treasury (Note 2)
Accounts Receivable (Note 3)	17,504	17,504	Accounts Receivable
Total Accounts Receivable	17,504	17,504	*Total Reclassified Accounts Receivable*
Other Assets (Note 4)	43,816	43,816	Advances to Others and Prepayments
Total Other		43,816	*Total Reclassified Other*
Total Intragovernmental	**36,032,395**	**36,032,395**	**Total Intragovernmental**
Cash and Other Monetary Assets (Note 5)	233,113	233,113	Cash and Other Monetary Assets (Note 5)
Accounts Receivable, Net (Note 3)	102,797	102,797	Accounts and Taxes Receivable, Net
Direct Loans and Loan Guarantees, Net (Note 6)	628,535	628,535	Loans Receivable, Net
Inventory and Related Property, Net (Note 7)	27,193	27,193	Inventory and Related Property, Net
General Property, Plant, and Equipment, Net (Note 8)	78,841	78,841	Property, Plant, and Equipment, Net
Other Assets (Note 4)	1,031,014	1,031,014	Other Assets
Total Assets	**$ 38,133,888**	**$ 38,133,888**	**Total Assets**
LIABILITIES:			**LIABILITIES:**
Intragovernmental Liabilities			**Intragovernmental Liabilities**
Accounts Payable	$ 104,685	$ 104,685	Accounts Payable
Total Accounts Payable	$ 104,685	$ 104,685	*Total Reclassified Accounts Payable*
Debt (Note 11)	7,565	$7,565	Loan Payable
Total Debt	7,565	7,565	*Total Reclassified Debt*
Other Liability for Capital Transfers to the General Fund of the Treasury (Note 11)	1,705,243	1,705,243	Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets
Other- Miscellaneous Liabilities	730,536	730,536	Other Liabilities
Total Other – Miscellaneous Liabilities	2,435,779	2,435,779	*Total Reclassified Other – Miscellaneous Liabilities*
Total Intragovernmental liability	**2,548,029**	**2,548,029**	**Total Intragovernmental liability**

