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

Audit of USAID's Financial Statements for Fiscal Years 2018 and 2017

AUDIT REPORT 0-000-19-001-C
DECEMBER 17, 2018

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MEMORANDUM

DATE: December 17, 2018

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

FROM: Assistant Inspector General for Audit, Thomas E. Yatsco /s/

SUBJECT: Audit of USAID's Financial Statements for Fiscal Years 2018 and 2017 (0-000-19-001-C)

This memorandum transmits the final report on our audit of USAID's financial statements for fiscal years 2018 and 2017. The Government Management Reform Act of 1994, Public Law 103–356, requires USAID to prepare consolidated financial statements for each fiscal year. Office of Management and Budget (OMB) Circular A–136, "Financial Reporting Requirements," requires USAID to submit a Performance and Accountability Report or an Agency Financial Report, including audited financial statements, to OMB, Congress, and the Government Accountability Office. USAID has prepared an Agency Financial Report with an agency head message, management's discussion and analysis, an "other information" section, and a financial section. OIG is responsible for auditing the Agency's financial statements and preparing the independent auditor's report, which appears in the financial section.

OIG has issued unmodified opinions on each of USAID's principal financial statements for fiscal years 2018 and 2017.

With respect to internal control, we identified one deficiency that we consider a material weakness and three deficiencies that we consider significant deficiencies. The material weakness pertains to USAID's process for reconciling its Fund Balance With Treasury account with the U.S. Department of the Treasury. The significant deficiencies pertain to USAID's processes for (1) reconciling intragovernmental transactions, (2) maintaining adequate records of property, plant, and equipment, and (3) complying with Federal accounting standards for reimbursable agreements.

Regarding compliance, in doing tests required under section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA), Public Law 104-208, we found no instances of substantial noncompliance with Federal financial management system requirements, but one instance that did not comply with Federal accounting standards and the U.S. Standard General Ledger at the transaction level.

The report contains two recommendations to improve USAID's internal control. After reviewing information you provided in response to the draft report, we consider the recommendations resolved but open pending completion of planned activities.

For these recommendations please provide evidence of final action to the Audit Performance and Compliance Division.

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

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INTRODUCTION

The financial statements of USAID reflect and evaluate the Agency's execution of its mission—promoting U.S. foreign policy interests in expanding democracy, growing free markets, and extending a helping hand to those working to improve their lives or to recover from disasters. USAID receives most of its funding from general Government funds administered by the U.S. Department of the Treasury and appropriated by Congress. For the fiscal year ended September 30, 2018, USAID reported total budgetary resources of approximately $31 billion.

The Office of Inspector General (OIG) performed this audit to determine whether USAID's principal financial statements presented fairly the assets, liabilities, net position, net costs, changes in net position, and budgetary resources for fiscal years 2018 and 2017.

SUMMARY

USAID's consolidated balance sheets, consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources present fairly, in all material respects, the financial position of USAID as of September 30, 2018 and 2017, 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. We identified one deficiency in internal control that we consider a material weakness, related to USAID's process for reconciling its Fund Balance With Treasury account with the U.S. Department of the Treasury, and three significant deficiencies in internal control related to USAID's processes for (1) reconciling intragovernmental transactions, (2) maintaining adequate records of property, plant, and equipment, and (3) complying with Federal accounting standards for reimbursable agreements. We identified no instances of substantial noncompliance with Federal financial management system requirements, but one instance that did not comply with Federal accounting standards and the U.S. Standard General Ledger (USSGL) at the transaction level.

We make two recommendations to improve USAID's internal control.

BACKGROUND

The Government Management Reform Act of 1994, Public Law 103-356, requires USAID to submit audited financial statements to the Office of Management and Budget (OMB) annually. Accordingly, for fiscal year 2018, USAID has prepared the following:

- Consolidated Balance Sheet
- Consolidated Statement of Net Cost
- Consolidated Statement of Changes in Net Position
- Combined Statement of Budgetary Resources

- Notes to the Principal Financial Statements
- Required Supplementary Information

In our opinion, the financial statements referred to above present fairly, in all material respects and in conformity with accounting principles generally accepted in the United States of America, USAID's assets, liabilities, net position, net costs, changes in net position, and budgetary resources as of September 30, 2018 and 2017, and for the years then ended.

In accordance with Government Auditing Standards,[1] OIG has also issued reports, dated December 17, 2018, on its consideration of USAID's internal control over financial reporting and on its tests of USAID's compliance with certain provisions of laws, regulations, contracts and grant agreements. These reports are an integral part of an overall audit conducted in accordance with Government Auditing Standards and should be read in conjunction with the independent auditor's report.

INDEPENDENT AUDITOR'S REPORT

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, 2018 and 2017, 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 19-01, "Audit Requirements for Federal Financial Statements." Those standards and OMB Bulletin No. 19-01 require that we plan and perform the audit to obtain

[1] U.S. Government Accountability Office (GAO-12-331G), December 2011 revision.

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, 2018 and 2017, 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

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the Required Supplementary Information (RSI) be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued reports dated December 17, 2018, 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 /s/
December 17, 2018

REPORT ON INTERNAL CONTROL

We have audited the accompanying consolidated financial statements of USAID, which comprise the consolidated balance sheets as of September 30, 2018 and 2017, 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, and have issued our report thereon, dated December 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audits of USAID's financial statements for the fiscal years ended September 30, 2018 and 2017, 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 19-01. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), Public Law 97-255, 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 it.

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. Therefore, material weaknesses and significant deficiencies may exist that were not identified.

