OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID'S FINANCIAL STATEMENTS FOR FISCAL YEARS 2015 AND 2014

AUDIT REPORT NO. 0-000-16-001-C
NOVEMBER 16, 2015

WASHINGTON, D.C.

Office of Inspector General

November 16, 2015

MEMORANDUM

TO: Reginald W. Mitchell, Chief Financial Officer

FROM: Nathan Lokos, AIG/A /s/

SUBJECT: Audit of USAID's Financial Statements for Fiscal Years 2015 and 2014 (Report No. 0-000-16-001-C)

The Office of Inspector General (OIG) is transmitting its report on the *Audit of USAID's Financial Statements for Fiscal Years 2015 and 2014*. 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, including audited financial statements, to OMB, the Department of the Treasury, and the Government Accountability Office by November 16, 2015. In accordance with the requirements of OMB Circular A–136, USAID has elected to prepare an alternative Agency Financial Report with an Agency Head Message, Management's Discussion and Analysis, and a Financial Section.

OIG has issued unmodified opinions on each of USAID's principal financial statements for fiscal years 2015 and 2014. With respect to internal control, we identified one deficiency that we consider a material weakness. The material weakness pertains to USAID's process for reconciling its fund balance with the U.S. Treasury. Additionally, we identified four deficiencies in internal control that we consider significant deficiencies. The significant deficiencies pertain to USAID's processes for (1) supporting funds obligated and expenses accrued; (2) reconciling intragovernmental transactions; (3) complying with federal accounting standards for reimbursable agreements; and (4) making adjustments between the subsidiary ledger (SL) and general ledger (GL) in the Phoenix Financial Management System.

We found no instances of substantial noncompliance with requirements for federal financial management systems, but one each for federal accounting standards and the U.S. Standard General Ledger at the transaction level as a result of our tests required under Section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA), Public Law 104-208.

This report contains no recommendations to improve USAID's internal control over financial reporting because the Agency has developed and is currently implementing new procedures to remediate the findings identified and reported.

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We have considered your responses to the draft report. Your comments appear in their entirety in Appendix II. Your responses to the material weakness and significant deficiencies identified in our audits were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on them. Please forward all information to your Office of Audit Performance and Compliance for final action.

We appreciate the cooperation and courtesies extended to us during the audit and look forward to working with you on next year's audit.

CONTENTS

SUMMARY OF RESULTS

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 September 30, 2015 and 2014, and its net cost, net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The audits identified one deficiency in internal control that we considered a material weakness, related to USAID's process for reconciling its fund balance with the U.S. Treasury. The audits also identified four significant deficiencies in internal control related to the following financial management processes:

- Supporting funds obligated and expenses accrued.
- Reconciling intragovernmental transactions.
- Complying with federal accounting standards for reimbursable agreements.
- Adjusting the general ledger (GL) balance to agree with the subsidiary ledger (SL) balance.

The audits identified no instances of substantial noncompliance with federal financial management systems requirements, but one each with federal accounting standards and the U.S. Standard General Ledger at the transaction level, as a result of the tests required by Section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA), Public Law 104-208, Title VIII (31 U.S.C. 3512 note).

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BACKGROUND

USAID was created in 1961 to advance U.S. foreign policy interests by promoting broad-based sustainable development and providing humanitarian assistance. USAID has missions in more than 100 countries, 45 of which have full accounting operations with USAID controllers. For the fiscal year ended September 30, 2015, USAID reported total budgetary resources of approximately $27 billion.

Statements

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 (OMB) annually. Accordingly, for fiscal year (FY) 2015, 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
- Other Accompanying Information

Audit Objective

The Office of Inspector General (OIG) performed these audits 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 FYs 2015 and 2014.

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, and net position; net costs; changes in net position; and budgetary resources as of September 30, 2015 and 2014, for the years then ended.

In accordance with *Government Auditing Standards,*[1] OIG has also issued reports, dated November 16, 2015, on its consideration of USAID's internal control over financial reporting and on its tests of USAID's compliance with certain provisions of laws and regulations. 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.

[1] Government Accountability Office, Report No. GAO-12-331G, December 2011 Revision.

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of USAID, which comprise the consolidated balance sheets as of September 30, 2015 and 2014, and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; generally accepted government auditing standards issued by the Comptroller General of the United States; and OMB Bulletin 15-02, "Audit Requirements for Federal Financial Statements." Those standards and OMB Bulletin No. 15-02 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 September 30, 2015 and 2014, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Change of Opinion

In our report dated November 17, 2014, we did not express an opinion on USAID's consolidated balance sheets, consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources as of September 30, 2014, because USAID was unable to provide sufficient support to validate the adjustments between its general ledger and its subsidiary ledger that affected USAID and Treasury FBWT accounts. As described in Note 19 to the financial statements, USAID restated its 2014 financial statements. Accordingly, our present opinion on the restated 2014 financial statements, as presented herein, is different from that expressed in our previous report.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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 information, and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Agency's Responses to Findings

The Agency's responses to the findings identified in our audit appear in Appendix II. 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.

Restriction on the Use of the Audit Report

This report is intended solely for the information and use of those charged with governance at USAID (the USAID Acting Administrator, Deputy Administrator, Assistant Administrator for Management, and Chief Financial Officer) and others within USAID, as well as for OMB, the Department of the Treasury, the Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

In accordance with *Government Auditing Standards*, we have also issued our reports, dated November 16, 2015, on our consideration of USAID's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report.

USAID Office of Inspector General
November 16, 2015

REPORT ON INTERNAL CONTROL

We have audited the accompanying consolidated financial statements of USAID, which comprise the consolidated balance sheets as of September 30, 2015 and 2014, and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of USAID's financial statements for the fiscal years ended September 30, 2015 and 2014, we considered USAID's internal control over financial reporting by obtaining an understanding of USAID's system of internal control, determining whether internal controls had been placed in operation, assessing control risk, and testing controls to determine which auditing procedures to use for expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin 15-02. 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 97-225, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide an opinion on internal control. Accordingly, we do not express an opinion on internal control.

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 and significant deficiencies may exist that were not identified

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. We identified one deficiency in internal control that we consider a material weakness, as defined above, relating to USAID's reconciliation of its Fund Balance With Treasury account.

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 four significant deficiencies in internal control related to USAID's financial management processes for:

- Supporting funds obligated and expenses accrued.
- Reconciling intragovernmental transactions.
- Complying with federal accounting standards for reimbursable agreements.
- Making adjustments between the subsidiary ledger (SL) and general ledger (GL).

The Management's Discussion and Analysis and Required Supplementary Information sections are not required parts of the consolidated financial statements but represent supplementary information required by U.S. generally accepted accounting principles to supplement the basic consolidated financial statements. We have applied certain limited procedures to this supplementary information, primarily consisting of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries. However, we did not audit this information, and accordingly, we do not express an opinion on it.

We also noted other matters involving internal control over financial reporting that we will report to USAID's management in a separate letter dated November 16, 2015.

Material Weakness

USAID Did Not Reconcile Its Fund Balance With Treasury Account With the U.S. Treasury and Resolve Reconciling Items in a Timely Manner (Modified Repeat Finding)

Although USAID has made progress in reconciling its Fund Balance With Treasury (FBWT) account with the fund balance reported by the U.S. Treasury, it continues to have large unreconciled differences. As of September 30, 2015, these differences totaled approximately $172 million net ($510 million, absolute value). Table 1 illustrates the differences for the past 6 fiscal years.

Table 1. USAID's Fund Balance Differences ($ million)

Fiscal Year	Net Difference	Absolute Value
2010	64	894
2011	96	2,100
2012	114	127
2013	121	1,915
2014	154	2,011
2015	172	510

These differences persist because, in the past, USAID did not reconcile the FBWT account with Treasury's fund balance each month and research and resolve those differences promptly. Instead, USAID adjusted its FBWT account to agree with Treasury's fund balance. Despite these adjustments, USAID's general ledger differs from the amount in Treasury's records by $172 million, of which $93 million is due to outstanding reconciling items and $79 million cannot be explained. Most of this amount ($79 million) has been reported in the no-year Development Assistance Fund. This difference has accumulated because of problems with a legacy system, difficulties with data migration, and the lack of an integrated system to control reconciliations performed by missions situated around the world. Management asserts that the difference cannot be reconciled and plans to work with Treasury and OMB to resolve the unexplainable difference in FY 2016.

Fund Balance With Treasury, Reconciliation Procedures, a Supplement to the Treasury Financial Manual, Volume I, Part 2-5100, Section IV, states: "Federal agencies must reconcile their USSGL [U.S. Government Standard General Ledger] account 1010 and any related subaccounts with the GWA [Governmentwide Accounting] Account Statement on a monthly basis (at minimum)."[2] In addition, the supplement specifically states, "An agency may not arbitrarily adjust its FBWT account. Only after clearly establishing the causes of errors and properly documenting those errors should an agency adjust its FBWT account balance."[3]

Recognizing the importance of maintaining account balances consistent with Treasury's, management started a comprehensive review of its FBWT records in FY 2014 to ascertain the reasons for the differences and take corrective action. It determined that the account balances in the subsidiary ledger (SL) were more accurate than those in the general ledger (GL) and undertook a reconciliation of the two records. In FY 2015, USAID continued the reconciliation process and posted approximately 350 adjusting journal entries ($4.4 million) related to FBWT. As of September 30, 2015, there was still a difference of approximately $7.3 million between the SL and GL. Management plans to continue this reconciliation effort in FY 2016 until all the differences have been eliminated. Once completed, the process will help resolve the FBWT reconciliation problem that has plagued the Agency for many years and maintain its GL balance consistent with Treasury's.

We reported similar findings in previous audits and recognize that USAID is making significant progress in addressing its long-standing FBWT issues. Because we made recommendations in a previous audit[4] we do not make a new one, but we will continue to monitor USAID's progress in resolving the differences.

Significant Deficiencies

USAID Did Not Provide Support in a Timely Manner for Funds Obligated and Expenses Accrued

Providing support for the obligation of funds and accrued expenses continued to be a problem for USAID because contact information for those who keep the support was not current. The Agency did not maintain an updated listing of contracting officer's representatives (CORs), who maintain the official accrual documentation and notify the obligating official to deobligate excess or unneeded funds.

Unliquidated Obligations

For FY 2014, OIG reported that USAID had approximately $115 million in unliquidated obligations (ULOs) that had no disbursements for 3 or more years.[5] In response, USAID

[2] *Fund Balance with Treasury, Reconciliation Procedures,* A Supplement to Treasury Financial Manual Volume 1, Part 2, Chapter 5100, Section 4A, March 2012, p. 2.
[3] *Fund Balance with Treasury, Reconciliation Procedures,* A Supplement to Treasury Financial Manual Volume 1, Part 2, Chapter 5100, Section 4C, March 2012, p. 3.
[4] USAID, *FY 2014 Agency Financial Report*, Report Number 0-000-15-001-C, page 60.
[5] *Audit of USAID's Financial Statements for Fiscal Years 2014 and 2013*, Report Number 0-000-15-001-C, November 17, 2014, pp. 9-10.

developed and implemented two databases to expedite the review process. Using those databases, USAID reviewed ULOs totaling $91 million of the $115 million and deobligated $53 million, making it available for reprogramming.

This year OIG selected a random sample of the reviewed ULOs remaining, totaling $38 million, to test the review process—specifically, to validate the reasons USAID gave for not deobligating these items. Because we did not receive responses for 50 percent of the sample, we could not determine if the reasons were valid. We will pursue this matter further in FY 2016.

Accruals

We had the same problem with testing the process for accrued expenses—especially accrual modifications. We did not receive documentation to support some of the modified accrual amounts recorded in USAID's general ledger, as shown below:

- Quarter 2: 17 modified accruals valued at $12.9 million out of a sample of 45, valued at $58.7 million. Of the 28 for which support was provided, 3 could not be reconciled to the general ledger, causing a difference of $2.7 million.

- Quarter 3: 65 modified accruals valued at $714 million out of a sample of 83, valued at $1 billion. Of the 18 for which support was provided, 5 could not be reconciled to the general ledger, causing a difference of $11.2 million.

In Quarter 4, after we sought and obtained the intervention of the Chief Financial Officer (CFO), we received support for all items in our sample of 52, valued at $618 million. However, 16 accruals totaling $515,000 could not be reconciled to the general ledger. Because fourth quarter balances were reported on the financial statements, we proposed that the CFO's office record an adjustment of $1 million, derived by projecting the error to the population.

Without accurate information to facilitate contacting the appropriate CORs/AORs, OIG must spend an inordinate amount of time determining whether recorded obligations are still needed and whether accrued expenses are reasonable. When we realized we could not rely on USAID databases to identify the responsible personnel, we had to enlist the CFO and his staff to obtain supporting documentation for our testing. Doing so was burdensome.

USAID's Automated Directives System (ADS) 621.3.5, "Authority to Incur Obligations," requires a COR/AOR to be designated for obligations. If the designated COR/AOR changes, the list must be updated in a timely manner. Furthermore, ADS 621.3.1, "Financial Documentation Responsibilities," states that CORs are responsible for retaining financial documentation and ensuring its availability for audit, and that source documentation must be readily available for audit.

Because USAID has implemented a new policy to ensure that personnel responsible for monitoring obligations and modifying and recording accrued expenses are easily identifiable, we do not make a recommendation but will monitor this new policy in FY 2016.

Intragovernmental Transactions Remained Unreconciled (Repeat Finding)

As of September 30, 2015, USAID had $15.3 billion in unreconciled intragovernmental transactions, according to the U.S. Treasury.[6] Of that amount, USAID was required to reconcile and confirm $2.96 billion in accordance with OMB Circular A-136, "Financial Reporting Requirements," and Treasury's *Federal Intra-governmental Transactions Accounting Policies Guide*, Section 17.1. Although USAID has increased its efforts to resolve unreconciled amounts, the differences are still significant.

USAID continually researches intragovernmental activity to improve its reconciliation process and eliminate the differences. Although some timing differences—those created when agencies record transactions in different periods—are likely to be resolved through current efforts, resolution of differences caused by accounting errors or different accounting methodologies will require a special effort by USAID and its trading partners. The *Federal Intragovernmental Transactions Accounting Policies Guide* suggests that agencies work together to estimate accruals and record corresponding entries to ensure that they agree and that long-term accounting policy differences can be eliminated.

Given the magnitude of the problem for all agencies, in FY 2013 Treasury developed scorecards to track and correct these differences. The scorecards rank each agency by its contribution to government-wide differences. At the end of the fourth quarter of FY 2014, USAID had differences amounting to approximately $3.6 billion and ranked as the 22nd-largest contributor . According to the draft scorecard for the end of the fourth quarter of FY 2015, USAID's differences had decreased to $2.95 billion, making the Agency the 23rd-largest contributor. The final scorecard will not be available until December 2015.

We reported a similar finding in last year's audit[7] and recognize that resolution of these differences requires continuing coordination with other federal agencies. Therefore, we do not make a recommendation, but we will continue to monitor USAID's progress.

USAID Did Not Comply With Federal Standards in Accounting for Reimbursable Agreements (Repeat Finding)

In FY 2014 OIG reported that the way USAID accounted for transactions under reimbursable agreements[8] did not comply with *Statements of Federal Financial Accounting Standards* (Federal Generally Accepted Accounting Principles or FedGAAP) in three respects:

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[6] These transactions—e.g., for services provided under reimbursable agreements, described in the finding on reimbursable agreements—are between USAID and other federal agencies, which Treasury calls USAID's "trading partners." Differences arise when USAID's trading partners record transactions in different accounting periods or use different methodologies to classify and report them. Large unreconciled intragovernmental transactions are a major obstacle preventing the Government Accountability Office from rendering an opinion on the U.S. Government's consolidated financial statements.