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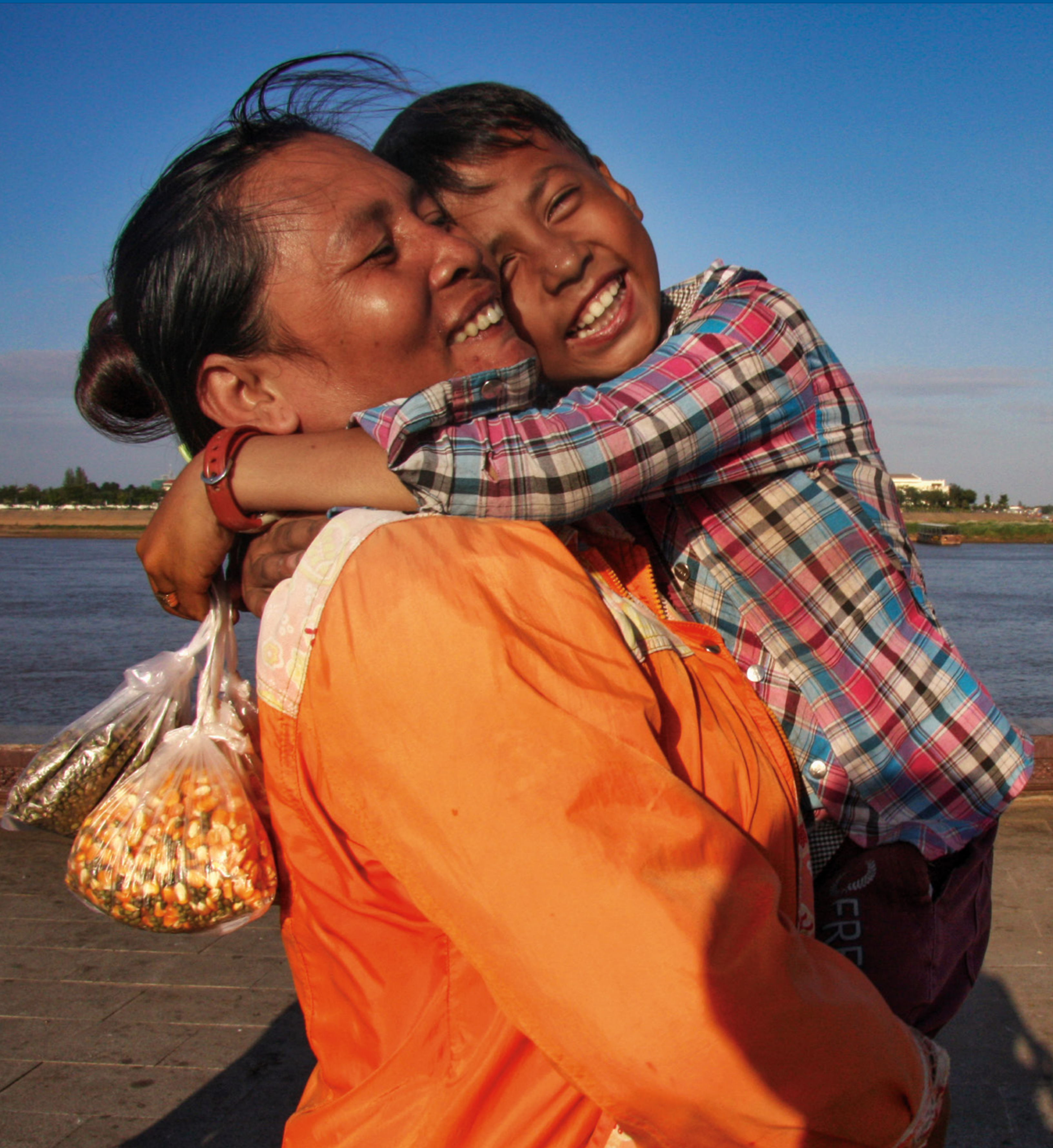
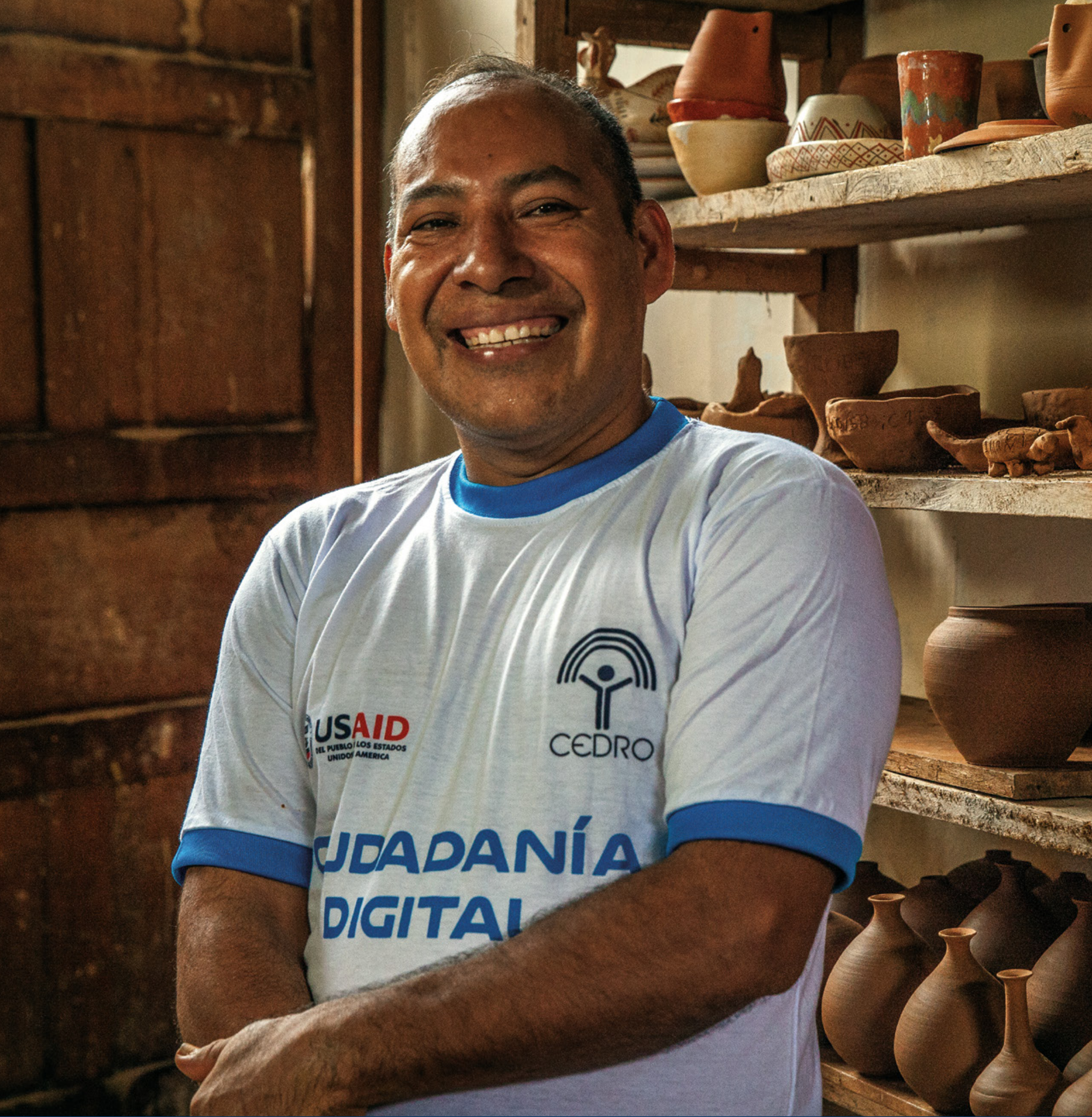
FY 2019 USAID Balance Sheet		Line Items Used to Prepare FY 2019 Government-wide Balance Sheet	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
Accounts Payable	2,287,904	2,287,904	Accounts Payable
Loan Guarantee Liability (Note 6)	2,837,519	2,837,519	Loan Guarantee Liabilities
Federal Employees and Veteran's Benefits (Note 13)	21,807	21,807	Federal Employees and Veteran's Benefits Payable
Miscellaneous Liabilities	472,639	472,639	Other Liabilities
Total Miscellaneous Liabilities	5,619,869	5,619,869	*Total Reclassified Miscellaneous Liabilities*
Total Liabilities	**8,167,898**	**8,167,898**	**Total Liabilities**
NET POSITION:			**NET POSITION:**
Total Net Position	**29,965,990**	**29,965,990**	**Total Net Position**
Total Liabilities and Net Position	**$ 38,133,888**	**$ 38,133,888**	**Total Liabilities and Net Position**