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

- Reconciling intragovernmental transactions.
- Maintaining adequate records of property, plant, and equipment.

- Complying with Federal accounting standards for reimbursable agreements.

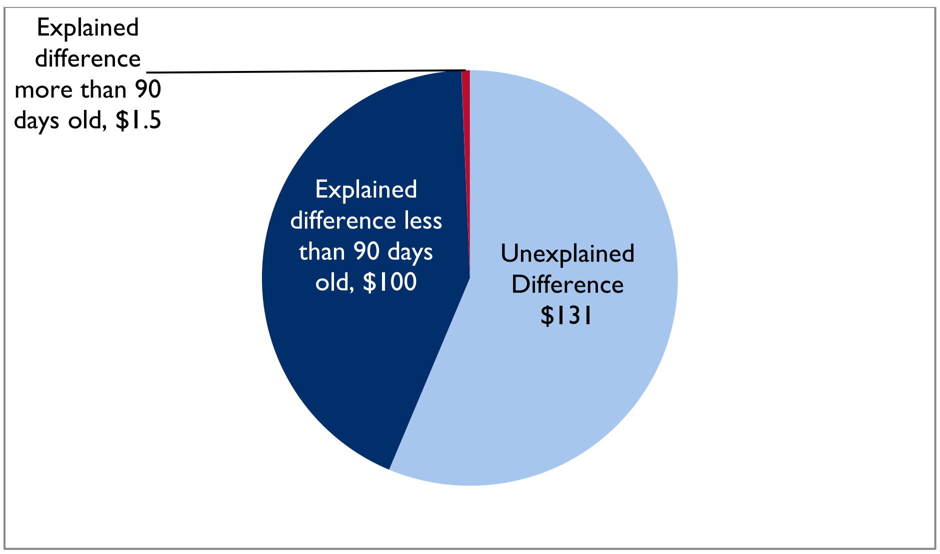
We also noted other matters involving internal control over financial reporting, which were not significant deficiencies that we will communicate to USAID's management.

Material Weakness

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

USAID has made significant efforts to reconcile its Fund Balance With Treasury (FBWT) account with the fund balance reported by the U.S. Department of the Treasury (Treasury) as required by Federal guidance.[1] However, the Agency still has large unreconciled differences. As of September 30, 2018, these differences totaled approximately $232.5 million. Of the $232.5 million, $101.5 million was due to explained outstanding items and $131 million could not be explained (as shown in the figure below).

Composition of USAID's FY 2018 FBWT Difference ($ millions)



These differences persist because USAID has not reconciled the FBWT account with Treasury's fund balance each month and researched and resolved differences promptly. The following table illustrates the differences for the past seven fiscal years.

[1] Treasury Financial Manual, Chapter 5100, Section 5125, "Fund Balance With Treasury Accounts," states, "Agencies must reconcile the corresponding [U.S. Standard General Ledger] account 101000 balance for each Treasury Account Symbol reported, as shown on the [Governmentwide Accounting] Statement."

USAID's FBWT Differences ($ millions)

Fiscal Year	Net Difference	Absolute Value
2012	114	127
2013	121	1,915
2014	154	2,011
2015	198	528
2016	195	356
2017	214	263
2018	232	303

In FY 2018, USAID management consulted with Treasury and the Office of Management and Budget (OMB) to resolve the unexplained difference and submitted a plan to them for their approval. OMB recommended the Agency consider seeking congressional approval to resolve this difference. Management is working closely with Treasury and the OMB to pursue this course of action.

Because we reported a similar finding in previous audits and acknowledge USAID's efforts to address the problem, we are not making a new recommendation, but we will continue to monitor USAID's progress in fiscal year 2019.

Significant Deficiencies

Intragovernmental Transactions Remain Unreconciled (Repeat Finding)

As of September 30, 2018, USAID had $468 million in unreconciled intragovernmental transactions, according to Treasury's Intragovernmental Differences by Trading Partner Report. Of that amount, USAID was required to reconcile, resolve, and confirm $455 million, but did not resolve the differences.[2]

When a Federal Government agency buys goods or services from another agency, the two engage in an intragovernmental transaction and are referred to as trading partners. Differences arise in Governmentwide financial reporting when agencies record such transactions in different periods or make accounting errors. Treasury's "Intragovernmental Transactions Guide" suggests that agencies work together to reconcile any differences and prevent them by eliminating long-term accounting policy differences.

In fiscal year 2013, Treasury developed scorecards to track and correct these differences. The scorecards rank each agency by its contribution to Governmentwide differences. At the end of fiscal year 2017, USAID had differences amounting to $336 million and ranked as the 19th largest contributor out of 140. According to the

[2] OMB Circular A-136, "Financial Reporting Requirements," July 30, 2018, and Treasury's "Intragovernmental Transactions Guide."

scorecard for the end of the third quarter of fiscal year 2018,[3] USAID's differences had increased by 1 percent to $376 million, but the Agency remained the 19th largest contributor.

Although we acknowledge that USAID has processes to resolve unreconciled differences and has made efforts to do so, it could do more. Despite creating corrective action plans in fiscal year 2015, the plans have not been fully implemented and significant differences remain. One reason is that USAID has communicated with only a few trading partners, narrowing the scope for difference resolution.

We reported a similar finding in previous audits and recognize that resolution of these differences requires more coordination with other Federal agencies.[4] Therefore, we recommend that the Office of the Chief Financial Officer:

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

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

USAID's controls to ensure correct and on-time recording of the acquisition and disposal of depreciable assets—property, plant, and equipment (PP&E)—were not effective. Specifically, missions did not follow established procedures for the acquisition and disposition of vehicles and other equipment.