[7] *Audit of USAID's Financial Statements for Fiscal Years 2014 and 2013*, Report Number 0-000-15-001-C, November 17, 2014, pp. 12-13.

[8] Reimbursable agreements are contracts between two agencies. For example, the State Department might contract with USAID to implement a vaccination campaign. USAID would run the campaign, and the State Department would reimburse it for the drugs and the costs of administering them.

1. USAID recorded all reimbursable agreements as unfilled customer orders without advances even though it received cash advances for most agreements.

2. USAID received cash advances from trading partners and recorded them as receipts of cash and earned revenue although the revenue had not yet been earned. FedGAAP requires that a liability (deferred revenue) be recorded instead of earned revenue until the services required by the agreement have been rendered by USAID.

3. USAID could not track expenses related to individual reimbursable agreements because it recorded all expenses incurred in one account and allocated them to agreements at the end of the year based on the amount of each agreement.

By following this approach to account for reimbursable agreements, USAID did not generate appropriate general ledger accounts for posting the transactions according to the U.S. Standard General Ledger (USSGL) guidance.

Statement of Federal Financial Accounting Standards No. 1, "Accounting for Selected Assets and Liabilities," paragraph 85, states:

> Federal entities may receive advances and prepayments from other entities for goods to be delivered or services to be performed. Before entities earn revenues, they should record the current portion of the advances and any prepayments as other current liabilities. After the entities earn the revenue, they should record the appropriate amount as a revenue or financing source and should reduce the liability accordingly.

OMB Circular A-123, "Management's Responsibility for Internal Control," states:

> Financial events shall be recorded applying the requirements of the USSGL guidance in the Treasury Financial Manual. Application of the USSGL at the transaction level means that each time an approved transaction is recorded in the financial management system, it will generate appropriate general ledger accounts for posting the transaction according to the rules defined in the USSGL guidance.

These types of noncompliance occurred again in FY 2015 because USAID did not finish reconfiguring its financial management system to account for reimbursable agreements in accordance with FedGAAP. As a result, USAID recorded an adjustment of $395 million to bring its accounting for reimbursable agreements into compliance with the USSGL, accurately reflect the financial status of its reimbursable agreements, and present its financial statements in accordance with FedGAAP.

In FY 2015 USAID developed a plan to account for reimbursable agreements in accordance with FedGAAP. However, OIG cannot ascertain the plan's effectiveness until USAID implements it. Moreover, since the plan will apply only to reimbursable agreements that take effect in FY 2016 and after, agreements for prior years will have to be adjusted manually each year until the Agency's obligations under those agreements have been fulfilled.

Because USAID will implement its plan to account for reimbursable agreements in FY 2016, we make no recommendation, but will monitor the plan's implementation in FY 2016.

Certain Account Balances in USAID's General Ledger Did Not Agree With Balances in Corresponding Accounts in the Subsidiary Ledger

In FY 2014, the CFO's office reviewed its records to determine why there was a persistent difference between its Fund Balance With Treasury account and the fund balance reported by the U.S. Treasury. It determined that the account balances in the subsidiary ledger (SL) were more accurate than those in the general ledger (GL) and undertook a comprehensive reconciliation. Noting several differences, it recorded more than 12,860 adjusting journal entries to eliminate them. CFO then restated the FY 2013 ending balances, and OIG disclaimed an audit opinion. These entries, along with the restatement, put in doubt the ending balances for FY 2014 and the beginning balances for FY 2015. Therefore, the CFO's office continued the reconciliation effort in FY 2015 and posted approximately 2,697 adjusting journal entries. As of September 30, 2015, there was still a difference of approximately $7.1 million between the GL and the SL. Management intends to continue this reconciliation effort in FY 2016 until all the differences have been eliminated. Table 2 shows the effects on the FY 2015 statements.

Table 2. GL/SL Adjustments Affecting FY 2015 Balances

Financial Statement	Line Item	Effect
Balance Sheet (BS)	Cash	$15,842,820
BS	Cash & Other Monetary Assets	(6,987)
BS	Receivables	9,781,164
BS	Direct Loan Receivables	182,822
BS	Advances	(5,327,427)
BS	Other Liabilities	319,599
BS	Accounts Payable	(555,475)
BS	Loan Guarantee Liability	(151,936,622)
Statement of Changes in Net Position	Equity	183,058,305
Statement of Net Cost (SNC)	Revenue	(49,507,465)
SNC	Expenses	(1,857,733)
Statement of Budgetary Resources (SBR)	Resources	35,005,011
SBR	Available	(51,509,404)
SBR	Obligations - Unpaid	(4,597,793)
SBR	Obligations - Paid	4,201,336
SBR	Expenditures - Unpaid	26,811,716
SBR	Expenditures - Paid	(9,910,865)

The balance in many appropriations in the GL did not agree with the SL because, since USAID upgraded its accounting system (to Phoenix), USAID has made several entries in the GL that did not affect the SL. These entries were necessary to bring USAID's accounting records into agreement with Treasury's records so that USAID could complete its GTAS reporting on time, and were expected to self-reverse in the subsequent quarter but did not.[9] USAID has implemented new procedures requiring monthly reconciliation of GL to SL, which should eliminate differences between the two records and keep them in agreement. The Government Accountability Office's *Standards for Internal Control in the Federal Government* states:[10]

> Control activities are an integral part of an entity's planning, implementing, reviewing, and accountability for stewardship of government resources and achieving effective results. . . . They include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records which provide evidence of execution of the activities as well as the appropriate documentation.

Because USAID has implemented new reconciliation procedures and will continue to resolve all old differences in FY 2016, we do not make a recommendation. However, we will monitor the progress to determine if the new procedures are effective.

USAID management's written response to the material weakness and significant deficiencies identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements. Accordingly, we express no opinion on it.

This report is intended solely for the information and use of those charged with governance at USAID (the USAID Acting Administrator, Deputy Administrator, Assistant Administrator for Management, and Chief Financial Officer) and others within USAID, as well as for OMB, the Department of the Treasury, the Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

USAID Office of Inspector General
November 16, 2015

[9] The Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) is what federal agencies use to report trial balance data.
[10] "Control Activities," November 1999, page 11.

REPORT ON COMPLIANCE WITH APPLICABLE PROVISIONS OF LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS

We have audited the accompanying consolidated financial statements of USAID, which comprise the consolidated balance sheets as of September 30, 2015 and 2014, and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the financial statements.

The management of USAID is responsible for complying with laws and regulations applicable to USAID. As part of obtaining reasonable assurance about whether USAID's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 15-02, including the requirements referred to in FFMIA. We limited our tests of compliance to these provisions and did not test compliance with all laws and regulations applicable to USAID.

Our tests did not disclose instances of noncompliance considered to be reportable under *Government Auditing Standards*. Our objective was not to provide an opinion on overall compliance with laws and regulations, and accordingly, we do not express such an opinion.

OMB Circular A–123

OMB Circular A–123, "Management's Responsibility for Internal Control," implements the requirements of FMFIA. Appendix A of OMB Circular A–123 contains a process that management should implement to assess and improve internal controls over financial reporting. The assessment process should provide management with the information it needs to support a separate assertion on the effectiveness of the internal controls over financial reporting.

In FY 2015, USAID monitored key business processes, followed up on recommendations made in prior years, and developed new procedures for implementation in FY 2016.

Federal Financial Management Improvement Act of 1996

Under FFMIA, we are required to report on whether USAID's financial management systems substantially comply with federal financial management systems requirements, applicable federal accounting standards, and the USSGL at the transaction level. To meet this requirement, we performed tests of compliance with each of the three FFMIA Section 803(a) requirements. We observed two exceptions that we considered substantial noncompliance with FFMIA. Specifically, we noted noncompliance in accounting for reimbursable agreements, which deviated from:[11]

- Statement of Federal Financial Accounting Standards No.1, "Accounting for Selected Assets and Liabilities"

- USSGL at the transaction level

The CFO's office, which is responsible for the noncompliance, asserted that it has mitigating controls that negate the instances of noncompliance noted above. In addition, the office is developing new procedures for accounting for reimbursable agreement transactions in accordance with the standards. These procedures will be implemented in FY 2016.

In our report on internal control, we identified the following areas for improvement in several financial system processes, not affecting substantial compliance:

- Reconciling its fund balance with the U.S. Treasury.
- Supporting funds obligated and expenses accrued.
- Reconciling intragovernmental transactions.
- Complying with federal accounting standards for reimbursable agreements.
- Making adjustments between the SL and the GL.

This report is intended solely for the information and use of those charged with governance at USAID (the USAID Acting Administrator, Deputy Administrator, Assistant Administrator for Management, and Chief Financial Officer) and others within USAID, as well as for OMB, the Department of the Treasury, the Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

USAID Office of Inspector General
November 16, 2015

[11] Significant deficiency on noncompliance with federal standards in accounting for reimbursable agreements in the Report on Internal Control.

EVALUATION OF MANAGEMENT COMMENTS

We received USAID's management comments on the findings included in our draft report. The comments on the material weakness and significant deficiencies identified in our audits were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on them. The following is a summary of USAID's management comments and our evaluation of them.

Material Weakness: USAID Did Not Reconcile Its Fund Balance With Treasury Account With the U.S. Treasury and Resolve Reconciling Items in a Timely Manner (Modified Repeat Finding)

Management accepted the finding and stated that it would coordinate with stakeholders to determine the best course of action to close out the material weakness.

Significant Deficiency: USAID Did Not Provide Support in a Timely Manner for Funds Obligated and Expenses Accrued

Management accepted this finding and stated that it would ensure that all supporting documentation requested by the OIG is provided in a timely manner.

Significant Deficiency: Intragovernmental Transactions Remain Unreconciled (Repeat Finding)

Management accepted this finding and stated that it would continue to investigate and resolve differences with its trading partners.

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

Management accepted this finding and stated that it anticipates resolving this finding in FY 2016.

Significant Deficiency: Certain Account Balances in USAID's General Ledger Did Not Agree With Balances in Corresponding Accounts in the Subsidiary Ledger

Management accepted this finding and stated that it has instituted a monthly reconciliation process to detect and address any new differences. The Agency has implemented additional internal control procedures to address the root causes of these differences to prevent them from recurring.

SCOPE AND METHODOLOGY

USAID management is responsible for (1) preparing the financial statements in accordance with generally accepted accounting principles, (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of FMFIA are met, (3) ensuring that USAID's financial management systems substantially comply with the requirements of FFMIA, and (4) complying with other applicable laws and regulations.

OIG 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. OIG is also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing whether USAID's financial management systems substantially comply with FFMIA 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, OIG:

- 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 selected transactions, including adjusting entries, advances, accrued expenditures, disbursements, payroll, accounts receivable, loans, 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.
- Tested USAID's compliance with FFMIA requirements.

We also tested USAID's compliance with selected provisions of the following laws and regulations:

- Antideficiency Act, July 12, 1870 (codified at 31 U.S.C. 1341, 1342, 1349 to 1351, and 1511 to 1519)
- Improper Payments Information Act of 2002, Public Law 107-300
- Prompt Payment Act, Public Law 97-177
- 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

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 years ended September 30, 2015 and 2014. 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.

In forming our opinion, we considered potential aggregate errors exceeding $116 million for any individual statement to be material to the presentation of the overall financial statement.

Federal Financial Management Improvement Act of 1996

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 systems requirements, (2) applicable federal accounting standards, and (3) USSGL at the transaction level. We evaluated USAID's financial transactions recorded in Phoenix to determine whether they were compatible with federal accounting standards and USSGL at the transaction level, and we observed two exceptions.

MANAGEMENT COMMENTS

USAID
FROM THE AMERICAN PEOPLE

November 13, 2015

MEMORANDUM

TO: Nathan Lokos, AIG/A

FROM: Reginald W. Mitchell, Chief Financial Officer (M/CFO) /s/

SUBJECT: Management Response to Draft Independent Auditor's Report on USAID's Financial Statements for Fiscal Years 2015 and 2014

Thank you for your draft report on the *Audit of USAID's Financial Statements for Fiscal Years 2015 and 2014* and for the professionalism exhibited by your staff throughout this process.
Fiscal Year (FY) 2015 was a significant year for federal financial management at USAID. We are pleased that the USAID Inspector General will issue an unmodified opinion on the Agency's principal financial statements. The acknowledgments of the Agency's improvements in financial systems and processes throughout the report are appreciated.

The following are management's comments regarding the audit findings:

Material Weakness: USAID Did Not Reconcile Its Fund Balance With Treasury Account With the U.S. Treasury and Resolve Reconciling Items in a Timely Manner (Modified Repeat Finding)

Management is pleased that the Office of the Inspector General (OIG) recognizes the Agency's significant progress in addressing the long-standing Fund Balance with Treasury (FBWT) issue, and agrees to maintain this material weakness until the legacy unexplained difference is fully addressed.

The integrated cash reconciliation system (eCART) that was implemented in late FY 2012, as well as the recent system improvements, including automating the DHHS cash reconciliation function in eCART, enabled the Agency to centralize and improve its FBWT reconciliation process. In addition, the comprehensive general ledger (GL) to subsidiary ledger (SL) reconciliation and related adjustments resulted in accurately identifying the difference in the Agency's FBWT in FY 2014 and FY 2015. These improvements enabled the Agency to segregate between the unexplained cash difference relating to legacy issues, and the explained difference related to normal identifiable and traceable open cash reconciling items. It is important to emphasize that having a difference with Treasury is not a weakness in and of itself, as long as open reconciling items are identifiable.

It is also important to note that while the change in net difference shows an increase of 12 percent in FY 2015 compared to FY 2014, the absolute value decreased by 75 percent, which demonstrates the Agency's continued progress in addressing its FBWT issue. The Agency will complete its analysis to substantiate the final unexplained FBWT difference and will coordinate with stakeholders to determine the best course of action to close out the material weakness.

Significant Deficiency: USAID Did Not Provide Support in a Timely Manner for Funds Obligated and Expenses Accrued

Management agrees with this finding. We are pleased that the OIG is no longer reporting the aged unliquidated obligations (ULO) as a repeat finding. This is due in large part by collaborative efforts made across the Agency.

Management acknowledges that the Agency did not provide information for quarters two and three in a timely manner. Subsequently in quarter four, as a result of OIG and management collaboration, the Agency provided information to the OIG's satisfaction.

Significant Deficiency: Intragovernmental Transactions Remain Unreconciled (Repeat Finding)

Management agrees with this finding. We note that the OIG used the preliminary Management Differences Report (MDR) to determine the amount identified in this finding. However, by using the Treasury's draft scorecard, the amount would be different because it excludes billions in differences that are not currently accommodated for in the Treasury General Fund.

The Agency has made significant progress to reconcile its Intragovernmental transactions, and has improved its Treasury scorecard ranking from the sixth largest contributor in FY 2012, to the twenty-third largest contributor in FY 2015, as noted by the OIG.

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

Management agrees with this finding. The Agency anticipates that this finding will be resolved in FY 2016.

Significant Deficiency: Certain Account Balances in USAID's General Ledger Did Not Agree With Balances in Corresponding Accounts in the Subsidiary Ledger

Management agrees with this finding. As noted by the OIG, the Agency posted a large number of adjustments to correct its GL and bring it into agreement with the SL. As a result, the GL and SL differences have been reduced significantly. The Agency also instituted a monthly reconciliation process to detect and address any new differences. Equally important, the Agency implemented additional internal control procedures to address the root causes of these differences to prevent them from reoccurring.

STATUS OF PRIOR YEAR 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 2014 Findings and Recommendations

Recommendation 1. We recommend that USAID's Office of the Chief Financial Officer continue the reconciliation effort to investigate and resolve unreconciled differences and monitor and report the results to ensure that the balances in the general ledger and subsidiary ledger are consistently in agreement.