FY 2019 USAID Statement of Net Cost		Line Items Used to Prepare FY 2019 Government-wide Statement of Net Cost	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
Gross Cost			**Gross Cost**
Gross Cost	$ 12,923,311	$ 11,840,257	*Non-Federal Gross Cost*
		11,840,257	***Total Non-Federal Gross Cost***
			Intragovernmental Costs
		116,613	Benefit Gross Costs
		34,311	Imputed Costs
		931,026	Buy/Sell Cost
		1,104	Borrowing and Other Interest Expense
		1,083,054	***Total Intragovernmental Cost***
Total Gross Cost	12,923,311	12,923,311	*Total Reclassified Gross Cost*
Earned Revenue	(899,660)	(52,298)	Non-Federal Earned Revenue
			Intragovernmental Revenue
		(691,667)	Buy/Sell Revenue (Exchange)
		(145,695)	Borrowing and Other Interest Revenue (Exchange)
Earned Revenue	(889,660)	(837,362)	***Total Intragovernmental Earned Revenue***
Total Earned Revenue	(889,660)	(899,660)	*Total Reclassified Earned Revenue*
Net Cost	**$ 12,033,651**	**$ 12,033,651**	**Net Cost**

FY 2019 USAID Statement of Changes in Net Position		Line Items Used to Prepare FY 2019 Government-wide Statement of Changes in Net Position	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
UNEXPENDED APPROPRIATIONS			
Unexpended Appropriations, Beginning Balance	$ 28,803,928	$ 28,803,928	Net Position, Beginning of Year
Appropriations Received	13,880,992	13,779,608	Appropriations Received as Adjusted
Other Adjustments	(101,384)	–	Other Adjustments
		7,425,575	Non-Expenditure Transfer-In of Unexpended Appropriations and Financing Sources
Appropriations Transferred In/Out	(58,918)	(7,484,493)	Non-Expenditure Transfer-Out of Unexpended Appropriations and Financing Sources
Total Appropriations Transferred In/Out	(58,918)	(58,918)	*Total Reclassified Appropriations Transferred In/Out*
Appropriations Used	(13,093,705)	(13,093,705)	Appropriations Used (Federal)
Total Unexpended Appropriations	**29,430,913**	**29,430,913**	**Total Unexpended Appropriations**
CUMULATIVE RESULTS OF OPERATIONS			
Cumulative Results, Beginning Balance	270,382	270,382	Net Position, Beginning of Year
Non-Exchange Revenues	(175)	(175)	Non-Federal Non-Exchange Revenues
		(175)	Total Non-Federal Non-Exchange Revenue
Total Non-Exchange Revenue	(175)	(175)	*Total Reclassified Non-Exchange Revenue*
Appropriations Expended	13,093,705	13,093,705	Appropriations Expended
Donations and Forfeitures of Property	196,184	196,184	Other Taxes and Receipts (Non-Federal)
		276,876	Non-Expenditure Transfers-In of Unexpected Appropriations and Financing Sources
		(276,876)	Non-Expenditure Transfers-Out of Unexpected Appropriations and Financing Sources
		146,637	Expenditure Transfer-In of Financing Sources
		(146,637)	Expenditure Transfer-Out of Financing Sources
		1,041,812	Transfers-In Without Reimbursement
		(1,041,812)	Transfers-Out Without Reimbursement
Transfers-In/Out Without Reimbursement – Budgetary	$ 13,289,714	$ 13,289,714	*Total Reclassified Transfers In/Out Without Reimbursement – Budgetary (Federal)*
Total Transfers In/Out Without Reimbursement – Budgetary	$ 13,289,714	$ 13,289,714	*Total Reclassified Transfers In/Out Without Reimbursement – Budgetary*
Other	(1,041,812)	–	**Non-Federal Other**
			Intragovernmental Other
		(1,041,812)	Offset to Non-Entity Collections – Statement of Changes in Net
		(1,041,812)	**Total Intragovernmental Other**
Total Other	(1,041,812)	(1,041,812)	*Total Reclassified Other*
Donations and Forfeitures of Cash and Cash Equivalents	16,133	16,133	Other Taxes and Receipts (Non-Federal)
Imputed Financing	34,311	34,311	Imputed Financing Sources (Federal)
Total Financing Sources	**12,298,346**	**12,298,346**	**Total Financing Sources**
Net Cost of Operations	**(12,033,651)**	**(12,033,651)**	**Net Cost of Operations**
Ending Balance – Cumulative Results of Operations	**535,077**	**535,077**	**Ending Balance – Cumulative Results of Operations**
Total Net Position	**$ 29,965,990**	**$ 29,965,990**	**Total Net Position**

REQUIRED SUPPLEMENTARY INFORMATION





(Preceding page) **In 2019, the U.S. Government released its latest Children in Adversity strategy. It envisions a world where all children thrive within protective, loving families, free from deprivation, violence, and danger. USAID; the U.S. Departments of Health and Human Services, Labor and State; and the Peace Corps are committed to ensuring that investments for the most-vulnerable children and families are comprehensive, coordinated, and effective in helping place partner countries on a journey to self-reliance.**