Correctly tracking PP&E is a multistep process. To record vehicle transactions, USAID's overseas missions are expected to use the vehicle management information system (VMIS).[5] When an overseas mission acquires or disposes of a vehicle, the mission must make an entry in VMIS within 5 days and send supporting documentation to the Overseas Management Division (OMD) of the Bureau for Management's Office of Management Services in Washington, DC.[6] To record all other PP&E transactions, missions are expected to provide and certify complete, accurate information in response to quarterly data calls by USAID's Office of the Chief Financial Officer (CFO) for changes to PP&E.

However, the OMD and CFO records we reviewed showed that missions did not fully comply with these requirements, as the following examples illustrate:

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[3] Treasury does not publish fourth quarter scorecards because they do not reflect the final differences that agencies have eliminated for the fiscal year.

[4] "Audit of USAID's Financial Statements for Fiscal Years 2017 and 2016" (0-000-18-004-C), November 5, 2017.

[5] VMIS was decommissioned on September 30, 2018. The Department of State and USAID now use the Fleet Management Information System.

[6] Department of State, "Foreign Affairs Manual," 14 FAM 437.1b, "Accountability, Use, and Maintenance Records," August 3, 2015.

- Missions disposed of 12 vehicles that cost $575,812 in VMIS in fiscal year 2018, but did not record the vehicles in the PP&E subledger disposal list.
- In the fourth quarter of fiscal year 2018, CFO personnel recorded an adjusting journal entry for $368,332 to update the general ledger for vehicles and equipment acquired between 2003 and 2016 that missions never accounted for.
- Fifteen vehicles with net book value of $463,585 were never recorded in VMIS.
- Although the missions certified the data call, 38 vehicles with total cost of $2,473,386 were recorded twice as disposed of in the cumulative disposal list because of similar serial and VIN numbers. Similarly, 42 vehicles recorded as disposals in the cumulative disposal list had the same serial numbers but different amounts and descriptions.
- CFO personnel recorded an adjusting journal entry for $1,333,341 to write down nine vehicles that were overstated in prior periods.
- Seven missions responded to the fourth quarter data call without certifying their responses.

Moreover, reviews of data provided by CFO and of inventory records at six selected missions showed that missions sent CFO inaccurate PP&E data not limited to vehicles:

- An x-ray machine that cost $56,800 was not included in data call information for 12 quarters after purchase.
- Three vehicles that cost $168,027 were not recorded in VMIS; another four vehicles that cost $206,677 were recorded in VMIS with a $0 acquisition cost. One of the vehicles was disposed of in April 2018, but not removed from VMIS.
- A mission inaccurately recorded the costs of 3 of 10 vehicles in responding to the CFO's quarterly data call, leading the net cost of the vehicles to be overstated by $101,944.
- Five pieces of equipment listed in inventory as being worth approximately $513,862 were not in use and were kept in a server room storage closet.
- The VMIS report included four vehicles, three of which were worth more than $25,000 apiece, that were used and maintained by the U.S. Embassy. Documentation needed to formalize the transfer was missing.

Mission personnel are neglecting to adhere to guidance. They are not verifying information before approving and reporting it to the CFO. Reasons for noncompliance include a misunderstanding of the State Department's role—it runs motor pools and manages the vehicles for selected missions, but the assets remain on USAID's books—and mission-specific, sometimes outdated ways of recording transactions for assets other than vehicles.

For their part, CFO staff do not reconcile the PP&E subsidiary ledger with VMIS to ensure the accuracy of their records and resolve any differences between the CFO's capital asset records and OMD's equipment records.

"Standards for Internal Control in the Federal Government" states that management should design control activities so that all transactions are completely and accurately recorded. Not verifying the accuracy of information on assets increases the risk that account misstatements will not be detected. In the above cases, not verifying data caused the vehicle inventory report and the capitalized asset depreciation report to be inaccurate, which could cause the financial statements to be misstated.

We reported a similar finding in previous audits and are aware that USAID implemented a quality assurance program (QAP) on June 19, 2018. However, coming so late in the fiscal year, the QAP had not been fully implemented at the time of our audit and did not prevent the issues we identified during fiscal year 2018. Because the QAP is still new, we are not making a recommendation, but we will continue to monitor USAID's progress in fiscal year 2019.

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

USAID continues to have difficulty accounting for reimbursable agreements in accordance with U.S. generally accepted accounting principles[7]—in particular, with the following standard:[8]

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

In prior years, before implementation of the project cost accounting system (PCAS), we reported that the way USAID accounted for transactions under reimbursable agreements did not comply with U.S. generally accepted accounting principles in three respects:

1. USAID received cash advances from agencies with which it has reimbursable agreements ("trading partners") and recorded them as receipts of cash and earned revenue although the revenue had not yet been earned.
2. USAID recorded all reimbursable agreements as unfilled customer orders without advances even though it received cash advances for most agreements.

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[7] Reimbursable agreements are contracts between two agencies that allow one to do work for the other and be reimbursed. 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 USAID for the drugs and the costs of administering them.

[8] Statement of Federal Financial Accounting Standards No. 1, "Accounting for Selected Assets and Liabilities," paragraph 85.

3. USAID did not track incurred expenses or recognized revenue to specific reimbursable agreements because, according to Agency officials, its accounting system did not have this functionality.