Status: The target completion date is December 31, 2015.

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: The target completion date is December 31, 2015.

Recommendation 3. We recommend that USAID's Office of the Chief Financial Officer coordinate with the Director of the Office of Acquisition and Assistance to periodically investigate unliquidated obligations, especially those that make up the $47 million with no activity since they were established, and deobligate as necessary.

Status: This recommendation was closed on September 30, 2015.

Recommendation 4. We recommend that USAID's Office of the Chief Financial Officer establish procedures to periodically research and take appropriate action on advances outstanding for more than 150 days.

Status: This recommendation was closed on September 25, 2015.

Recommendation 5. We recommend that USAID's Office of the Chief Financial Officer investigate the negative unliquidated advances and determine whether they should be refunded to USAID.

Status: This recommendation was closed on September 25, 2015.

Recommendation 6. We recommend that USAID's Chief Human Capital Officer perform periodic reviews of employees' eOPF to ensure that employee benefit elections are current and properly recorded.

Status: This recommendation was closed on March 31, 2015.

Recommendation 7. We recommend that USAID's Office of the Chief Financial Officer reconfigure its financial management system to account for reimbursable agreements in accordance with Federal Generally Accepted Accounting Principles, and in consultation with appropriate stakeholders, develop and implement improved processes to account for reimbursable agreements.

Status: The target completion date is March 31, 2016.

Status of 2013 Findings and Recommendations

Recommendation 1. We recommend that USAID intensify its effort to expedite the completion of the reconciliation and make results available for periodic review.

Status: The target completion date is December 31, 2015.

Recommendation 2. We recommend that USAID intensify its efforts to investigate and deobligate outstanding obligations, especially those that make up the $55 million that had no activity since they were established.

Status: This recommendation was closed on September 29, 2015.

Recommendation 4. We recommend that USAID's Office of Human Resources implement applicable work flow or business processes that clearly delineate roles and responsibilities within the Office of Human Resources for processing different types of actions, whether they were first entered manually or electronically, to make sure that records that support deductions from employees' salaries are easily retrievable.

Status: This recommendation was closed on March 31, 2015.

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: The target completion date is December 31, 2015.

Recommendation 3. We recommend that the Chief Financial Officer coordinate with the Office of Acquisition and Assistance and relevant Bureau Assistant Administrators to (a) initiate targeted reviews of awards that are more than 3 years old with unliquidated obligation balances and (b) verify that obligation managers conduct the periodic reviews required to initiate deobligation action on unliquidated obligations.

Status: This recommendation was closed on September 30, 2015.

Recommendation 6. We recommend that the Chief Financial Officer in coordination with the Office of Human Resources ensure: (a) that personnel files are updated to reflect all personnel actions and (b) that a reconciliation with National Finance Center records is performed to ensure that bi-weekly and annual salary pay caps are not exceeded.

Status: Part (a) of this recommendation was closed on March 31, 2014. Part (b) of this recommendation is still pending final action. The Chief Financial Officer will coordinate with the Office of Human Resources to work with NFC to implement a system edit to assist in preventing annual salary payments above the aggregate pay cap.

Status: This recommendation was closed on March 31, 2014.

Status of 2010 Findings and Recommendations

Recommendation 1. We recommend that the Chief Financial Officer (a) provide changes in its crosswalk to the Department of Health and Human Services in a timely manner to ensure that the Department of Health and Human Services charges all third-party transactions to appropriate appropriations; and (b) research and resolve all suspense items within the time stipulated by the Department of the Treasury.

Status: This recommendation is still pending final action. The target completion date is December 31, 2015.

Status of 2005 Findings and Recommendations

In the FY 2005 audit report, OIG recommended that USAID's Chief Financial Officer direct the Financial Management Office to conduct quarterly intragovernmental reconciliations of activity and balances with its trading partners in accordance with the requirements of the *Federal Intragovernmental Transactions Accounting Policies Guide*, issued by the Department of the Treasury's Financial Management Service.

Status: OIG has made no recommendations in the last few years because USAID is continuously researching intragovernmental activity and developing new tools to improve its reconciliation process to eliminate the differences.

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

As of September 30, 2015 and 2014

(In Thousands)

	2015	2014 (Restated)
ASSETS:		
Intragovernmental:		
Fund Balance with Treasury (Notes 2 and 19)	$ 32,344,408	$ 30,862,134
Accounts Receivable (Notes 3 and 19)	48	23
Other Assets (Notes 4 and 19)	20,968	72,031
Total Intragovernmental	32,365,424	30,934,188
Cash and Other Monetary Assets (Notes 5 and 19)	370,613	394,181
Accounts Receivable, Net (Notes 3 and 19)	120,521	60,956
Direct Loans and Loan Guarantees, Net (Notes 6 and 19)	2,013,413	2,267,008
Inventory and Related Property, Net (Note 7)	62,224	35,785
General Property, Plant, and Equipment, Net (Notes 8 and 9)	64,857	75,995
Advances (Notes 4 and 19)	641,833	615,540
Total Assets	**$ 35,638,885**	**$ 34,383,653**
LIABILITIES:		
Intragovernmental:		
Accounts Payable (Notes 10 and 19)	$ 39,934	$ 42,412
Debt (Note 11)	481,283	481,272
Liability for Capital Transfers to the General Fund of the Treasury (Notes 10 and 11)	1,834,738	2,059,883
Other Liabilities (Notes 10, 12, 13 and 19)	1,087,750	882,359
Total Intragovernmental	3,443,705	3,465,926
Accounts Payable (Notes 10 and 19)	1,810,849	1,733,292
Loan Guarantee Liability (Notes 6, 10 and 19)	2,866,890	2,352,070
Federal Employee and Veteran's Benefits (Note 13)	24,731	25,811
Other Liabilities (Notes 10, 12, 13 and 19)	596,508	603,300
Total Liabilities	**8,742,683**	**8,180,399**
Commitments and Contingencies (Note 14)		
NET POSITION:		
Unexpended Appropriations (Note 19)	26,339,211	25,608,990
Cumulative Results of Operations (Note 19)	556,991	594,264
Total Net Position (Note 19)	**26,896,202**	**26,203,254**
Total Liabilities and Net Position (Note 19)	**$ 35,638,885**	**$ 34,383,653**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF NET COST

For the Years Ended September 30, 2015 and 2014

(In Thousands)

Objectives	2015	2014 (Restated)
Peace and Security:		
Gross Costs	$ 719,808	$ 671,492
Less: Earned Revenue	(1,397)	(4,776)
Net Program Costs	718,411	666,716
Governing Justly and Democratically:		
Gross Costs	1,415,613	1,420,903
Less: Earned Revenue	(15,336)	(10,234)
Net Program Costs	1,400,277	1,410,669
Investing in People:		
Gross Costs	2,902,619	2,657,954
Less: Earned Revenue	(41,612)	(35,761)
Net Program Costs	2,861,007	2,622,193
Economic Growth:		
Gross Costs	4,801,565	4,697,764
Less: Earned Revenue	(825,255)	(626,226)
Net Program Costs	3,976,310	4,071,538
Humanitarian Assistance:		
Gross Costs	2,785,529	2,119,716
Less: Earned Revenue	(1,775)	(12,897)
Net Program Costs	2,783,754	2,106,819
Operating Unit Management:		
Gross Costs	791,213	719,348
Less: Earned Revenue	(2,378)	(5,249)
Net Program Costs	788,835	714,099
Net Cost of Operations (Notes 15, 16, and 19)	**$ 12,528,594**	**$ 11,592,034**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2015 and 2014

(In Thousands)

	2015	2014 (Restated)
Cumulative Results of Operations:		
Beginning Balance	$ 557,222	$ 4,017,092
Adjustments – Correction of Errors	37,042	(3,049,986)
Beginning Balance, as Adjusted (Note 19)	594,264	967,106
Budgetary Financing Sources:		
Appropriations Used	12,288,421	11,180,513
Nonexchange Revenue	354	209
Donations and Forfeitures of Cash and Cash Equivalents	120,034	165,298
Transfers-in/out Without Reimbursement	–	–
Other Financing Sources (Non-Exchange):		
Donations and Forfeitures of Property	22,871	63
Transfers-in/out Without Reimbursement	–	(169,500)
Imputed Financing	30,637	42,609
Other	29,004	–
Total Financing Sources	12,491,321	11,219,192
Net Cost of Operations (Notes 15, 16, and 19)	(12,528,594)	(11,592,034)
Net Change	(37,273)	(372,842)
Cumulative Results of Operations (Note 19)	556,991	594,264
Unexpended Appropriations:		
Beginning Balance	25,595,626	22,745,711
Adjustments – Correction of Errors	13,364	3,133,607
Beginning Balance, as Adjusted (Note 19)	25,608,990	25,879,318
Budgetary Financing Sources:		
Appropriations Received	13,089,344	10,379,630
Appropriations Transferred in/out	202,172	637,423
Other Adjustments	(272,874)	(106,868)
Appropriations Used	(12,288,421)	(11,180,513)
Total Budgetary Financing Sources	730,221	(270,328)
Total Unexpended Appropriations (Note 19)	26,339,211	25,608,990
Net Position (Note 19)	**$ 26,896,202**	**$ 26,203,254**

The accompanying notes are an integral part of these statements.

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2015 and 2014

(In Thousands)

	2015		2014 (Restated)	
	Budgetary	**Non-Budgetary Credit Reform**	**Budgetary**	**Non-Budgetary Credit Reform**
Budgetary Resources:				
Unobligated Balance, Brought Forward, October 1	$ 8,201,447	$ 2,186,956	$ 9,701,694	$ 1,862,105
Adjustment to Unobligated Balance Brought Forward, October 1 (+ or -)	4,107	–	36,835	–
Unobligated Balance Brought Forward, October 1, as Adjusted	8,205,554	2,186,956	9,738,529	1,862,105
Recoveries of Prior Year Unpaid Obligations	1,229,327	429	557,370	168
Other Changes in Unobligated Balance (+ or -) (Note 19)	279,146	(13)	46,840	(1)
Unobligated Balance from Prior Year Budget Authority, Net	9,714,027	2,187,372	10,342,739	1,862,272
Appropriations (Discretionary and Mandatory)	12,898,707	–	10,432,681	6
Borrowing Authority (Discretionary and Mandatory) (Note 11)	–	23	–	273
Contract Authority (Discretionary and Mandatory)	–	–	–	–
Spending Authority from Offsetting Collections (Discretionary and Mandatory) (Note 19)	1,355,835	993,469	1,000,088	585,854
Total Budgetary Resources (Note 19)	**$ 23,968,569**	**$ 3,180,864**	**$ 21,775,508**	**$ 2,448,405**
Status of Budgetary Resources:				
Obligations Incurred (Note 19)	$ 14,217,714	$ 106,204	$ 13,569,954	$ 261,449
Unobligated Balance, End of Year:				
Apportioned (Note 2)	8,395,024	248,463	7,467,785	222,517
Exempt from Apportionment (Note 2)	(4)	–	–	–
Unapportioned (Notes 2 and 19)	1,355,835	2,826,197	737,769	1,964,439
Total Unobligated Balance, End of Year	9,750,855	3,074,660	8,205,554	2,186,956
Total Budgetary Resources	**$ 23,968,569**	**$ 3,180,864**	**$ 21,775,508**	**$ 2,448,405**

(continued on next page)

COMBINED STATEMENT OF BUDGETARY RESOURCES *(continued)*

For the Years Ended September 30, 2015 and 2014

(In Thousands)

	2015		2014 (Restated)	
	Budgetary	**Non-Budgetary Credit Reform**	**Budgetary**	**Non-Budgetary Credit Reform**
Change in Obligated Balance:				
Unpaid Obligations:				
Unpaid Obligations, Brought Forward, October 1 (Gross)	$ 20,555,551	$ 4,062	$ 18,597,614	$ 3,867
Adjustment to Unpaid Obligations, Start of Year (+ or -)	18,333	–	(398,320)	–
Obligations Incurred (Note 19)	14,217,714	106,204	13,569,954	261,449
Outlays (Gross) (-) (Note 19)	(13,527,862)	(105,520)	(10,605,875)	(261,086)
Actual Transfers, Unpaid Obligations (Net) (+ or -)	–	–	(32,119)	–
Recoveries of Prior Year Unpaid Obligations (-) (Note 19)	(1,229,327)	(429)	(557,370)	(168)
Unpaid Obligations, End of Year (Note 19)	$ 20,034,409	$ 4,317	20,573,884	4,062
Uncollected Payments:				
Uncollected Payments, Federal Sources, Brought Forward, October 1 (-)	(38,410)	35	(67,380)	–
Adjustment to Uncollected Payments, Federal Sources, Start of Year (+ or -)	–	–	(12,053)	–
Change in Uncollected Payments, Federal Sources (+ or -) (Note 19)	(463,660)	(18)	41,023	35
Actual Transfers, Uncollected Payments, Federal Sources (Net) (+ or-)	–	–	–	–
Uncollected Payments, Federal Sources, End of Year (-)	(502,070)	17	(38,410)	35
Budget Authority and Outlays, Net:				
Budget Authority, Gross (Discretionary and Mandatory) (Note 19)	$ 14,254,542	$ 993,492	$ 11,432,769	$ 586,133
Actual Offsetting Collections (Discretionary and Mandatory) (-) (Note 19)	(965,935)	(993,452)	(1,112,337)	(585,888)
Change in Uncollected Payments from Federal Sources (Discretionary and Mandatory) (+ or -) (Note 19)	(462,880)	(18)	28,188	35
Anticipated Offsetting Collections (Discretionary and Mandatory) (+ or -)	–	–	–	–
Budget Authority, Net (Total) (Discretionary and Mandatory)	$ 12,825,727	$ 22	$ 10,348,620	$ 280
Outlays, Gross (Discretionary and Mandatory) (Note 19)	$ 13,527,862	$ 105,520	$ 10,605,875	$ 261,086
Actual Offsetting Collections (Discretionary and Mandatory) (-) (Note 19)	(965,935)	(993,452)	(1,112,337)	(585,888)
Outlays, Net (Total) (Discretionary and Mandatory) (Note 19)	12,561,927	(887,932)	9,493,538	(324,802)
Distributed Offsetting Receipts (-)	(193,254)	–	(241,127)	–
Agency Outlays, Net (Discretionary and Mandatory) (Note 19)	**$ 12,368,673**	**$ (887,932)**	**$ 9,252,411**	**$ (324,802)**

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, and published by the Director of the OMB, the Secretary of the Treasury, and the Comptroller General.

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 principal statements present the financial activity of various programs and accounts managed by USAID. The programs include Assistance for Europe, Eurasia, and Central Asia; Civilian Stabilization Initiative; Capital Investment Fund; Economic Support Fund; Development Assistance; International Disaster Assistance; Global Health and Child Survival; Complex Crisis Fund; Transition Initiatives; and Direct and Guaranteed Loan Programs. 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.

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.

Capital Investment Fund

This fund provides for the necessary expenses of overseas construction and related costs, and for procurement and enhancement of information technology and related capital investments. Specifically, this fund provides assistance in supporting the Global Acquisition and Assistance System (GLAAS).

Economic Support Fund

The Economic Support Fund 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.

Complex Crisis Fund

This fund provides for necessary expenses under of the Foreign Assistance Act of 1961 to support programs and activities around prevention of, or response to emerging or unforeseen complex crises overseas.

Transition Initiatives

This fund provides for humanitarian programs that provide post conflict assistance to victims of both natural and man-made disasters. The program supports U.S. foreign policy objectives by helping local partners advance peace and democracy in priority countries in crisis. Seizing critical windows of opportunity, the Office of Transition Initiatives works on the ground to provide fast, flexible, short-term assistance targeted at key political transition and stabilization needs.