PHOTO: AYPHALLA TE

https://medium.com/usaid-2030/prioritizing-family-46517257f958

(Above) **The Peruvian Digital Inclusion in the Peruvian Amazon was one of five winners of USAID's second-annual Digital Development Awards.The project helped Willian Ojanama take his ceramics business and training school global. He and other artisans, farmers, and entrepreneurs from across the region learned to navigate the Internet, establish social media accounts to promote their businesses, create an online presence, and manage finances. For Willian, that means he can sell his pottery online and ship to anywhere in the world.**

PHOTO: JACK GORDON FOR USAID

https://usaidpubs.exposure.co/preserving-peruvian-culture

STATEMENT OF BUDGETARY RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING SCHEDULE OF BUDGETARY RESOURCES

For the Year Ended September 30, 2019

(in thousands)

	Operating 1000	Civilian Stabilization Initiative 0305	Assistance for Europe, Eurasia and Central Asia 0306	Assistance for Eastern Europe 1010	Development Assistance 1021	International Disaster Assistance 1035	Economic Support Fund 1037	Assistance for the Independent States of the former Soviet Union 1093	Global Health and Child Survival 1095	Credit Financing	Other	Parent Fund	Combined Total
Budgetary Resources:													
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 298,378	$ 1,387	$ 551,475	$ 3,735	$ 3,278,966	$ 2,021,583	$ 3,916,804	$ 6,160	$ 42,544	$ 3,731,579	$ 746,677	$1,021,337	$ 15,620,625
Appropriations (Discretionary and Mandatory)	1,372,874	–	760,334	–	3,000,000	4,385,312	3,717,861	–	–	68	575,003	–	13,811,452
Borrowing Authority (Discretionary and Mandatory) (Note 11)	–	–	–	–	–	–	–	–	–	6,955	–	–	6,955
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	52,623	–	(65,744)	–	528	19,144	115,597	–	3	425,715	790,011	97,450	1,435,327
Total Budgetary Resources	**$1,723,875**	**$1,387**	**$1,246,065**	**$3,735**	**$6,279,494**	**$6,426,039**	**$7,750,262**	**$6,160**	**$42,547**	**$4,164,317**	**$2,111,691**	**$1,118,787**	**$30,874,359**
Status of Budgetary Resources:													
New Obligations and Upward Adjustments (Total):	1,553,133	409	528,987	319	3,155,425	4,694,725	3,668,219	–	4,362	276,118	1,531,030	919,366	$16,332,093
Unobligated Balance, End of Year:													
Apportioned, Unexpired Accounts	93,518	999	714,252	3,416	2,994,195	1,730,257	4,168,459	6,038	28,486	333,264	163,263	131,194	10,367,341
Exempt from Apportionment, Unexpired Accounts	–	–	–	–	–	–	(1)	–	–	–	–	–	(1)
Unapportioned, Unexpired Accounts	29,060	(21)	1,718	–	119,592	1,057	(115,379)	122	9,699	3,554,935	396,490	47,247	4,044,520
Unexpired Unobligated Balance, End of Year	**122,578**	**978**	**715,970**	**3,416**	**3,113,787**	**1,731,314**	**4,053,079**	**6,160**	**38,185**	**3,888,199**	**559,753**	**178,441**	**14,411,860**
Expired Unobligated Balance, End of Year	48,164	–	1,108	–	10,282	–	28,964	–	–	–	20,908	20,980	130,406
Total Unobligated Balance, End of Year	**170,742**	**978**	**717,078**	**3,416**	**3,124,069**	**1,731,314**	**4,082,043**	**6,160**	**38,185**	**3,888,199**	**580,661**	**199,421**	**14,542,266**
Total Budgetary Resources	**$1,723,875**	**$1,387**	**$1,246,065**	**$3,735**	**$6,279,494**	**$6,426,039**	**$7,750,262**	**$6,160**	**$42,547**	**$4,164,317**	**$2,111,691**	**$1,118,787**	**$30,874,359**
Outlays, Net:	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Outlays, Net (Total) (Discretionary and Mandatory)	1,473,308	430	377,120	94	2,417,850	3,678,316	3,988,466	509	(2,376)	(155,573)	628,148	630,196	13,036,488
Distributed Offsetting Receipts (-)	–	–	–	–	–	–	–	–	–	–	(462,118)	–	(462,118)
Agency Outlays, Net (Discretionary and Mandatory)	**$1,473,308**	**$430**	**$377,120**	**$94**	**$2,417,850**	**$3,678,316**	**$3,988,466**	**$509**	**$ (2,376)**	**$ (155,573)**	**$166,030**	**$630,196**	**$12,574,370**