In response to the deficiencies reported above, beginning in fiscal year (FY) 2018 USAID activated PCAS, a subsystem of its financial accounting system. According to USAID's management, PCAS allows USAID to track the status of agreements including amounts available, collected, and expended, making it possible for USAID to recognize revenue and receivables under the agreements.

However, the system as implemented does not substantially comply with U.S. generally accepted accounting principles or the U.S. Standard General Ledger in these respects:

- The system did not process agreements which were entered into before October 1, 2017, and management must calculate and post a manual adjustment to account for these agreements in accordance with U.S. generally accepted accounting principles. For FY 2018, USAID recorded adjustments of approximately $441 million to properly recognize revenue that was earned in FY 2018. However, USAID recognized revenue of $63 million for services that had not been rendered instead of reclassifying the amount as a liability. This noncompliance occurred because USAID did not use the complete inventory of reimbursable agreements as a basis for the adjustments.

- USAID did not record Anticipated Reimbursements and Other Income to recognize reimbursable agreements that were expected in FY 2018. Recording anticipated reimbursements conforms to Treasury guidance.

- For Reimbursable Agreements Without Advance in FY 2018, USAID recorded accounts receivable in Phoenix—the Agency's accounting system—only in quarter 4 although PCAS recognizes accounts receivable quarterly. According to USAID, the delay in posting these receivables was the result of an intense effort to enter agreement data into Phoenix for the Agency's second largest category of reimbursable agreements.

We recommend that the Office of the Chief Financial Officer:

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

The Agency's Response to Audit Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of USAID's internal control over financial reporting. Accordingly, this report is not suitable for any other purpose.

USAID Office of Inspector General /s/
December 17, 2018

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, 2018 and 2017, 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, and have issued our report thereon, dated December 17, 2018.

The management of USAID is responsible for complying with laws, regulations, contracts, and grant agreements applicable to USAID. As part of obtaining reasonable assurance about whether USAID's financial statements are free of material misstatement, we performed tests of USAID's compliance with certain provisions of laws 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 19-01, including the requirements referred to in section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA). We limited our tests of compliance to these provisions and did not test compliance with all laws and regulations applicable to USAID.

Our tests did not disclose instances of noncompliance that were reportable under Government Auditing Standards and OMB Bulletin 19-01. Our objective was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements; accordingly, we do not express such an opinion.

Compliance With the Federal Financial Management Improvement Act of 1996

Under FFMIA, we are required to report on whether USAID's financial management systems substantially comply with 1) Federal financial management system requirements, 2) applicable Federal accounting standards, and 3) the USSGL at the transaction level. To meet this requirement, we performed tests of compliance with each of these three FFMIA section 803(a) (31 U.S.C. 3512 note) requirements, Public Law 104-208, Title VIII. We noted noncompliance in accounting for reimbursable agreements, which deviated from the Statement of Federal Financial Accounting Standards No. 1, "Accounting for Selected Assets and Liabilities," and the USSGL at the transaction level.

As planned, USAID activated the Project Cost Accounting System (PCAS), a subsystem of its financial accounting system. According to USAID's management, which is responsible for the noncompliance, PCAS allows USAID to track elements of reimbursable agreements to recognize revenue and receivables. However, as reported in the Internal Control Report, the system did not process agreements which were entered into before October 1, 2017. As a result, USAID recognized revenue of $63 million for services that had not been rendered instead of reclassifying the amount as a liability. This noncompliance occurred because USAID did not use the complete inventory of reimbursable agreements as a basis for the adjustments.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance with applicable provisions of laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on the effectiveness of USAID's compliance with applicable provisions of laws, regulations, contracts, and grant agreements. Accordingly, this report is not suitable for any other purpose.

USAID Office of Inspector General /s/
December 17, 2018

OIG RESPONSE TO AGENCY COMMENTS

We provided our draft to USAID on December 7, 2018, and on December 14, 2018, received its response, which is included as appendix B. Management commented on the findings, agreed with the two recommendations in our draft report, and described the activities it is undertaking to implement them. We acknowledge management decisions on both recommendations and consider them resolved but open pending completion of the planned activities. We appreciate the Agency's attention to our recommendations and will continue to monitor its actions in implementing them and any other related developments. 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; accordingly, we express no opinion on them.

APPENDIX A. SCOPE AND METHODOLOGY

USAID's management is responsible for (1) preparing the financial statements in accordance with U.S. generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of FMFIA are met; (3) ensuring that USAID's financial management systems substantially comply with the requirements of FFMIA section 803(a); 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 and reporting whether USAID's financial management systems substantially comply with FFMIA section 803(a) requirements, (3) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements, and laws for which OMB audit guidance requires testing, and (4) performing limited procedures with respect to certain other information appearing in the Agency Financial Report.

To fulfill these responsibilities, 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 and judgmentally selected transactions, including, advances, accrued expenditures, disbursements, payroll, accounts receivable, direct loans and loan guarantees, and obligations.
- Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
- Assessed the accounting principles used and significant estimates made by management.
- Evaluated the overall presentation of the financial statements.
- Considered the process for evaluating and reporting on internal control and financial management systems under FMFIA.
- Tested USAID's compliance with FFMIA section 803(a) requirements.