Direct and Guaranteed Loans

- *Direct Loan Program*

  These loans are authorized under the Foreign Assistance Act, 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 DCA 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% risk-sharing with 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 loans from commercial sources. Borrowing was completed under the program during FY 2005.

- *Loan Guarantees to Egypt Program*

  The Loan Guarantees to Egypt Program was established under the Emergency Wartime Supplemental Appropriations Act of 2003. Under this program, the U.S. Government was authorized to issue an amount not to exceed $2 billion in loan guarantees to Egypt during the period beginning March 1, 2003 and ending September 30, 2005. New loan guarantees totaling $1.25 billion were issued in FY 2005 before the expiration of the program. The outstanding loan guarantees of $9.25 billion were paid off in September 2015.

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

  The Loan Guarantee authority for the MENA Program was initially established under Title III of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012, Division I of 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 (MENA) Loan Guarantee Program. Under this program, the U. S. Government issues guarantees with respect to the payment obligations of MENA for notes. The budget cost associated with these notes, calculated in accordance with the Federal Credit Reform Act of 1990, is not to exceed $237 million. Using this budget cost as a basis for determining the loan guarantee, MENA issued notes totaling $4.25 billion in FY 2015.

- *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 Public Law 113-76). Ukraine issued a note (No. 72/23-6201338) totaling $2 billion. In addition, subsidy costs as of FY 2015 totaled $686 million. 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.

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 than 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 "7011/511" authority, a name that is based on references to the previous appropriations acts. 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 Commodity Credit Corporation, the Executive Office of the President, the Department of State, and Millennium Challenge Corporation.

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 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 (the pre-credit reform period), loan principal, interest, and penalties receivable are reduced by an allowance for estimated uncollectible amounts. The allowance is estimated based on a net present value method prescribed by OMB that takes into account country risk and projected cash flows.

For loans obligated on or after October 1, 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 re-estimated when necessary and changes reflected in the operating statement.

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.

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, and capital leases are depreciated according to the terms of the lease. 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 in nature. These government-owned, contractor-held assets are included within the balances reported in USAID's 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. Also, these liabilities can be nullified by the U.S. Government, acting in its sovereign capacity. USAID discloses these liabilities in Note 10, Liabilities Covered and Not Covered by Budgetary Resources.

N. LIABILITIES FOR LOAN GUARANTEES

The Credit Reform Act (CRA) of 1990, 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 CRA 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 loan guarantees made before the CRA (pre-1992), the liability for loan guarantees represents an unfunded liability. Note 6 displays the unfunded amounts separate from the post-1991 liabilities. 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.

Federal employee benefit costs paid by OPM and imputed by USAID are reported on the Balance Sheet and Notes 10 and 12 as Other Liabilities.

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. Note 14 identifies commitments and contingency liabilities.

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 objective 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 guidance, child transfer activities are to be included and parent 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 Energy
- Department of Interior
- Department of Labor
- Department of State
- Department of the Treasury
- Nuclear Regulatory Commission

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, 2015 and 2014 (Restated) consisted of the following *(in thousands)*:

Fund Balance	2015	2014
Trust Funds	$ 268,465	$ 298,457
Revolving Funds	3,689,091	2,718,595
General Funds	28,339,476	27,898,048
Other Funds	47,376	(52,966)
Total	$ 32,344,408	$ 30,862,134

Status of Fund Balance with Treasury	2015	2014 (Restated)
Unobligated Balance		
Available	$ 8,643,483	$ 7,690,302
Unavailable	4,182,032	2,702,208
Obligated and Other Balances Not Yet Disbursed (Net)	19,518,893	20,469,624
Total (Note 19)	$ 32,344,408	$ 30,862,134

Fund Balance with Treasury 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. See also Note 19 that contains additional disclosures related to Fund Balance with Treasury.

Unobligated balances become available when apportioned by the 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.

USAID restated the FY 2014 financial statements due to correction of error. Correction of the error resulted in a null effect on the total Fund Balance with Treasury, but redistributed the allocations among the obligated and unobligated balances categories.

NOTE 3. ACCOUNTS RECEIVABLE, NET

The primary components of USAID's Accounts Receivable, Net as of September 30, 2015 and 2014 (Restated) are as follows *(in thousands)*:

	Receivable Gross	Allowance Accounts	Receivable Net 2015	Receivable Net 2014 (Restated)
Intragovernmental				
Appropriation Reimbursements from Federal Agencies	$ 10	N/A	$ 10	$ 10
Accounts Receivable from Federal Agencies	93,328	N/A	93,328	268,089
Less Intra-Agency Receivables	(93,290)	N/A	(93,290)	(268,076)
Total Intragovernmental Accounts Receivable	48	N/A	48	23
Accounts Receivable from the Public (Note 19)	167,778	(47,257)	120,521	60,956
Total Receivables	$ 167,826	$ (47,257)	$ 120,569	$ 60,979

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% 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.

USAID restated the FY 2014 financial statements due to correction of error. Correction of the error resulted in a $9.8 million increase to Accounts Receivable.

NOTE 4. OTHER ASSETS

Other Assets as of September 30, 2015 and 2014 (Restated) consisted of Advances, as follows *(in thousands)*:

	2015	2014 (Restated)
Intragovernmental		
Advances to Federal Agencies	$ 20,968	$ 72,031
Total Intragovernmental	20,968	72,031
Advances to Contractors/Grantees	367,260	335,668
Advances to Host Country Governments and Institutions	242,041	158,744
Advances, Other	32,532	121,128
Total with the Public (Note 19)	641,833	615,540
Total Other Assets	$ 662,801	$ 687,571

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.

USAID restated the FY 2014 financial statements due to correction of error. Correction of the error resulted in a $41.5 million increase to Total Advances with the Public.

NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2015 and 2014 (Restated) are as follows *(in thousands)*:

	2015	2014 (Restated)
Other Cash	$ (342)	$ –
Foreign Currencies	370,955	394,181
Total Cash and Other Monetary Assets	$ 370,613	$ 394,181

Foreign Currencies are related to Foreign Currency Trust Funds which totaled $371 million in FY 2015 and $395 million in FY 2014, as disclosed in Note 12. USAID does not have any non-entity cash or other monetary assets.

USAID restated the FY 2014 financial statements due to correction of error. Correction of the error resulted in a reduction of $7 thousand in Foreign Currency cash.

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 Northern Africa (MENA) Loan Guarantee Program (formerly known as the Tunisia and Jordan Loan Guarantee Programs)
- Ukraine Loan Guarantee Program

Direct loans resulting from obligations made prior to 1992 are reported net of allowance for estimated uncollectible loans. Estimated losses from defaults on loan guarantees resulting from obligations made prior to 1992 are reported as a liability.

The Credit Reform Act of 1990 prescribes an alternative method of accounting for direct loans and guarantees resulting from obligations made after 1991. Subsidy cost, which is the net present value of the cash flows (i.e., interest rates, interest supplements, estimated defaults, fees, and other cash flows) associated with direct loans and guarantees, is required by the Act 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 the Office of Management and Budget (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. Direct loans are reported net of an allowance for this subsidy cost (allowance for subsidy). The subsidy costs associated with loan guarantees are reported as loan guarantee liability.

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, 2015 and 2014 (Restated) are as follows *(in thousands)*:

	2015	2014 (Restated)
Net Direct Loans Obligated Prior to 1992 (Allowance for Loss Method)	$ 1,678,138	$ 1,934,732
Net Direct Loans Obligated After 1991 (Present Value Method)	174,962	200,557
Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method)	160,313	131,719
Total Loans Receivable, Net as reported on the Balance Sheet	$ 2,013,413	$ 2,267,008

DIRECT LOANS

Direct Loan amounts for loans obligated prior to 1992 and after 1991 as of September 30, 2015 and 2014 (Restated) 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, 2015:				
Direct Loans	$ 1,850,035	$ 336,817	$ (508,714)	$ 1,678,138
MSED	29	5	(34)	–
Total	$ 1,850,064	$ 336,822	$ (508,748)	$ 1,678,138
Direct Loans Obligated Prior to 1992 (Allowance for Loss Method) as of September 30, 2014:				
Direct Loans	$ 2,134,390	$ 299,659	$ (499,317)	$ 1,934,732
MSED	29	5	(34)	–
Total	$ 2,134,419	$ 299,664	$ (499,351)	$ 1,934,732

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans, Net
Direct Loans Obligated After 1991 as of September 30, 2015:				
Direct Loans	$ 764,619	$ 9,818	$ (691,243)	$ 83,194
UE – Subrogated Claims	59,889	29,984	1,895	91,768
MSED	–	–	–	–
Total	$ 824,508	$ 39,802	$ (689,348)	$ 174,962
Direct Loans Obligated After 1991 as of September 30, 2014 (Restated):				
Direct Loans	$ 741,231	$ 2	$ (621,783)	$ 119,450
UE – Subrogated Claims	56,708	26,039	(1,640)	81,107
MSED	–	–	–	–
Total	$ 797,939	$ 26,041	$ (623,423)	$ 200,557

Total Amount of Direct Loans Disbursed as of September 30, 2015 and 2014 are as follows *(in thousands)*:

Direct Loan Programs	2015	2014
Direct Loans	$ 2,614,654	$ 2,875,621
UE – Subrogated Claims	59,889	56,708
MSED	29	179
Total	$ 2,674,572	$ 2,932,508

Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans) as of September 30, 2015 and 2014 are as follows *(in thousands)*:

	2015				2014			
	Direct Loan	UE - Sub. Claims	MSED	Total	Direct Loan	UE - Sub. Claims	MSED	Total
Beginning Balance, Changes, and Ending Balance								
Beginning Balance of the Subsidy Cost Allowance	$ 621,783	$ 1,640	$ 357	$ 623,780	$ 641,807	$ (4,832)	$ 357	$ 637,332
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	–	–	–	–	55,659	–	–	55,659
(F) Other	69,460	(3,535)	(357)	65,568	(75,683)	6,472	–	(69,211)
Ending Balance of the Subsidy Cost Allowance Before Reestimates	$ 691,243	$ (1,895)	$ –	$ 689,348	$ 621,783	$ 1,640	$ 357	$ 623,780
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	$ 691,243	$ (1,895)	$ –	$ 689,348	$ 621,783	$ 1,640	$ 357	$ 623,780

Defaulted Guaranteed Loans as of September 30, 2015 and 2014 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): 2015				
UE	$ 150,572	$ 9,741	$ –	$ 160,313
Total	$ 150,572	$ 9,741	$ –	$ 160,313
Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): 2014				
UE	$ 141,126	$ 19,613	$ (29,020)	$ 131,719
Total	$ 141,126	$ 19,613	$ (29,020)	$ 131,719

DEFAULTED GUARANTEED LOANS FROM POST-1991 GUARANTEES

In 2015, the UE Program experienced $7.9 million in defaults on payments.

In 2014, the UE Program experienced $5.9 million in defaults on payments.

GUARANTEED LOANS OUTSTANDING

Guaranteed Loans Outstanding as of September 30, 2015 and 2014 are as follows *(in thousands)*:

Loan Guarantee Programs	Outstanding Principal, Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Guaranteed Loans Outstanding (2015):		
UE	$ 503,298	$ 503,298
MSED	14,760	7,380
Israel	10,478,474	10,478,474
DCA	1,677,759	838,880
Ukraine	2,000,000	2,000,000
Egypt	–	–
MENA	4,245,911	4,245,911
Total	$ 18,920,202	$ 18,073,943
Guaranteed Loans Outstanding (2014):		
UE	$ 576,273	$ 576,273
MSED	14,760	7,380
Israel	10,537,379	10,537,379
DCA	282,386	141,193
Ukraine	1,000,000	1,000,000
Egypt	1,250,000	1,250,000
MENA	2,745,911	2,745,911
Total	$ 16,406,709	$ 16,258,136
New Guaranteed Loans Disbursed (2015):		
DCA	$ 17	$ 9
Ukraine	1,000,000	1,000,000
MENA	1,500,000	1,500,000
Total	$ 2,500,017	$ 2,500,009
New Guaranteed Loans Disbursed (2014):		
DCA	$ 9,863	$ 4,931
Ukraine	1,000,000	1,000,000
MENA	2,750,000	2,750,000
Total	$ 3,759,863	$ 3,754,931

Liability for Loan Guarantees as of September 30, 2015 and 2014 (Restated) are as follows *(in thousands)*:

Loan Guarantee Programs	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Loan Guarantees for Post-1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
Liability for Loan Guarantees (Estimated Future Default Claims for pre-1992 guarantees) as of September 30, 2015:			
UE	$ 176	$ 122,278	$ 122,454
MSED	–	(668)	(668)
Israel	–	1,004,642	1,004,642
DCA	–	70,963	70,963
Ukraine	–	686,614	686,614
Egypt	–	555,004	555,004
MENA	–	427,881	427,881
Total	$ 176	$ 2,866,714	$ 2,866,890
Liability for Loan Guarantees (Estimated Future Default Claims for pre-1992 guarantees) as of September 30, 2014 (Restated):			
UE	$ 980	$ 147,263	$ 148,243
MSED	–	(3,797)	(3,797)
Israel	–	1,019,745	1,019,745
DCA	–	71,850	71,850
Ukraine	–	314,874	314,874
Egypt	–	534,385	534,385
MENA	–	266,770	266,770
Total	$ 980	$ 2,351,090	$ 2,352,070

SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Subsidy Expense for Loan Guarantees by Program and Component as of September 30, 2015 and 2014 are as follows *(in thousands)*:

Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
Subsidy Expense for New Loan Guarantees (2015):					
DCA	$ –	$ 7,753	$ –	$ –	$ 7,753
Ukraine	–	446,506	–	–	446,506
MENA	–	185,604	–	–	185,604
Total	$ –	$ 639,863	$ –	$ –	$ 639,863
Subsidy Expense for New Loan Guarantees (2014):					
DCA	$ –	$ 8,349	$ –	$ –	$ 8,349
Ukraine	–	193,800	–	–	193,800
MENA	–	236,875	–	–	236,875
Total	$ –	$ 439,024	$ –	$ –	$ 439,024

(continued on next page)

(continued)

Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Modifications and Reestimates (2015):				
UE	$ –	$ –	$ (1,588)	$ (1,588)
Israel	–	–	(18,144)	(18,144)
DCA	–	–	15,843	15,843
Ukraine	–	–	(84,233)	(84,233)
Egypt	–	–	–	–
MENA	–	–	24,221	24,221
Total	$ –	$ –	$ (63,901)	$ (63,901)
Modifications and Reestimates (2014):				
UE	$ –	$ –	$ (7,914)	$ (7,914)
Israel	–	–	19,169	19,169
DCA	–	–	(9,268)	(9,268)
Ukraine	–	–	118,729	118,729
Egypt	–	–	53,759	53,759
MENA	–	–	12,812	12,812
Total	$ –	$ –	$ 187,287	$ 187,287

Total Loan Guarantee Subsidy Expense as of September 30, 2015 and 2014 are as follows *(in thousands)*:

Loan Guarantee Programs	2015	2014
UE	$ (1,588)	$ (7,914)
Israel	(18,144)	19,169
DCA	23,596	(919)
Ukraine	362,273	312,529
Egypt	–	53,759
MENA	209,825	249,687
Total	$ 575,962	$ 626,311

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	–	7.61%	(1.31)%	–	6.30%
Ukraine	–	44.00%	0.00%	–	44.00%
MENA	–	8.36%	0.00%	–	8.36%

Schedule for Reconciling Loan Guarantee Liability Balances as of September 30, 2015 and 2014 (Restated) are as follows *(in thousands)*:

2015: Post-1991 Loan Guarantees

	DCA	MSED	UE	Israel	Egypt	Ukraine	Mena	Total
Beginning Balance, Changes, and Ending Balance								
Beginning Balance of the Loan Guarantee Liability	$ 71,850	$ (3,797)	$ 148,243	$ 1,019,745	$ 534,385	$314,874	$266,770	$2,352,070
Add: Subsidy Expense for Guaranteed Loans Disbursed								
During the Reporting Years by Component:								
(A) Interest Supplement 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 Guarantee Modifications	–	–	–	–	–	–	–	–
(B) Fees Received	1,271	–	1,847	–	–	–	–	3,118
(C) Interest Supplements Paid	–	–	–	–	–	–	–	–
(D) Foreclosed Property and Loans Acquired	–	–	–	–	–	–	–	–
(E) Claim Payments to Lenders	(20,849)	–	(12,104)	(20,742)	–	–	(26,977)	(80,672)
(F) Interest Accumulation on the Liability Balance	3,330	–	3,513	76,533	20,618	11,812	5,574	121,380
(G) Other	(482)	3,129	(17,633)	(52,750)	1	444,161	158,293	534,719
Ending Balance of the Loan Guarantee Liability Before Reestimates	$ 55,120	$ (668)	$ 123,866	$ 1,022,786	$ 555,004	$770,847	$403,660	$2,930,615
Add or Subtract Subsidy Reestimates by Component:								
(A) Interest Rate Reestimate	–	–	–	–	–	–	–	–
(B) Technical/Default Reestimate	15,843	–	(1,588)	(18,144)	–	(84,233)	24,221	(63,901)
Total of the Above Reestimate Components	15,843	–	(1,588)	(18,144)	–	(84,233)	24,221	(63,901)
Ending Balance of the Loan Guarantee Liability	$ 70,963	$ (668)	$ 122,278	$ 1,004,642	$ 555,004	$686,614	$427,881	$2,866,714

2014 (Restated): Post-1991 Loan Guarantees

	DCA	MSED	UE	Israel	Egypt	Ukraine	Tunisia	Total
Beginning Balance, Changes, and Ending Balance								
Beginning Balance of the Loan Guarantee Liability	$ 72,432	$ (661)	$ 147,863	$ 1,153,581	$ 460,855	$ –	$ 12,783	$1,846,853
Add: Subsidy Expense for Guaranteed Loans Disbursed								
During the Reporting Years by Component:								
(A) Interest Supplement Costs	–	–	–	–	–	–	–	–
(B) Default Costs (Net of Recoveries)	–	–	–	–	–	–	–	–
(C) Fees and Other Collections	–	–	–	–	–	–	–	–
(D) Other Subsidy Costs	–	–	–	–	–	–	–	–
Total of the Above Subsidy Expense Components	$ 72,432	$ (661)	$ 147,863	$ 1,153,581	$ 460,855	$ –	$ 12,783	$1,846,853
Adjustments:								
(A) Loan Guarantee Modifications	–	–	–	–	–	–	–	–
(B) Fees Received	1,830	1,136	940	–	–	–	–	3,906
(C) Interest Supplements Paid	–	–	–	–	–	–	–	–
(D) Foreclosed Property and Loans Acquired	–	–	–	–	–	–	–	–
(E) Claim Payments to Lenders	(5,199)	10	(8,341)	(224,970)	–	–	44	(238,456)
(F) Interest Accumulation on the Liability Balance	2,890	–	3,407	71,966	19,770	2,345	4,343	104,721
(G) Other	9,165	(4,282)	12,288	(1)	1	193,800	236,788	447,759
Ending Balance of the Loan Guarantee Liability Before Reestimates	$ 81,118	$ (3,797)	$ 156,157	$ 1,000,576	$ 480,626	$196,145	$253,958	$2,164,783
Add or Subtract Subsidy Reestimates by Component:								
(A) Interest Rate Reestimate	–	–	–	–	–	–	–	–
(B) Technical/Default Reestimate	(9,268)	–	(7,914)	19,169	53,759	118,729	12,812	187,287
Total of the Above Reestimate Components	(9,268)	–	(7,914)	19,169	53,759	118,729	12,812	187,287
Ending Balance of the Loan Guarantee Liability	$ 71,850	$ (3,797)	$ 148,243	$ 1,019,745	$ 534,385	$314,874	$266,770	$2,352,070

Administrative Expense as of September 30, 2015 and 2014 are as follows *(in thousands)*:

Loan Programs	2015	2014
DCA	$ 10,156	$ 16,222
Total	$ 10,156	$ 16,222

OTHER INFORMATION

1. Allowance for Loss for Liquidating account (pre-Credit Reform Act) receivables have been calculated in accordance with OMB guidance using a present value 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. Five countries are in violation of the Brooke-Alexander Amendment to the Foreign Operations Export Financing and Related Programs Appropriations Act, owing $469.07 million that is more than one year delinquent.

2. Reestimate amounts are subject to approval by the Office of Management and Budget (OMB), and any adjustments, if necessary, will be made in Fiscal Year 2016.

3. 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.

4. Loan Guarantee Repayment - Egypt repaid its loan commitment of $1.25 billion in September 2015, and relieved USAID of the $555 million liability on the account. USAID will close all balances pertaining to the Egpyt loan guarantee in FY 2016.

5. USAID's Loan Guarantee Programs include: Israel Loan Guarantee, $10.5 billion, Ukraine Loan $2 billion andMENA (Middle East Northern Africa) $4.25 billion. The Israel Loan guarantees the repayment of loans made from commercial sources that cover the costs for immigrants resettling to Israel from the former Soviet Union, Ethiopia, and other countries. The program also guarantees the repayment of loans that support Israel's comprehensive economic plan to overcome economic difficulties and create conditions for higher and sustainable growth. The Ukraine Loan Guarantee is intended to help Ukraine meet its near-term social spending needs and insulate vulnerable Ukrainians from the impact of necessary economic adjustments. The Jordan Loan Guarantee will help to ensure that Jordan can continue to provide critical services to its citizens as it hosts the nearly 630,000 refugees registered by the United Nations High Commissioner for Refugees who have fled the violence in Syria. The U.S. loan guarantee agreement is designed to support specific economic reforms that the Government of Jordan has been pursuing in order to promote economic stability, growth and prosperity for the Jordanian people. As of September 30, 2015, $18.1 billion in loan guarantees remain outstanding.

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, 2015 and 2014 are as follows *(in thousands)*:

	2015	2014
Items Held for Use		
Office Supplies	$ 3,899	$ 2,361
Items Held in Reserve for Future Use		
Disaster Assistance Materials and Supplies	11,978	8,594
Birth Control Supplies	46,347	24,830
Total Inventory and Related Property	$ 62,224	$ 35,785

Operating Materials and Supplies are considered tangible properties that are consumed in the normal course of business and not held for sale. The valuation is 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, 2015 and 2014 are as follows *(in thousands)*:

	Useful Life	Cost	Accumulated Depreciation	Net Book Value 2015	Net Book Value 2014
Classes of Fixed Assets:					
Equipment	3 to 5 years	$ 73,718	$ (58,582)	$ 15,136	$ 18,336
Buildings, Improvements, and Renovations	5 to 20 years	82,237	(47,274)	34,963	41,184
Land and Land Rights	N/A	7,203	N/A	7,203	7,203
Assets Under Capital Lease (Note 9)		–	–	–	–
Construction in Progress	N/A	–	–	–	–
Internal Use Software	3 to 5 years	118,210	(110,655)	7,555	9,272
Total PP&E		$ 281,368	$ (216,511)	$ 64,857	$ 75,995

The threshold for capitalizing assets is $25,000 except for Internal Use Software which is capitalized and amortized at $300,000. Assets are depreciated using the straight line depreciation method. USAID uses the mid-year convention for assets purchased prior to FY 2003 and the mid-quarter convention for assets purchased during FY 2003 and beyond. Depreciable assets are assumed to have no remaining salvage value. There are currently no restrictions on PP&E assets.

USAID PP&E includes assets located in Washington, D.C. offices and overseas field missions.

Equipment consists primarily of electric generators, Automatic Data Processing (ADP) hardware, vehicles and copiers located at the overseas field missions. Note 9 discusses USAID leases.

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, 2015 and 2014 Leases consisted of the following *(in thousands)*:

Entity as Lessee	2015	2014
Capital Leases:		
Summary of Assets Under Capital Lease:		
Buildings	$ –	$ –
Accumulated Depreciation	–	–
Net Assets under Capital Leases	$ –	$ –

Description of Lease Arrangements. Capital leases consist of rental agreements entered into by missions for warehouses, parking lots, residential space, and office buildings. These leases are one year or more in duration.

Operating Leases:

Future Payments Due: Fiscal Year	2015 Future Costs
2016	$ 94,065
2017	90,074
2018	80,727
2019	63,462
2020	58,349
After 5 Years	10,876
Total Future Lease Payments	$ 397,553

Operating lease payments total $397 million in future lease payments, of which $299 million is for the USAID headquarters in Washington, D.C. and the remainder is for the missions. The current lease agreements are for approximately 802,417 sq. feet for the headquarters. The expiration dates for the headquarters leases are in FY 2016 through FY 2021, and the expiration dates for the missions' leases are in FY 2016 through FY 2025. All the leases are non-cancelable and the lessor is the General Services Administration (GSA), which charges commercial rates for USAID's occupancy.

NOTE 10. LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES

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 that will be funded as they become due with future resources. The Debt-Contingent Liabilities for Loan Guarantees line item 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.

As of September 30, 2015 and 2014 (Restated) Liabilities Covered and Not Covered by Budgetary Resources were as follows *(in thousands)*:

	2015	2014 (Restated)
Liabilities Covered by Budgetary Resources:		
Intragovernmental:		
Accounts Payable (Note 19)	$ 39,934	$ 42,412
Debt (Note 11)	481,283	481,272
Liability for Capital Transfers to the General Fund of the Treasury (Note 11)	1,834,738	2,059,883
Other Liabilities (Notes 12 and 19)	540,634	660,643
IPAC Suspense	20,510	(57,603)
Total Intragovernmental	2,917,099	3,186,607
Accounts Payable (Note 19)	1,807,267	1,712,795
Disbursements in Transit	3,582	20,497
Total Accounts Payable with Public	1,810,849	1,733,292
Loan Guarantee Liability (Notes 6 and 19)	2,866,714	2,351,090
Other Liabilities with Public (Note 19)	542,064	551,386
Total Liabilities Covered by Budgetary Resources	$ 8,136,726	$ 7,822,375
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental:		
Unfunded FECA Liability (Note 13)	7,589	7,626
Other Unfunded Employment Related Liability	92	143
Other Liabilities (Notes 12 and 19)	518,925	271,550
Total Intragovernmental (Note 12)	$ 526,606	$ 279,319
Accrued Annual Leave	54,444	51,914
FSN Separation Pay Liability	–	–
Total Accrued Unfunded Annual Leave and Separation Pay	54,444	51,914
Future Workers' Compensation Benefits (Note 13)	24,731	25,811
Debt – Contingent Liabilities for Loan Guarantees (Note 6)	176	980
Total Liabilities Not Covered by Budgetary Resources	605,957	358,024
Total Liabilities	$ 8,742,683	$ 8,180,399

NOTE 11. INTRAGOVERNMENTAL DEBT

USAID Intragovernmental Debt as of September 30, 2015 and 2014 consisted of the following borrowings from Treasury for post-1991 loan programs, which is classified as other debt *(in thousands)*:

Debt Due to Treasury	2014 Beginning Balance	Net Borrowing	2014 Ending Balance	Net Borrowing	2015 Ending Balance
Direct Loans	$ 478,291	$ –	$ 478,291	$ –	$ 478,291
DCA	2,709	272	2,981	11	2,992
Total Treasury Debt	$ 481,000	$ 272	$ 481,272	$ 11	$ 481,283

Pursuant to the Federal Credit Reform Act of 1990, agencies with credit programs have permanent indefinite authority to borrow funds from Treasury. These funds are used to disburse new direct loans to the public and, in certain situations, to cover credit reform program costs. Liquidating (pre-1992) accounts have permanent indefinite borrowing authority to be used to cover program costs when they exceed account resources.

In FY 2015, no interest was accrued for Development Credit Authority (DCA) and Direct Loans.

The above disclosed debt is principal payable to Treasury, on financing account borrowings under the Federal Credit Reform Act and net liquidating account equity in the amount of $1.8 billion, which under the Act is required to be recorded as Liability for Capital Transfers to the General Fund of the Treasury. All debt shown is intragovernmental debt.

NOTE 12. OTHER LIABILITIES

As of September 30, 2015 and 2014 (Restated) Other Liabilities consisted of the following *(in thousands)*:

	2015	2014 (Restated)
Intragovernmental		
IPAC Suspense	$ 20,510	$ (57,603)
Unfunded FECA Liability (Note 13)	7,589	7,626
Custodial Liability	6,323	5,836
Employer Contributions & Payroll Taxes Payable	6,957	3,941
Other Unfunded Employment Related Liability	92	143
Liability for Advances and Prepayments	527,354	650,866
Other Liabilities (Notes 10 and 19)	518,925	271,550
Total Intragovernmental	$ 1,087,750	$ 882,359
Accrued Funded Payroll and Leave	31,259	24,032
Accrued Unfunded Annual Leave and Separation Pay (Note 10)	54,444	51,914
Advances From Others	6,035	3,253
Deferred Credits	–	–
Foreign Currency Trust Fund	370,988	394,969
Capital Lease Liability (Note 9)	–	–
Other Liabilities (Note 19)	133,782	129,132
Total Liabilities With the Public	$ 596,508	$ 603,300
Total Other Liabilities	$ 1,684,258	$ 1,485,659

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

USAID restated the FY 2014 financial statements due to correction of error. Correction of the error resulted in a decrease of $320 thousand to Other Liabilities.

NOTE 13. FEDERAL EMPLOYEES AND VETERAN'S BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2015 and 2014 are indicated in the table below *(in thousands)*:

Accrued Unfunded Workers' Compensation Benefits	2015	2014
Liabilities Not Covered by Budgetary Resources		
Future Workers' Compensation Benefits	$ 24,731	$ 25,811
Unfunded FECA Liability	7,589	7,626
Total Accrued Unfunded Workers' Compensation Benefits	$ 32,320	$ 33,437

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 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 2015, USAID's total FECA liability was $32 million, comprised of unpaid FECA billings for $7.6 million and estimated future FECA costs of $24.7 million.

The actuarial estimate for the FECA unfunded liability is determined by the DOL using a method that utilizes 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, 2015, four out of five open cases were settled, leaving one case still pending with no change in status between the third quarter ending June 30, 2015 and the 4th quarter ending September 30, 2015. Details on both the pending and settled cases follows:

- The pending case arises from a fatal automobile collision. The consolidated action asserts negligence against the United States (USAID and the Department of State). The court has dismissed the tort claims. The Agency denied reconsideration. An estimate of the amount or range of potential loss is $48 million. However, the possibility of an unfavorable outcome is remote.
- The first settled case was a contract claim that USAID wrongfully withheld payment for invoices submitted under the terms of a "Hurricane Mitch" host-country contract. The estimated loss was $2.2 million. In January 2015 this case was settled as part of a global settlement involving other matters. It was a net zero settlement.
- The second settled case was a companion to the prior case, in which a contractor sought compensation for efforts and expenses it claimed to have incurred under a terminated

host country contract. The estimated loss was $1.8 million. In January 2015 this case was settled as part of a global settlement involving other matters. It was a net zero settlement.

- The third settled case is a Federal Tort Claim Act alleging negligence on the part of USAID that resulted in arrest and incarceration. Following the briefing, the court dismissed the complaint; thereafter the claimants appealed the dismissal. The Court of Appeals affirmed the dismissal; however, a petition for certiorari at the Supreme Court was filed by the claimants. This case was monetarily settled in January 2015.
- The fourth settled case is a claim under the Contracts Dispute Act with an estimated loss of $6 million. This case was monetarily settled in January 2015.