MAJOR FUNDS

Operating Funds

1000 Operating Expenses of USAID

Program Funds

1010 Assistance for Eastern Europe
1021 Development Assistance (DA)
1035 International Disaster Assistance
1037 Economic Support Fund (ESF)
1093 Assistance for New Independent States
1095 Child Survival and Disease Programs Funds

CREDIT FINANCING FUNDS

4119 Israel Guarantee Financing Account
4137 Direct Loan Financing Fund
4266 DCA Financing Fund
4343 MSED Guarantee Financing Fund
4344 UE Financing Fund
4345 Ukraine Guarantees Financing Fund
4493 Loan Guarantees to Middle East Northern Africa (MENA) – Financing Account

CREDIT PROGRAM FUNDS

0301 Israel Program Fund
0400 MSED Program Fund
0401 UE Program Fund
0402 Ukraine Program Fund
0409 Loan Guarantees to Middle East Northern Africa (MENA) – Program Account
1264 DCA Program Fund
5318 Israel Program Fund – Administrative Expense

CREDIT LIQUIDATING FUNDS

4103 Economic Assistance Loans – Liquidating Fund
4340 UE Guarantee Liquidating Fund
4341 MSED Direct Loan Liquidating Fund

OTHER FUNDS

Operating Funds

0300 Capital Investment Fund (CIF)
0306 Assistance for Europe, Eurasia, and Central Asia (AEECA)
1007 Operating Expenses of USAID Inspector General
1036 Federal Service Retirement and Disability Fund (FSRDF)
1099 Fines, Penalties and Forfeitures – Not Otherwise Classified
1435 Miscellaneous Interest Collections
3220 Miscellaneous Recoveries

OTHER FUNDS *(continued)*

Program Funds

0305 Civilian Stabilization Initiative
1012 Sahel Development Program
1014 Development Fund for Africa (DFA)
1015 Complex Crisis Fund
1023 Food and Nutrition Development Assistance
1024 Population Planning and Health, Development Assistance
1025 Education and Human Resources, Development Assistance
1027 Transition Initiatives
1028 Global Fund to Fight HIV/AIDS
1029 Tsunami Relief and Reconstruction Fund
1033 HIV/AIDS Working Capital
1038 Central American Reconciliation Assistance
1040 Sub-Saharan Africa Disaster Assistance
1096 Iraq Relief Fund
1500 Demobilization and Transition Fund

Trust Funds

8342 Foreign National Employees Separation Liability Fund
8502 Technical Assistance – U.S. Dollars Advance from Foreign Governments
8824 Gifts and Donations

Revolving Funds

4175 Property Management Fund
4513 Working Capital Fund
4590 Acquisition of Property Revolving Fund

ALLOCATIONS TO OTHER AGENCIES

1010 Assistance for Eastern Europe
1021 Development Assistance
1035 International Disaster Assistance
1037 Economic Support Fund (ESF)
1093 Assistance for the Independent States of the Former Soviet Union
1095 Child Survival and Disease Program Funds

ALLOCATIONS FROM OTHER AGENCIES

0113 Diplomatic and Consular Programs, State
1030 Global HIV/AIDS Initiative
1031 Global Health/Child Survival and HIV/AIDS
1121 Democracy Fund
1154 Andean Counterdrug Initiative (ACI)
2278 Commodity Credit Corporation
2750 Millennium Challenge Corporation
4336 Commodity Credit Corporation