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

- Anti-Deficiency Act, July 12, 1870 (codified at 31 U.S.C. 1341(a)(1)(A),(B) and (C) and 1517(a)

- Improper Payments Elimination and Recovery Act, Public Law 112-248, sections 5 (a)(1) and (b)(4)
- Prompt Payment Act, Public Law 97-177) (codified at 31 U.S.C. 3901(a)(4)(A); 3903(a)(1)(A) and (B), 3902 (a),(b), and (f) ; and 3904)
- Debt Collection Improvement Act of 1996, Public Law 104-134
- Federal Credit Reform Act of 1990, Public Law 93-344
- OMB Circular A–136
- OMB Circular A–123
- Federal Financial Management Improvement Act of 1996, Public Law 104-208
- Pay and Allowance System for Civilian Employees

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

We did not test compliance with all laws and regulations applicable to USAID. We limited our tests of compliance to those laws and regulations required by OMB audit guidance that we deemed applicable to the financial statements for the fiscal years ended September 30, 2018 and 2017. We caution that noncompliance may occur and may not be detected by these tests, and that such testing may not be sufficient for other purposes.

We conducted our work from May 2018 through December 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

APPENDIX B. AGENCY COMMENTS

USAID
FROM THE AMERICAN PEOPLE

Chief Financial Officer

December 14, 2018

MEMORANDUM

TO: Thomas E. Yatsco, Assistant Inspector General for Audit

FROM: Reginald W. Mitchell /s/

SUBJECT: Management Response to Draft Independent Auditor's Report on USAID's Financial Statements for Fiscal Years 2018 and 2017 (0-000-19-00X-C)

Thank you for your draft report on the *Audit of USAID's Financial Statements for Fiscal Years 2018 and 2017* and for the professionalism exhibited by your staff throughout this process.

Fiscal Year (FY) 2018 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 Department of the Treasury and Resolve Unreconciled Items in a Timely Manner (Repeat Finding)

Management acknowledges this finding. Notwithstanding, the Agency maintains since it implemented updated reconciliation procedures in FY 2018, reconciliations are being performed on a monthly basis consistent with standard accounting principles. It is important to note that the $232 million difference is composed of two components.

The first component is the difference of $101 million. This difference is explained, as mentioned by OIG, and is fully identified at the detail transaction level. This amount is dynamic and will fluctuate on a monthly basis. This difference changes based on new items received with existing items resolved every month. As stated by the OIG, of the $101 million, $1.5 million remained unresolved over 90 days.

The second component of $131 million difference represents the legacy unexplained difference which occurred in the past due to various historical factors. These historical factors have now been fully addressed through several major system enhancements and business processes. These enhancements included augmenting the Agency's general ledger-based financial system with a web-based cash reconciliation tool to identify, monitor, and track open reconciling items at the mission and agency levels. Management will continue to work with the Office of Management and Budget and Treasury to seek authorization to resolve the legacy $131 balance.

Target Completion Date for resolving the legacy difference: September 30, 2019

Significant Deficiency: Intragovernmental Transactions Remain Unreconciled (Repeat Finding)

<u>Recommendation 1</u>: Establish an Agency working group comprised of personnel of the CFO's office and the bureaus to research and address the $455 million differences between USAID and its trading partners that were reported in the FY 2018 Agency Financial Report.

<u>Management Decision</u>: Management accepts this recommendation.

Target Completion Date: September 30, 2019

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

Management acknowledges this finding. As reported by OIG, Management implemented a Quality Assurance Program (QAP) during the fourth quarter of FY 2018. Based on Management's progress to date, we anticipate the QAP will fully address the issues identified during the OIG's FY 2018 audit.

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

<u>Recommendation 2</u>: Review and revise, if necessary, the business process to account for reimbursable agreements to ensure that all transactions are recorded in accordance with generally accepted accounting principles and USSGL.

<u>Management Decision</u>: Management accepts this recommendation. Management understands that this recommendation is associated with those reimbursement agreements in PCAS and requires the appropriate associated documentation.

Target Completion Date: September 30, 2019

APPENDIX C. 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 2017 Findings and Recommendations

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

Status: The target completion date is April 1, 2019.

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

Status: Closure request submitted February 6, 2018. It has not been closed, as it is related to a finding made this year.

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

Status: Closure request submitted April 4, 2018. It has not been closed, as it is related to a finding made this year.

Status of 2016 Findings and Recommendations

Recommendation1. We recommend that the Office of the Chief Financial Officer resolve all unexplained differences between USAID's Fund Balance With Treasury account and the Department of the Treasury by December 31, 2016, and institutionalize the monthly reconciliation of the Fund Balance With Treasury account.

Status: The target completion date is April 1, 2019.

Status of 2014 Findings and Recommendations

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

Status: The target completion date is April 1, 2019.

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: This recommendation was closed on December 29, 2017.

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 April 1, 2019.

APPENDIX D. FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

As of September 30, 2018 and 2017

(In Thousands)

	2018	2017
ASSETS:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 35,482,587	$ 34,226,053
Accounts Receivable (Note 3)	6,855	118
Other Assets (Note 4)	15,862	84,179
Total Intragovernmental	35,505,304	34,310,350
Cash and Other Monetary Assets (Note 5)	210,917	204,959
Accounts Receivable, Net (Note 3)	102,410	40,619
Direct Loans and Loan Guarantees, Net (Note 6)	936,618	1,266,621
Inventory and Related Property, Net (Note 7)	26,584	25,171
General Property, Plant, and Equipment, Net (Note 8)	81,370	87,864
Other Assets (Note 4)	829,064	645,255
Total Assets	**$ 37,692,267**	**$ 36,580,839**
LIABILITIES:		
Intragovernmental:		
Accounts Payable	$ 81,531	$ 70,557
Debt (Note 11)	36,686	36,704
Liability for Capital Transfers to the General Fund of the Treasury (Note 11)	1,157,007	1,465,210
Other Liabilities (Notes 10 and 12)	751,593	761,377
Total Intragovernmental	2,026,817	2,333,848
Accounts Payable	2,407,953	1,841,552
Loan Guarantee Liability (Note 6)	3,726,199	3,620,039
Federal Employee and Veteran's Benefits (Note 13)	23,469	26,938
Other Liabilities (Notes 10 and 12)	433,519	426,739
Total Liabilities	**8,617,957**	**8,249,116**
Commitments and Contingencies (Note 14)		
NET POSITION:		
Unexpended Appropriations	28,803,928	28,126,624
Cumulative Results of Operations	270,382	205,099
Total Net Position	**29,074,310**	**28,331,723**
Total Liabilities and Net Position	**$ 37,692,267**	**$ 36,580,839**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF NET COST