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 Objective and Responsibility Segments, as of September 30, 2015. These objectives are consistent with the State-USAID Strategic Planning Framework.

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 Objectives, Responsibility Segments and Program Areas. Program Areas are defined in Note 16.

Program 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, 2015 and 2014 (Restated) are indicated in the table on the following pages *(in thousands)*:

USAID restated the FY 2014 financial statements due to correction of error. Correction of the error resulted in a reduction of $79 million in Net Cost of Operations.

Objective	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA	Latin America & Caribbean	Middle East	OAPA	Adjustments	2015 Total	2014 Restated Total
Peace and Security													
Intragovernmental Costs	$ 2,858	$ 726	$ 8,751	$ 1,042	$ 3,793	$ –	$ –	$ 5,464	$ 2,721	$ 4,040	$ 77	$ 29,472	$ 22,135
Public Costs	108,094	21,323	156,995	5,115	64,160	–	–	140,935	15,725	175,732	2,257	690,336	649,357
Total Program Costs	110,952	22,049	165,746	6,157	67,953	–	–	146,399	18,446	179,772	2,334	719,808	671,492
Intragovernmental Earned Revenue	(400)	(111)	(476)	(160)	(582)	–	–	(840)	(48)	(613)	1,980	(1,250)	(4,222)
Public Earned Revenue	(11)	(5)	(87)	(7)	(25)	–	–	(37)	(2)	(207)	234	(147)	(554)
Total Earned Revenue	(411)	(116)	(563)	(167)	(607)	–	–	(877)	(50)	(820)	2,214	(1,397)	(4,776)
Net Program Costs	**110,541**	**21,933**	**165,183**	**5,990**	**67,346**	**–**	**–**	**145,522**	**18,396**	**178,952**	**4,548**	**718,411**	**666,716**
Governing Justly and Democratically													
Intragovernmental Costs	4,267	4,102	2,205	108	5,591	–	742	6,133	6,063	16,780	161	46,152	51,470
Public Costs	169,502	110,273	70,191	9,538	132,862	–	6,381	169,358	148,736	547,842	4,778	1,369,461	1,369,433
Total Program Costs	173,769	114,375	72,396	9,646	138,453	–	7,123	175,491	154,799	564,622	4,939	1,415,613	1,420,903
Intragovernmental Earned Revenue	(648)	(632)	(298)	–	(833)	–	(113)	(914)	(560)	(2,082)	1,423	(4,657)	(9,072)
Public Earned Revenue	–	(27)	(13)	–	(476)	–	(5)	(60)	(11,565)	(1,794)	3,261	(10,679)	(1,162)
Total Earned Revenue	(648)	(659)	(311)	–	(1,309)	–	(118)	(974)	(12,125)	(3,876)	4,684	(15,336)	(10,234)
Net Program Costs	**173,121**	**113,716**	**72,085**	**9,646**	**137,144**	**–**	**7,005**	**174,517**	**142,674**	**560,746**	**9,623**	**1,400,277**	**1,410,669**
Investing in People													
Intragovernmental Costs	73,919	19,464	2,016	10,067	1,613	14,179	1,070	7,544	14,343	10,839	492	155,546	168,445
Public Costs	652,034	228,433	72,410	140,259	23,781	586,395	6,950	133,014	454,445	440,664	8,688	2,747,073	2,489,509
Total Program Costs	725,953	247,897	74,426	150,326	25,394	600,574	8,020	140,558	468,788	451,503	9,180	2,902,619	2,657,954
Intragovernmental Earned Revenue	(10,992)	(2,940)	(279)	(4,886)	(258)	(2,176)	(164)	(1,141)	(1,827)	(1,544)	4,535	(21,672)	(27,858)
Public Earned Revenue	(1,290)	(125)	(12)	(22,381)	(11)	(93)	(7)	(49)	(78)	(66)	4,172	(19,940)	(7,903)
Total Earned Revenue	(12,282)	(3,065)	(291)	(27,267)	(269)	(2,269)	(171)	(1,190)	(1,905)	(1,610)	8,707	(41,612)	(35,761)
Net Program Costs	**713,671**	**244,832**	**74,135**	**123,059**	**25,125**	**598,305**	**7,849**	**139,368**	**466,883**	**449,893**	**17,887**	**2,861,007**	**2,622,193**

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Objective	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA	Latin America & Caribbean	Middle East	OAPA	Adjustments	2015 Total	2014 Restated Total
Economic Growth													
Intragovernmental Costs	41,434	21,555	96	174,117	–	–	15,150	26,928	23,106	21,824	965	325,175	472,200
Public Costs	775,977	409,312	7,475	765,213	510,304	–	112,074	265,011	900,601	717,133	13,290	4,476,390	4,225,564
Total Program Costs	817,411	430,867	7,571	939,330	510,304	–	127,224	291,939	923,707	738,957	14,255	4,801,565	4,697,764
Intragovernmental Earned Revenue	(2,920)	(2,209)	(334)	(146,891)	(769)	–	(2,334)	(1,597)	(3,382)	(549,449)	11,442	(698,443)	(624,811)
Public Earned Revenue	(8,197)	(94)	(1)	(93,919)	(33)	–	(99)	(68)	(31)	(26,447)	2,077	(126,812)	(1,415)
Total Earned Revenue	(11,117)	(2,303)	(335)	(240,810)	(802)	–	(2,433)	(1,665)	(3,413)	(575,896)	13,519	(825,255)	(626,226)
Net Program Costs	**806,294**	**428,564**	**7,236**	**698,520**	**509,502**	**–**	**124,791**	**290,274**	**920,294**	**163,061**	**27,774**	**3,976,310**	**4,071,538**
Humanitarian Assistance													
Intragovernmental Costs	146	7,463	81,586	–	1,068	–	–	1,429	466	–	244	92,402	81,370
Public Costs	145	34,381	2,578,943	2,792	17,603	–	–	28,659	19,904	3,568	7,132	2,693,127	2,038,346
Total Program Costs	291	41,844	2,660,529	2,792	18,671	–	–	30,088	20,370	3,568	7,376	2,785,529	2,119,716
Intragovernmental Earned Revenue	(1)	(181)	(7,170)	–	(165)	–	–	(202)	(72)	–	6,214	(1,577)	(11,350)
Public Earned Revenue	–	(6)	(955)	–	(7)	–	–	(9)	(3)	–	782	(198)	(1,547)
Total Earned Revenue	(1)	(187)	(8,125)	–	(172)	–	–	(211)	(75)	–	6,996	(1,775)	(12,897)
Net Program Costs	**290**	**41,657**	**2,652,404**	**2,792**	**18,499**	**–**	**–**	**29,877**	**20,295**	3,568	**14,372**	**2,783,754**	**2,106,819**
Operating Unit Management													
Intragovernmental Costs	29,555	10,789	27,424	43,835	5,423	–	2,950	8,867	3,688	8,230	447	141,208	157,856
Public Costs	127,964	59,513	108,457	101,798	26,483	–	20,247	63,527	34,272	105,691	2,053	650,005	561,492
Total Program Costs	157,519	70,302	135,881	145,633	31,906	–	23,197	72,394	37,960	113,921	2,500	791,213	719,348
Intragovernmental Earned Revenue	(801)	(461)	(318)	(1,516)	(188)	–	(403)	(420)	(116)	(297)	2,259	(2,261)	(4,410)
Public Earned Revenue	(34)	(20)	(14)	(65)	(8)	–	(17)	(21)	(5)	(45)	112	(117)	(839)
Total Earned Revenue	(835)	(481)	(332)	(1,581)	(196)	–	(420)	(441)	(121)	(342)	2,371	(2,378)	(5,249)
Net Program Costs	**156,684**	**69,821**	**135,549**	**144,052**	**31,710**	**–**	**22,777**	**71,953**	**37,839**	**113,579**	**4,871**	**788,835**	**714,099**
Adjustments	**12,453**	**5,847**	**19,732**	**6,250**	**5,014**	**3,800**	**1,032**	**5,409**	**10,203**	**9,335**	**79,075**		
Net Cost of Operations (Note 19)	**$ 1,973,054**	**$ 926,370**	**$ 3,126,324**	**$ 990,309**	**$ 794,340**	**$ 602,105**	**$163,454**	**$ 856,920**	**$1,616,584**	**$1,479,134**		**$ 12,528,594**	**$ 11,592,034**

NOTE 16. SUBORGANIZATION PROGRAM COSTS/PROGRAM COSTS BY PROGRAM AREA

The Schedule of Costs by Program Area categorizes costs and revenues by Objectives, Program Areas, 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 (below) 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 fourth quarter FY 2015 Consolidated Statement of Net Cost, major responsiblity 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 Environment (E3); Global Health; and Innovation and Development Alliances (IDEA).

USAID uses a number of programs, administered through the responsibility segments, to execute the strategic objectives of the Agency. Where possible, a one-to-one relationship is maintained between the Program Areas and Objectives. That is, the costs and earned revenue generated by an individual program (e.g., Counternarcotics) are mapped to only one objective (e.g., Peace and Security). As of FY 2015 there are 27 program areas, distributed under the 6 strategic objectives.

Schedule of Costs by Program Area as of September 30, 2015 and 2014 (Restated) are indicated in the table on the following pages *(in thousands)*:

USAID restated the FY 2014 financial statements due to correction of error. Correction of the error resulted in a reduction of $79 million in Net Cost of Operations.

Objective	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA	Latin America & Caribbean	Middle East	OAPA	Adjustments	2015 Consolidated Total	2014 Restated Consolidated Total
Peace and Security													
Counterterrorism													
Gross Costs	$ 36,021	$ 54	$ 1,330	$ –	$ –	$ –	$ –	$ –	$ 7,382	$ –	$ 145	$ 44,932	$ 33,732
Less: Earned Revenues	(146)	–	(2)	–	–	–	–	–	(21)	–	104	(65)	(199)
Net Program Costs	35,875	54	1,328	–	–	–	–	–	7,361	–	249	44,867	33,533
Combating Weapons of Mass Destruction (WMD)													
Gross Costs	–	–	4	–	55,384	–	–	–	–	–	180	55,568	30,519
Less: Earned Revenues	–	–	–	–	(530)	–	–	–	–	–	325	(205)	(554)
Net Program Costs	–	–	4	–	54,854	–	–	–	–	–	505	55,363	29,965
Stabilization Operations and Security Sector Reform													
Gross Costs	3	405	4	–	1,928	–	–	14,870	–	13,255	100	30,565	10,989
Less: Earned Revenues	–	–	–	–	(11)	–	–	(89)	–	(51)	92	(59)	(34)
Net Program Costs	3	405	4	–	1,917	–	–	14,781	–	13,204	192	30,506	10,955
Counternarcotics													
Gross Costs	–	–	4	–	–	–	–	131,271	–	27,907	518	159,700	154,998
Less: Earned Revenues	–	–	–	–	–	–	–	(779)	–	(83)	529	(333)	(1,255)
Net Program Costs	–	–	4	–	–	–	–	130,492	–	27,824	1,047	159,367	153,743
Transnational Crime													
Gross Costs	3	8,827	693	6	1,400	–	–	256	–	–	37	11,222	10,374
Less: Earned Revenues	–	(46)	(2)	–	(9)	–	–	(7)	–	–	39	(25)	(26)
Net Program Costs	3	8,781	691	6	1,391	–	–	249	–	–	76	11,197	10,348
Conflict Mitigation and Reconciliation													
Gross Costs	74,926	12,763	163,711	6,151	9,242	–	–	–	11,064	138,610	1,354	417,821	430,880
Less: Earned Revenues	(266)	(70)	(559)	(167)	(58)	–	–	–	(29)	(686)	1,125	(710)	(2,708)
Net Program Costs	74,660	12,693	163,152	5,984	9,184	–	–	–	11,035	137,924	2,479	417,111	428,172
Total Peace and Security	**110,541**	**21,933**	**165,183**	**5,990**	**67,346**	**–**	**–**	**145,522**	**18,396**	**178,952**	**4,548**	**718,411**	**666,716**
Governing Justly and Democratically													
Rule of Law and Human Rights													
Gross Costs	12,828	31,416	3,717	667	31,442	–	3,052	52,141	26,484	2,753	575	165,075	202,334
Less: Earned Revenues	(34)	(175)	(25)	–	(203)	–	(63)	(283)	(91)	(11)	208	(677)	(1,665)
Net Program Costs	12,794	31,241	3,692	667	31,239	–	2,989	51,858	26,393	2,742	783	164,398	200,669
Good Governance													
Gross Costs	67,733	35,073	43,917	497	33,171	–	–	79,107	41,966	492,340	2,780	796,584	690,999
Less: Earned Revenues	(247)	(211)	(121)	–	(207)	–	–	(450)	(163)	(3,641)	1,179	(3,861)	(4,770)
Net Program Costs	67,486	34,862	43,796	497	32,964	–	–	78,657	41,803	488,699	3,959	792,723	686,229
Political Competition and Consensus-Building													
Gross Costs	37,116	14,225	14,214	1,156	20,886	–	2,231	16,485	35,195	40,004	635	182,147	233,451
Less: Earned Revenues	(138)	(87)	(100)	–	(134)	–	(20)	(67)	(9,775)	(139)	2,447	(8,013)	(1,449)
Net Program Costs	36,978	14,138	14,114	1,156	20,752	–	2,211	16,418	25,420	39,865	3,082	174,134	232,002
Civil Society													
Gross Costs	55,863	33,661	10,549	7,326	52,954	–	1,840	27,758	51,382	29,525	949	271,807	294,119
Less: Earned Revenues	–	(186)	(66)	–	(765)	–	(35)	(174)	(2,324)	(85)	850	(2,785)	(2,350)
Net Program Costs	55,863	33,475	10,483	7,326	52,189	–	1,805	27,584	49,058	29,440	1,799	269,022	291,769
Total Governing Justly and Democratically	**173,121**	**113,716**	**72,085**	**9,646**	**137,144**	**–**	**7,005**	**174,517**	**142,674**	**560,746**	**9,623**	**1,400,277**	**1,410,669**