For the Years Ended September 30, 2018 and 2017

(In Thousands)

Categories	2018	2017
DR–Democracy, Human Rights and Governance		
Gross Costs	$ 1,701,494	$ 1,355,379
Less: Earned Revenue	(7,348)	(10,010)
Net Program Costs	1,694,146	1,345,369
EG–Economic Growth		
Gross Costs	3,588,058	4,471,125
Less: Earned Revenue	(153,659)	(689,352)
Net Program Costs	3,434,399	3,781,773
ES–Education and Social Services		
Gross Costs	1,186,630	1,335,348
Less: Earned Revenue	(7,780)	(7,474)
Net Program Costs	1,178,850	1,327,874
HA–Humanitarian Assistance		
Gross Costs	3,808,222	3,023,343
Less: Earned Revenue	(7,854)	(19,961)
Net Program Costs	3,800,368	3,003,382
HL–Health		
Gross Costs	1,875,981	1,989,992
Less: Earned Revenue	(625,227)	(46,859)
Net Program Costs	1,250,754	1,943,133
PO–Program Development and Oversight		
Gross Costs	1,078,908	1,059,728
Less: Earned Revenue	(8,099)	(8,508)
Net Program Costs	1,070,809	1,051,220
PS–Peace and Security		
Gross Costs	592,571	608,474
Less: Earned Revenue	(2,079)	(2,729)
Net Program Costs	590,492	605,745
Net Cost of Operations (Notes 15 and 16)	**$ 13,019,818**	**$ 13,058,496**

The accompanying notes are an integral part of these statements.

Note: In FY 2017, USAID implemented the new U.S. Department of State's (State) Office of U.S. Foreign Assistance Resources (F) Standardized Program Structure and Definition (SPSD).

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2018 and 2017

(In Thousands)

	2018	2017
Unexpended Appropriations:		
Beginning Balance	$ 28,126,624	$ 26,603,696
Budgetary Financing Sources:		
Appropriations Received	14,110,845	15,041,056
Appropriations Transferred in/out	(112,966)	(305,647)
Other Adjustments	(164,588)	(105,573)
Appropriations Used	(13,155,987)	(13,106,908)
Total Budgetary Financing Sources	677,304	1,522,928
Total Unexpended Appropriations	28,803,928	28,126,624
Cumulative Results of Operations:		
Beginning Balance	$ 205,099	$ 338,339
Budgetary Financing Sources:		
Appropriations Used	13,155,987	13,106,908
Nonexchange Revenue	(30)	19
Donations and Forfeitures of Cash and Cash Equivalents	109,539	38,583
Transfers-in/out Without Reimbursement	–	76
Other Financing Sources (Non-Exchange):		
Donations and Forfeitures of Property	20,829	18,470
Imputed Financing	36,541	31,361
Other	(237,765)	(270,161)
Total Financing Sources	13,085,101	12,925,256
Net Cost of Operations (Notes 15 and 16)	(13,019,818)	(13,058,496)
Net Change	65,283	(133,240)
Cumulative Results of Operations	270,382	205,099
Net Position	**$ 29,074,310**	**$ 28,331,723**

The accompanying notes are an integral part of these statements.

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2018 and 2017

(In Thousands)

	2018		2017	
	Budgetary	**Non-Budgetary Credit Reform Financing Accounts**	**Budgetary**	**Non-Budgetary Credit Reform Financing Accounts**
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority, Net	$ 11,654,602	$ 3,489,262	$ 10,638,356	$ 2,938,532
Appropriations (Discretionary and Mandatory)	13,918,947	4	14,792,117	(29)
Borrowing Authority (Discretionary and Mandatory) (Note 11)	–	40	–	–
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,079,850	559,833	386,852	707,247
Total Budgetary Resources	**$ 26,653,399**	**$ 4,049,139**	**$ 25,817,325**	**$ 3,645,750**
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total) (Note 17)	$ 15,501,459	$ 282,592	$ 14,837,837	$ 157,153
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts (Note 2)	5,903,112	262,199	10,466,436	315,025
Exempt from Apportionment, Unexpired Accounts (Note 2)	(4)	–	(4)	–
Unapportioned, Unexpired Accounts (Note 2)	4,996,796	3,504,348	256,253	3,173,572
Unexpired Unobligated Balance, End of Year	10,899,904	3,766,547	10,722,685	3,488,597
Expired Unobligated Balance, End of Year	252,036	–	256,803	–
Total Unobligated Balance, End of Year	11,151,940	3,766,547	10,979,488	3,488,597
Total Budgetary Resources	**$ 26,653,399**	**$ 4,049,139**	**$ 25,817,325**	**$ 3,645,750**
Outlays, Net:				
Outlays, Net (Total) (Discretionary and Mandatory)	$ 12,703,861	$ (279,039)	$ 12,928,059	$ (551,057)
Distributed Offsetting Receipts (-)	(396,088)	–	(240,024)	–
Agency Outlays, Net (Discretionary and Mandatory)	**$ 12,307,773**	**$ (279,039)**	**$ 12,688,035**	**$ (551,057)**

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

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

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

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; Economic Support Fund; Development Assistance; International Disaster Assistance; Global Health and Child Survival; 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.

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

Civilian Stabilization Initiative

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

Economic Support Fund

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

Development Assistance

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

International Disaster Assistance

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

Global Health and Child Survival

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

Direct and Guaranteed Loans

- *Direct Loan Program*

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

- *Urban and Environmental Program*

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

- *Micro and Small Enterprise Development Program*

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

- *Development Credit Authority*

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

- *Israel Loan Guarantee Program*

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

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

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

- *Ukraine Loan Guarantee Program*

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

FUND TYPES

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

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

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

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

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

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

C. BASIS OF ACCOUNTING

Transactions are recorded on both an accrual and budgetary basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints on, and controls of, the use of Federal funds. The accompanying Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position have been prepared on an accrual basis. The Statement of Budgetary Resources has been prepared in accordance with budgetary accounting rules.

D. BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

E. REVENUES AND OTHER FINANCING SOURCES

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

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

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

F. FUND BALANCE WITH TREASURY

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

G. FOREIGN CURRENCY

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

H. ACCOUNTS RECEIVABLE

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

I. DIRECT LOANS AND LOAN GUARANTEES

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

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

Subsidy cost associated with direct loans and guarantees, is required by the FCRA to be recognized as an expense in the year in which the direct loan or guarantee is disbursed. Subsidy cost is calculated by Agency program offices prior to obligation using a model prescribed by 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.

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

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

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

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

J. ADVANCES

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

K. INVENTORY AND RELATED PROPERTY

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

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

L. PROPERTY, PLANT AND EQUIPMENT

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

N. LIABILITIES FOR LOAN GUARANTEES

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

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

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

O. ANNUAL, SICK, AND OTHER LEAVE

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

P. RETIREMENT PLANS AND POST EMPLOYMENT BENEFITS

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

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

Q. COMMITMENTS AND CONTINGENCIES

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

R. NET POSITION

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

- Unexpended appropriations are the portion of the appropriations represented by undelivered orders and unobligated balances.

- Cumulative results of operations are also part of net position. This account reflects the net difference between expenses and losses and financing sources, including appropriations, revenues and gains, since the inception of the activity.

S. NON-ENTITY ASSETS

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

T. AGENCY COSTS

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

U. PARENT/CHILD REPORTING

USAID is a party to allocation transfers with other Federal Agencies as both a transferring (parent) entity and receiving (child) entity. Allocation transfers are legal delegations by one Department of its ability to obligate budget authority and outlay funds to another Department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are also charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (*e.g.*, budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Per OMB 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:

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

USAID receives allocation transfers as the child from:

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

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2018 and 2017 consisted of the following *(in thousands)*:

Status of Fund Balance with Treasury	2018	2017
Unobligated Balance		
Available	$ 6,165,307	$ 10,781,461
Unavailable	8,753,181	3,686,625
Obligated and Other Balances Not Yet Disbursed (Net)	20,564,099	19,757,967
Total	$ 35,482,587	$ 34,226,053

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

As of September 30, 2018, the Agency's records reflect a historical difference of $131 million after accounting for open reconciling items in its FBWT. M/CFO management is closely working with Treasury and OMB to resolve this difference, and anticipates to finalize this process in FY 2019.

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

NOTE 3. ACCOUNTS RECEIVABLE, NET

The primary components of USAID's Accounts Receivable, Net as of September 30, 2018 and 2017 are as follows *(in thousands)*:

	Receivable Gross	Allowance Accounts	Receivable Net 2018	Receivable Net 2017
Intragovernmental				
Accounts Receivable from Federal Agencies	$ 443,649	N/A	$ 443,649	$ 619,878
Less: Intra-Agency Receivables	(436,794)	N/A	(436,794)	(619,760)
Total Intragovernmental Accounts Receivable	6,855	N/A	6,855	118
Accounts Receivable from the Public	116,967	(14,557)	102,410	40,619
Total Receivables	$ 123,822	$ (14,557)	$ 109,265	$ 40,737

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

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

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

NOTE 4. OTHER ASSETS

Other Assets as of September 30, 2018 and 2017 consisted of Advances, as follows *(in thousands)*:

	2018	2017
Intragovernmental		
Advances to Federal Agencies	$ 15,862	$ 84,179
Total Intragovernmental	15,862	84,179
With the Public		
Advances to Contractors/Grantees	624,676	395,823
Advances to Host Country Governments and Institutions	496,098	378,450
Advances, Other	(291,710)	(129,018)
Total with the Public	829,064	645,255
Total Other Assets	$ $844,926	$ 729,434

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

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

NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2018 and 2017 are as follows *(in thousands)*:

	2018	2017
Other Cash	$ (672)	$ (623)
Foreign Currencies	211,589	205,582
Total Cash and Other Monetary Assets	$ 210,917	$ 204,959

Foreign Currencies is the value of the Foreign Currency Trust Funds which totaled $211 million in FY 2018 and $205 million in FY 2017, as disclosed in Note 12. USAID does not have any non-entity case or other monetary assets. The funds are restricted to Host Countries programs.