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Objective	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA	Latin America & Caribbean	Middle East	OAPA	Adjustments	2015 Consolidated Total	2014 Restated Consolidated Total
Investing in People													
Health													
Gross Costs	436,342	98,108	21,238	11,836	13,394	600,104	8,020	49,424	158,799	258,149	5,252	1,660,666	1,636,759
Less: Earned Revenues	(11,820)	(2,274)	(71)	(165)	(197)	(2,268)	(171)	(620)	(564)	(899)	3,295	(15,754)	(21,879)
Net Program Costs	424,522	95,834	21,167	11,671	13,197	597,836	7,849	48,804	158,235	257,250	8,547	1,644,912	1,614,880
Education													
Gross Costs	283,669	138,895	13,290	117,334	9,275	–	–	67,018	116,192	175,127	2,921	923,721	828,879
Less: Earned Revenues	(1,131)	(736)	(55)	(1,266)	(55)	–	–	(387)	(412)	(641)	812	(3,871)	(4,535)
Net Program Costs	282,538	138,159	13,235	116,068	9,220	–	–	66,631	115,780	174,486	3,733	919,850	824,344
Social and Economic Services and Protection for Vulnerable Populations													
Gross Costs	6,611	10,894	39,898	21,155	2,725	470	–	24,116	193,128	18,228	1,007	318,232	192,315
Less: Earned Revenues	–	(55)	(165)	(25,835)	(17)	(1)	–	(183)	(260)	(71)	4,600	(21,987)	(9,347)
Net Program Costs	6,611	10,839	39,733	(4,680)	2,708	469	–	23,933	192,868	18,157	5,607	296,245	182,969
Total Investing in People	**713,671**	**244,832**	**74,135**	**123,059**	**25,125**	**598,305**	**7,849**	**139,368**	**466,883**	**449,893**	**17,887**	**2,861,007**	**2,622,193**
Economic Growth													
Macroeconomic Foundation for Growth													
Gross Costs	9,455	6,738	–	231,993	379,676	–	701	6,506	720,026	6,408	4,055	1,365,558	1,652,171
Less: Earned Revenues	(16)	(29)	–	(81,453)	(7)	–		(36)	(2,818)	(14)	1,361	(83,012)	(535,663)
Net Program Costs	9,439	6,709	–	150,540	379,669	–	701	6,470	717,208	6,394	5,416	1,282,546	1,116,508
Trade and Investment													
Gross Costs	40,061	23,427	–	12,886	4,382	–	3,078	13,668	7,658	38,791	429	144,380	117,891
Less: Earned Revenues	(148)	(131)	–	(164)	(25)	–	(52)	(86)	(1)	(897)	24	(1,480)	(652)
Net Program Costs	39,913	23,296	–	12,722	4,357	–	3,026	13,582	7,657	37,894	453	142,900	117,239
Financial Sector													
Gross Costs	4,177	747	–	154,593	6,826	–	1,086	79	28,793	5,790	602	202,693	99,769
Less: Earned Revenues	(19)	(5)	–	(154,223)	(40)	–	(20)	–	(58)	(20)	2,488	(151,897)	(53,631)
Net Program Costs	4,158	742	–	370	6,786	–	1,066	79	28,735	5,770	3,090	50,796	46,138
Infrastructure													
Gross Costs	77,443	15,998	–	5,367	31,542	–	872	21,766	41,816	460,298	1,951	657,053	643,146
Less: Earned Revenues	(328)	(99)	–	(116)	(210)	–	(3)	(119)	(170)	(571,742)	9,232	(563,555)	(22,332)
Net Program Costs	77,115	15,899	–	5,251	31,332	–	869	21,647	41,646	(111,444)	11,183	93,498	620,814
Agriculture													
Gross Costs	521,622	120,435	–	277,171	6,492	–	1,212	73,429	14,467	147,796	3,463	1,166,087	1,013,905
Less: Earned Revenues	(10,002)	(614)	–	(54)	(35)	–	(19)	(393)	(53)	(2,962)	228	(13,904)	(2,842)
Net Program Costs	511,620	119,821	–	277,117	6,457	–	1,193	73,036	14,414	144,834	3,691	1,152,183	1,011,063
Private Sector Competitiveness													
Gross Costs	23,321	31,484	–	19,640	67,721	–	8,937	39,349	86,146	65,866	1,023	343,487	322,625
Less: Earned Revenues	(93)	(173)	–	(464)	(393)	–	(167)	(214)	(250)	(207)	30	(1,931)	(1,448)
Net Program Costs	23,228	31,311	–	19,176	67,328	–	8,770	39,135	85,896	65,659	1,053	341,556	321,177

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Objective	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA	Latin America & Caribbean	Middle East	OAPA	Adjustments	2015 Consolidated Total	2014 Restated Consolidated Total
Economic Opportunity													
Gross Costs	11,798	7,390	–	25,287	7,609	–	111,337	5,118	17,631	10,707	586	197,463	182,975
Less: Earned Revenues	(52)	(35)	(320)	(430)	(52)	–	(2,171)	(37)	(41)	(45)	52	(3,131)	(4,726)
Net Program Costs	11,746	7,355	(320)	24,857	7,557	–	109,166	5,081	17,590	10,662	638	194,332	178,249
Environment													
Gross Costs	129,535	224,649	7,571	212,393	6,058	–	–	132,023	7,170	3,299	2,146	724,844	665,282
Less: Earned Revenues	(460)	(1,218)	(15)	(3,906)	(42)	–	–	(779)	(22)	(7)	104	(6,345)	(4,932)
Net Program Costs	129,075	223,431	7,556	208,487	6,016	–	–	131,244	7,148	3,292	2,250	718,499	660,350
Total Economic Growth	**806,294**	**428,564**	**7,236**	**698,520**	**509,502**	**–**	**124,791**	**290,274**	**920,294**	**163,061**	**27,774**	**3,976,310**	**4,071,538**
Humanitarian Assistance													
Protection, Assistance and Solutions													
Gross Costs	–	31,203	2,526,181	–	18,670	–	–	18,834	20,370	3,568	6,953	2,625,779	1,882,866
Less: Earned Revenues	–	(139)	(7,747)	–	(171)	–	–	(102)	(75)	–	6,567	(1,667)	(11,861)
Net Program Costs	–	31,064	2,518,434	–	18,499	–	–	18,732	20,295	3,568	13,520	2,624,112	1,871,005
Disaster Readiness													
Gross Costs	291	10,641	134,351	2,792	–	–	–	152	–	–	393	148,620	236,794
Less: Earned Revenues	(1)	(48)	(381)	–	–	–	–	(1)	–	–	344	(87)	(1,036)
Net Program Costs	290	10,593	133,970	2,792	–	–	–	151	–	–	737	148,533	235,758
Migration Management													
Gross Costs	–	–	–	–	–	–	–	11,100	–	–	30	11,130	56
Less: Earned Revenues	–	–	–	–	–	–	–	(106)	–	–	85	(21)	–
Net Program Costs	–	–	–	–	–	–	–	10,994	–	–	115	11,109	56
Total Humanitarian Assistance	**290**	**41,657**	**2,652,404**	**2,792**	**18,499**	**–**	**–**	**29,877**	**20,295**	**3,568**	**14,372**	**2,783,754**	**2,106,819**
Operating Unit Management													
Crosscutting Management and Staffing													
Gross Costs	2,702	–	–	–	111	–	–	4	–	675	11	3,503	2,109
Less: Earned Revenues	(15)	–	–	–	(1)	–	–	–	–	(5)	8	(13)	(31)
Net Program Costs	2,687	–	–	–	110	–	–	4	–	670	20	3,491	2,078
Program Design and Learning													
Gross Costs	52,977	14,168	13,284	53,639	6,609	–	10,048	15,126	15,232	57,720	757	239,560	184,756
Less: Earned Revenues	(249)	(85)	(32)	(533)	(50)	–	(157)	(84)	(51)	(185)	713	(713)	(2,008)
Net Program Costs	52,728	14,083	13,252	53,106	6,559	–	9,891	15,042	15,181	57,535	1,469	238,846	182,748
Administration and Oversight													
Gross Costs	101,840	56,133	122,596	91,994	25,186	–	13,149	57,264	22,729	55,527	1,732	548,150	532,483
Less: Earned Revenues	(571)	(395)	(299)	(1,048)	(145)	–	(263)	(357)	(71)	(153)	1,650	(1,652)	(3,210)
Net Program Costs	101,269	55,738	122,297	90,946	25,041	–	12,886	56,907	22,658	55,374	3,382	546,498	529,273
Total Operating Unit Management	**156,684**	**69,821**	**135,549**	**144,052**	**31,710**	**–**	**22,777**	**71,953**	**37,839**	**113,579**	**4,871**	**788,835**	**714,099**
Adjustments	**12,453**	**5,847**	**19,732**	**6,250**	**5,014**	**3,800**	**1,032**	**5,409**	**10,203**	**9,335**	**79,075**		
Net Cost of Operations (Note 19)	**$1,973,054**	**$926,370**	**$3,126,324**	**$990,309**	**$794,340**	**$602,105**	**$ 163,454**	**$ 856,920**	**$1,616,584**	**$1,479,134**		**$ 12,528,594**	**$ 11,592,034**

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, 2015 and 2014. USAID's total budgetary resources were $27.1 billion and $24.2 billion for the years ended September 30, 2015 and 2014, respectively.

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

	2015	2014 (Restated)
Category A, Direct	$ 1,505,553	$ 1,469,266
Category B, Direct	11,738,822	11,839,621
Category A, Reimbursable	33,925	35,635
Category B, Reimbursable	1,045,618	486,881
Total	$ 14,323,918	$ 13,831,403

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

The Agency had $0.02 million and $0.3 million in borrowing authority in FY 2015 and FY 2014, respectively. Borrowing authority is indefinite and authorized under the Federal Credit Reform Act of 1990 (Title XIII, Subtitle B, Pub. L. 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 2015, there is $3.1 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. 112-74 provides 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. UNPAID OBLIGATIONS:

Unpaid Obligations for the periods ended September 30, 2015 and 2014 were $20.0 billion and $20.6 billion, respectively.

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, 2014 because submission of the Budget for FY 2016, which presents the execution of the FY 2015 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 2016.

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 $11 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.

2014	Budgetary Resources	Obligations	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 24,223,913	$ 13,831,403	$ (241,127)	$ 9,168,736
Funds Reported in SBR, Not Attributed to USAID in the President's Budget	(11,012,000)	(6,662,000)	–	(4,812,000)
Other Differences	548,087	210,597	241,127	1,011,264
Budget of the U.S. Government	$ 13,760,000	$ 7,380,000	$ –	$ 5,368,000

NOTE 18. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

USAID presents the Consolidated Statement of Net Cost using the accrual basis of accounting. This differs from the obligation-based measurement of total resources supplied, both budgetary and from other sources, on the Combined Statement of Budgetary Resources. The Federal Financial Accounting Standard No. 7 requires "a reconciliation of proprietary and budgetary information in a way that helps users relate the two." The focus of this presentation is to reconcile budgetary net obligations to the net cost of operations. The objective of this information is to categorize the differences between budgetary and financial (proprietary) accounting. Reconciliation of Obligations Incurred to Net Cost of Operations for the years ended September 30, 2015 and 2014 (Restated) are indicated in the table below *(in thousands)*:

	2015	2014 (Restated)
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred (Note 19)	$ 14,323,918	$ 13,831,403
Spending Authority From Offsetting Collections (Note 19)	(2,349,304)	(1,585,942)
Downward Adjustments of Obligations	(1,229,756)	(557,538)
Offsetting Receipts	(193,254)	(241,127)
Net Obligations	10,551,604	11,446,796
Other Resources Used to Finance Activities	38,375	67,380
Resources Used to Finance Activities	10,589,979	11,514,176
Resources Used to Finance Items Not Part of Net Cost of Operations	2,240,228	661,803
Total Resources Used to Finance Net Cost of Operations	12,830,207	12,175,979
Components of the Net Cost of Operations:		
Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	(85,102)	(241,613)
Components of Net Cost of Operations That Will Not Require or Generate Resources	(216,511)	(342,332)
Net Cost of Operations (Notes 15, 16, and 19)	$ 12,528,594	$ 11,592,034

USAID restated the FY 2014 financial statements due to correction of error. Correction of the error resulted in a $15 million decrease to Obligations Incurred, a $27 million increase in Spending Authority from Offsetting Collections, a $4 million increase in Downward Adjustments of Obligations, and a $79 million decrease in Net Cost of Operations.

NOTE 19. RESTATEMENT OF FY 2014 PRINCIPAL FINANCIAL STATEMENTS (IN THOUSANDS)

During FY 2015, M/CFO continued an ongoing reconciliation effort to bring the cumulative general ledger into agreement with detailed transactions summarized in the underlying subsidiary ledgers. This reconciliation is necessary to correct differences caused by the historical use of accounting systems that lacked full integration, and legacy systems that were non-USSGL compliant. The reconciliation methodology, which has been executed over the past two fiscal years, successfully aligns with underlying transactions the general ledger balances that represent the Agency's obligations, expenditures, and fund availability reported to Congress, OMB, Treasury, and other external parties.

The adjustments identified/supported by the FY 2015 reconciliation effort took effect in FY 2014, and have therefore altered certain previously reported FY 2014 balances. As required by SFFAS 21, the Agency has restated the FY 2014 reported balances to reflect the impact of the reconciliation adjustments.

As of the end of the accounting period, M/CFO has determined that there were potentially unrecorded expenses ranging from $75 million to $124 million. USAID intends to further research and permanently resolve any remaining legacy differences during FY 2016 and write-down cash in the range previously mentioned. The effect of the restatement on each of the four principal financial statements is detailed in the following illustrative Summary of Changes, with pro forma balances as of September 30, 2014 *(in thousands)*:

	2014 As Stated	Effect: Increase/(Decrease)	2014 Restated
BALANCE SHEET/STATEMENT OF CHANGES IN NET POSITION			
ASSETS:			
Fund Balance with Treasury (Note 2)	$ 30,862,134	$ –	$ 30,862,134
Cash and Other Monetary Assets (Note 5)	394,188	(7)	394,181
Accounts Receivable (Note 3)	51,198	9,781	60,979
Advances (Note 4)	573,968	41,572	615,540
Direct Loans and Loan Guarantees, Net (Note 6)	2,266,825	183	2,267,008
Total Change in Assets	**$ 34,148,313**	**$ 51,529**	**$ 34,199,842**
LIABILITIES:			
Other Liabilities (Notes 10, 12 and 13)	1,485,978	(320)	1,485,658
Accounts Payable (Note 10)	1,775,149	555	1,775,704
Loan Guarantee Liability (Notes 6 and 10)	2,351,183	887	2,352,070
Total Change in Liabilities	$ 5,612,310	$ 1,123	$ 5,613,433
NET POSITION:			
Unexpended Appropriations	25,595,626	13,363	25,608,989
Cumulative Results of Operations	557,222	37,043	594,265
Total Change in Net Position	**$ 26,152,848**	**$ 50,406**	**$ 26,203,254**
Total Change in Liabilities and Net Position	**$ 31,765,158**	**$ 51,529**	**$ 31,816,687**
STATEMENT OF NET COST			
Net Cost of Operations (Notes 15 and 16):	**$ 11,671,109**	**$ (79,075)**	**$ 11,592,034**

(continued on next page)

(continued)

	2014 As Stated	Effect: Increase/(Decrease)	2014 Restated
STATEMENT OF BUDGETARY RESOURCES			
Budgetary Resources:			
Recoveries of Prior Year Unpaid Obligations	557,534	4	557,538
Other Changes in Unobligated Balance (+ or -)	82,471	(35,633)	46,838
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,559,029	26,913	1,585,942
Total Change in Budgetary Resources	**$ 2,199,034**	**$ (8,715)**	**$ 2,190,319**
Status of Budgetary Resources:			
Obligations Incurred	13,846,718	(15,315)	13,831,403
Unapportioned	2,695,608	6,600	2,702,208
Total Change in Status of Budgetary Resources	**$ 16,542,326**	**$ (8,715)**	**$ 16,533,611**
Change in Unpaid Obligations			
Obligations Incurred	13,846,718	(15,315)	13,831,403
Outlays (Gross) (-)	(10,900,613)	33,652	(10,866,961)
Recoveries of Prior Year Unpaid Obligations (-)	(557,534)	(4)	(557,538)
Unpaid Obligations, End of Year (Gross)	20,559,613	18,333	20,577,946
Total Change in Unpaid Obligations	**$ 22,948,184**	**$ 36,666**	**$ 22,984,850**
Change in Uncollected Payments, Federal Sources (+ or -)	40,667	390	41,057
Budget Authority and Outlays, Net:			
Budget Authority, Gross (Discretionary and Mandatory)	11,991,989	26,913	12,018,902
Actual Offsetting Collections (Discretionary and Mandatory) (-)	(1,670,922)	(27,303)	(1,698,225)
Change in Uncollected Customer Payments from Federal Sources (Discretionary and Mandatory) (+ or -)	28,614	(390)	28,224
Budget Authority, Net (Discretionary and Mandatory)	**$ 10,349,681**	**$ (780)**	**$ 10,348,901**
Outlays, Gross (Discretionary and Mandatory) (Note 19)	10,900,613	(33,652)	10,866,961
Actual Offsetting Collections (Discretionary and Mandatory) (-)	(1,670,922)	(27,303)	(1,698,225)
Outlays, Net (Discretionary and Mandatory)	9,229,691	(60,955)	9,168,736
Change in Agency Outlays, Net	**$ 9,229,691**	**$ (60,955)**	**$ 9,168,736**

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

(Preceding page) **USAID helps victims of sexual and gender-based violence in the Democratic Republic of the Congo with medical care, counseling, and other assistance. Get the full story "An Unspeakable Act. A Heroic Survivor." at *stories.usaid.gov*.**

PHOTO: MORGANA WINGARD FOR USAID

(Above) **With USAID support, researchers tested the antiseptic chlorhexidine, a treatment for cut umbilical cords, in Nepal. It helped reduce infant mortality by up to a third. Get the full story "Nepal's Navel Glazers" at *stories.usaid.gov*.**

PHOTO: THOMAS CRISTOFOLETTI / RUOM FOR USAID

STATEMENT OF BUDGETARY RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING SCHEDULE OF BUDGETARY RESOURCES

For the Year Ended September 30, 2015

(in thousands)

	Operating	Civilian Stabilization Initiative	Assistance for Europe, Eurasia and Central Asia	Assistance for Eastern Europe	Development Assistance	International Disaster Assistance	Economic Support Fund	Assistance for New Independent States	Child Survival	Credit Financing	Other	Parent Fund	Combined Total
	1000	**305**	**306**	**1010**	**1021**	**1035**	**1037**	**1093**	**1095**				
Budgetary Resources:													
Unobligated Balance, Brought Forward, October 1	$ 283,898	$ 6,549	$ 18,063	$ 6,563	$ 1,971,618	$ 230,144	$ 4,095,984	$ 10,302	$ 28,929	$ 2,186,956	$ 1,331,177	$ 218,220	$ 10,388,403
Adjustment to Unobligated Balance Brought Forward, October 1 (+ or -)	(2,414)	–	–	–	(79)	–	–	–	–	–	6,600	–	4,107
Unobligated Balance Brought Forward, October 1, as Adjusted	281,484	6,549	18,063	6,563	1,971,539	230,144	4,095,984	10,302	28,929	2,186,956	1,337,777	218,220	10,392,510
Recoveries of Prior Year Unpaid Obligations	162,781	412	11,545	3,859	131,386	28,981	812,417	5,170	8,958	429	25,393	38,425	1,229,756
Other Changes in Unobligated Balance (+ or -)	23,135	–	(10)	(2,782)	46,113	–	(605,114)	(5,893)	(5,405)	(13)	330,140	498,962	279,133
Unobligated Balance from Prior Year Budget Authority, Net	467,400	6,961	29,598	7,640	2,149,038	259,125	4,303,287	9,579	32,482	2,187,372	1,693,310	755,607	11,901,399
Appropriations (Discretionary and Mandatory)	1,235,332	–	–	–	2,507,001	3,331,308	5,458,520	–	–	–	366,546	–	12,898,707
Borrowing Authority (Discretionary and Mandatory) (Note 11)	–	–	–	–	–	–	–	–	–	23	–	–	23
Contract Authority (Discretionary and Mandatory)	–	–	–	–	–	–	–	–	–	–	–	–	–
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	(20,836)	320	1	–	(3,537)	7,371	(718,278)	(38)	10,735	993,469	1,711,854	368,243	2,349,304
Total Budgetary Resources	**$1,681,896**	**$7,281**	**$29,599**	**$7,640**	**$4,652,502**	**$3,597,804**	**$9,043,529**	**$9,541**	**$43,217**	**$3,180,864**	**$3,771,710**	**$1,123,850**	**$27,149,433**
Status of Budgetary Resources:													
Obligations Incurred:	1,452,163	2,970	11,635	2,188	2,532,610	2,935,615	4,399,527	2,092	2,231	106,204	2,204,567	672,116	14,323,918
Unobligated Balance, End of Year:	–	–	–	–	–	–	–	–	–	–	–	–	–
Apportioned	148,288	4,631	18,111	3,310	2,112,150	635,888	4,637,664	5,704	23,881	248,463	404,142	401,255	8,643,487
Exempt from Apportionment	(1)	–	–	–	(3)	–	–	–	–	–	–	–	(4)
Unapportioned	81,446	(320)	(147)	2,142	7,745	26,301	6,338	1,745	17,105	2,826,197	1,163,001	50,479	4,182,032
Total Unobligated Balance, End of Year	**229,733**	**4,311**	**17,964**	**5,452**	**2,119,892**	**662,189**	**4,644,002**	**7,449**	**40,986**	**3,074,660**	**1,567,143**	**451,734**	**12,825,515**
Total Budgetary Resources	**1,681,896**	**7,281**	**29,599**	**7,640**	**4,652,502**	**3,597,804**	**9,043,529**	**9,541**	**43,217**	**3,180,864**	**3,771,710**	**1,123,850**	**27,149,433**

(continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING SCHEDULE OF BUDGETARY RESOURCES *(continued)*

For the Year Ended September 30, 2015

(in thousands)

	Operating	Civilian Stabilization Initiative	Assistance for Europe, Eurasia and Central Asia	Assistance for Eastern Europe	Development Assistance	International Disaster Assistance	Economic Support Fund	Assistance for New Independent States	Child Survival	Credit Financing	Other	Parent Fund	Combined Total
	1000	**305**	**306**	**1010**	**1021**	**1035**	**1037**	**1093**	**1095**				
Change in Obligated Balance:													
Unpaid Obligations, Brought Forward, October 1	687,008	864	183,199	10,002	4,612,217	1,770,995	11,687,572	18,620	30,939	4,062	730,969	823,166	20,559,613
Adjustment to Unpaid Obligations, Start of Year (+ or -)	–	–	–	–	–	–	–	–	–	–	18,333	–	18,333
Obligations Incurred	1,452,163	2,970	11,635	2,188	2,532,610	2,935,615	4,399,527	2,092	2,231	106,204	2,204,567	672,116	14,323,918
Outlays (Gross) (-)	(1,269,035)	(2,548)	(116,529)	(3,793)	(2,611,709)	(2,487,971)	(4,450,833)	(5,471)	(15,318)	(105,520)	(1,954,710)	(609,945)	(13,633,382)
Actual Transfers, Unpaid Obligations (Net) (+ or -)	–	–	–	–	–	–	–	–	–	–	–	–	–
Recoveries of Prior Year Unpaid Obligations (-) (Note 19)	(162,781)	(412)	(11,545)	(3,859)	(131,386)	(28,981)	(812,417)	(5,170)	(8,958)	(429)	(25,393)	(38,425)	(1,229,756)
Unpaid Obligations, End of Year	707,355	874	66,760	4,538	4,401,732	2,189,658	10,823,849	10,071	8,894	4,317	973,766	846,912	20,038,726
Uncollected Payments:													
Uncollected Payments from Federal Sources, Brought Forward, October 1 (-)	(22,502)	–	–	(35)	(98)	(359)	(15)	(39)	(1,006)	35	(14,356)	–	(38,375)
Adjustment to Uncollected Payments, Federal Sources, Start of Year, (+ or -)	–	–	–	–	–	–	–	–	–	–	–	–	–
Change in Uncollected Payments from Federal Sources (+ or -)	19,655	–	–	35	169	28	15	38	(3,952)	(18)	(479,648)	–	(463,678)
Actual Transfers, Uncollected Payments, Federal Sources (Net) (-)	–	–	–	–	–	–	–	–	–	–	–	–	–
Uncollected Payments, Federal Sources, End of Year (-)	(2,847)	–	–	–	71	(331)	–	(1)	(4,958)	17	(494,004)	–	(502,053)
Budget Authority and Outlays, Net:													
Budget Authority, Gross (Discretionary and Mandatory)	1,214,496	320	1	–	2,503,464	3,338,679	4,740,242	(38)	10,735	993,492	2,078,400	368,243	15,248,034
Actual Offsetting Collections (Discretionary and Mandatory) (-)	(65,388)	(320)	(1)	(35)	13,650	(407)	(26,979)	–	(6,783)	(993,452)	(869,916)	(9,756)	(1,959,387)
Change in Uncollected Payments from Federal Sources (Discretionary and Mandatory) (+ or -)	19,655	–	–	35	169	28	15	38	(3,952)	(18)	(478,868)	–	(462,898)
Anticipated Offsetting Collections (Discretionary and Mandatory) (+ or -)	–	–	–	–	–	–	–	–	–	–	–	–	–
Budget Authority, Net (Total) (Discretionary and Mandatory)	1,168,763	–	–	–	2,517,283	3,338,300	4,713,278	–	–	22	729,616	358,487	12,825,749
Outlays, Gross (Discretionary and Mandatory)	1,269,035	2,548	116,529	3,793	2,611,709	2,487,971	4,450,833	5,471	15,318	105,520	1,954,710	609,945	13,633,382
Actual Offsetting Collections (Discretionary and Mandatory) (-)	(65,388)	(320)	(1)	(35)	13,650	(407)	(26,979)	–	(6,783)	(993,452)	(869,916)	(9,756)	(1,959,387)
Outlays, Net (Total) (Discretionary and Mandatory)	1,203,647	2,228	116,528	3,758	2,625,359	2,487,564	4,423,854	5,471	8,535	(887,932)	1,084,794	600,189	11,673,995
Distributed Offsetting Receipts (-)	–	–	–	–	–	–	–	–	–	–	(193,254)	–	(193,254)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 1,203,647**	**$ 2,228**	**$ 116,528**	**$ 3,758**	**$ 2,625,359**	**$ 2,487,564**	**$ 4,423,854**	**$ 5,471**	**$ 8,535**	**$ (887,932)**	**$ 891,540**	**$ 600,189**	**$11,480,741**

MAJOR FUNDS

Operating Funds

1000 Operating Expenses of USAID

Program Funds

1010 Assistance for Eastern Europe
1021 Development Assistance
1035 International Disaster Assistance
1037 Economic Support Fund
1093 Assistance for the N.I.S. of the Former Soviet Union
1095 Child Survival and Disease Programs Funds

CREDIT FINANCING FUNDS

4119 Israel Guarantee Financing Fund
4137 Direct Loan Financing Fund
4266 DCA Financing Fund
4343 MSED Guarantee Financing Fund
4344 UE Financing Fund
4345 Ukraine Guarantees Financing Fund
4491 Egypt Guarantee Financing Fund
4493 Loan Guarantees to Middle East Northern Africa (MENA) – Financing Account

CREDIT PROGRAM FUNDS

0301 Israel Program Fund
0304 Egypt Program Fund
0401 UE Program Fund
0409 Loan Guarantees to Middle East Northern Africa (MENA) – Program Account
1264 DCA Program Fund

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
0535 Acquisition and Maintenance of Buildings Abroad
1007 Operating Expenses of USAID Inspector General
1036 Foreign Service Retirement and Disability Fund
1099 Fines, Penalties and Forfeitures – N.O.E.
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
1015 Complex Crisis Fund
1023 Food and Nutrition Development Assistance
1024 Population and Planning & 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
1093 Assistance for the N.I.S. 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 – Carryover
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

OTHER INFORMATION

(Preceding page) **Tajiri Olotai, 8, can complete his homework this evening thanks to a USAID-supported Power Africa project that brought electricity to his Tanzanian village. Get the full story "Teresia Turns on The Light" at *stories.usaid.gov.***

PHOTO: MORGANA WINGARD FOR USAID

(Above) **The West Bank's Osamah Abu Al-Rub grows strawberries using modern techniques he learned through a USAID project designed to help Palestinian farmers. Get the full story "The Strawberry King" at *stories.usaid.gov.***

PHOTO: BOBBY NEPTUNE FOR USAID

COMBINED SCHEDULE OF SPENDING

The **Combined Schedule of Spending** (SOS) is an annual statement designed to present an overview of agency spending and to satisfy the public's desire for a transparent view of how federal money is being spent. Specifically, it outlines the total amount of federal funds available to spend by the agency and how the funds were spent. The SOS enables the reader to clearly review USAID's spending and provides the public with a high level view of who benefits from federal funds. The SOS presents a detailed view of the underlying data used to populate the Statement of Budgetary Resources (SBR). The SOS and SBR are required to be in agreement.

The public can access USASpending.gov to obtain a more detailed view of USAID's partners and obtain some general information about individual awards. The SOS and USASpending.gov will not be in agreement because of the different reporting requirements associated with the report and the website. All information entered on the SOS is not necessarily a requirement for the website. For instance, obligations under $3 thousand are not required to be entered in USASpending.gov however, there are no monetary limitations placed on obligations for SOS and SBR reporting. Consequently, a percentage of USAID obligations will not be reported on the USASpending.gov website.

COMBINED SCHEDULE OF SPENDING

For the Years Ended September 30, 2015 and 2014

(in thousands)

	2015		2014 (Restated)	
What Money is Available to Spend?				
Total Resources	$	27,149,433	$	24,217,313
Less Amount Available but Not Agreed to be Spent		(8,643,483)		(7,690,302)
Less Amount Not Available to be Spent		(4,182,032)		(2,695,608)
Total Amounts Agreed to be Spent	**$**	**14,323,918**	**$**	**13,831,403**
How was the Money Spent/Issued?				
Category:				
Personnel Compensation and Benefits				
Benefits for Former Personnel	$	7,315	$	6,162
Other Personnel Compensation		73,148		73,072
Personnel Benefits		239,933		226,048
Personnel Compensation, Full-Time Permanent		395,545		411,890
Personnel Compensation, Other Than Full-Time Permanent		192,241		173,908
Special Personal Services Payments		26,462		10,158
Total Personnel Compensation and Benefits	**$**	**934,644**	**$**	**901,238**
Contractual Services and Supplies				
Advisory and Assistance Services	$	396,042	$	412,918
Communication, Utilities, and Miscellaneous Charges		31,242		24,160
Medical Care		184		4,514
Operation and Maintenance of Equipment and Storage of Goods		18,444		18,538
Operation and Maintenance of Facilities		10,273		9,043
Other Services		71,938		56,523
Printing and Reproduction		1,985		3,475
Purchase of Goods and Services from Government Accounts		283,927		277,931
Rental Payments to GSA		54,528		54,010
Rental Payments to Others		58,961		67,533
Research and Development Contracts		38,567		20,132
Subsistence and Support of Persons		–		16
Supplies and Materials		11,080		11,457
Transportation of Things		18,750		18,022
Travel and Transportation of Persons		109,210		109,817
Total Contractual Services and Supplies	**$**	**1,105,131**	**$**	**1,088,089**
Acquisition of Assets				
Equipment	$	56,828	$	58,990
Investments and Loans		(6)		7,925
Land and Structures		116,439		145,451
Total Acquisition of Assets	**$**	**173,261**	**$**	**212,366**
Grants and Fixed Charges				
Claims and Indemnities	$	3,605	$	7,882
Grants, Subsidies, and Contributions		10,145,461		10,163,580
Interest and Dividends		7		3
Refunds		416		(1,521)
Total Grants and Fixed Charges	**$**	**10,149,489**	**$**	**10,169,944**
Other Funds		1,961,393		1,459,766
Total Other Funds	**$**	**1,961,393**	**$**	**1,459,766**
Total Amounts Agreed to be Spent	**$**	**14,323,918**	**$**	**13,831,403**
Who did the Money go to?				
Category:				
Educational Institutions	$	262,267	$	212,174
For Profit		2,913,636		2,501,442
Government		1,471,119		3,903,359
Individuals		841,718		839,428
Non Profit		6,530,546		5,191,421
Other		2,304,632		1,183,579
Total Amounts Agreed to be Spent	**$**	**14,323,918**	**$**	**13,831,403**

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