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

NOTE 6. DIRECT LOANS AND LOAN GUARANTEES, NET

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

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

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

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

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

Summary of Loans Receivables, Net as of September 30, 2018 and 2017 are as follows *(in thousands)*:

	2018	2017
Net Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method)	$ 836,456	$ 1,099,625
Net Direct Loans Obligated After FY 1991 (Present Value Method)	(83,913)	(23,717)
Defaulted Guaranteed Loans from Pre-1992 (Allowance for Loss Method)	71,920	84,429
Defaulted Guaranteed Loans Post-1991 (Present Value)	112,155	106,284
Total Loans Receivable, Net as reported on the Balance Sheet	$ 936,618	$ 1,266,621

DIRECT LOANS

Direct Loan amounts for loans obligated prior to 1992 and after 1991 as of September 30, 2018 and 2017 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, 2018:				
Direct Loans	$ 1,047,908	$ 354,864	$ (566,316)	$ 836,456
MSED	29	5	(34)	–
Total	$ 1,047,937	$ 354,869	$ (566,350)	$ 836,456
Direct Loans Obligated Prior to 1992 (Allowance for Loss Method) as of September 30, 2017:				
Direct Loans	$ 1,305,079	$ 339,219	$ (544,673)	$ 1,099,625
MSED	29	5	(34)	–
Total	$ 1,305,108	$ 339,224	$ (544,707)	$ 1,099,625

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance for Subsidy Cost	Value of Assets Related to Direct Loans, Net
Direct Loans Obligated After 1991 (Present Value) as of September 30, 2018:				
Direct Loans	$ 708,928	$ 6,526	$ (799,367)	$ (83,913)
Total	$ 708,928	$ 6,526	$ (799,367)	$ (83,913)
Direct Loans Obligated After 1991 (Present Value) as of September 30, 2017:				
Direct Loans	$ 744,512	$ 8,808	$ (777,037)	$ (23,717)
Total	$ 744,512	$ 8,808	$ (777,037)	$ (23,717)

Total Amount of Direct Loans Disbursed as of September 30, 2018 and 2017 are as follows *(in thousands)*:

Direct Loan Programs	2018	2017
Direct Loans	$ 1,756,836	$ 2,049,591
MSED	29	29
Total	$ 1,756,865	$ 2,049,620

Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans) as of September 30, 2018 and 2017 are as follows *(in thousands)*:

	2018			2017		
	Direct Loan	UE (Subrogated Claims)	Total	Direct Loan	UE (Subrogated Claims)	Total
Beginning Balance of the Subsidy Cost Allowance	$ 777,037	$ (1,896)	$ 775,141	$741,888	$ 6	$ 741,894
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	19,843	–	19,843	20,797	–	20,797
(F) Other	2,487	1,896	4,383	14,352	(1,902)	12,450
Ending Balance of the Subsidy Cost Allowance Before Reestimates	$ 799,367	$ –	$ 799,367	$ 777,037	$ (1,896)	$ 775,141
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	$799,367	$ –	$ 799,367	$ 777,037	$ (1,896)	$775,141

DEFAULTED GUARANTEED LOANS FROM PRE-1992 GUARANTEES

Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method) as of September 30, 2018 and 2017 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): 2018				
UE	$ 108,457	$ 7,737	$ (44,274)	$ 71,920
Total	$ 108,457	$ 7,737	$ (44,274)	$ 71,920
Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): 2017				
UE	$ 122,263	$ 7,164	$ (44,998)	$ 84,429
Total	$ 122,263	$ 7,164	$ (44,998)	$ 84,429

DEFAULTED GUARANTEED LOANS FROM POST-1991 GUARANTEES

Defaulted Guaranteed Loans from Post-1991 as of September 30, 2018 and 2017 are as follows *(in thousands)*:

Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Defaulted Guaranteed Loans from Post-1991 Guarantees (2018):				
DCA	$ –	$ –	$ –	$ –
UE (Subrogated Claims)	68,586	43,569	–	112,155
Total	$ 68,586	$ 43,569	$ –	$ 112,155
Defaulted Guaranteed Loans from Post-1991 Guarantees (2017):				
DCA	$ (259)	$ –	$ (6)	$ (265)
UE (Subrogated Claims)	65,898	38,749	1,902	106,549
Total	$ 65,639	$ 38,749	$ $1,896	$ 106,284

GUARANTEED LOANS OUTSTANDING

Guaranteed Loans Outstanding as of September 30, 2018 and 2017 are as follows *(in thousands)*:

Loan Guarantee Programs	Outstanding Principal, Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Guaranteed Loans Outstanding (2018):		
DCA	$ 607,468	$ 303,734
Israel	8,366,966	8,366,966
UE	332,068	332,068
Ukraine	3,000,000	3,000,000
MENA	6,235,000	6,235,000
Total	$ 18,541,502	$ 18,237,768
Guaranteed Loans Outstanding (2017):		
DCA	$ 1,588,962	$ 794,481
Israel	8,688,758	8,688,758
UE	405,318	405,318
Ukraine	3,000,000	3,000,000
MENA	6,235,000	6,235,000
Total	$ 19,918,038	$ 19,123,557
New Guaranteed Loans Disbursed (2018):		
DCA	$ 262,506	$ 131,253
MENA	–	–
Total	$ 262,506	$ 131,253
New Guaranteed Loans Disbursed (2017):		
DCA	$ –	$ –
MENA	1,000,000	1,000,000
Total	$ 1,000,000	$ 1,000,000

Liability for Loan Guarantees as of September 30, 2018 and 2017 are as follows *(in thousands)*:

Loan Guarantee Programs	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Post-1991 Guarantees	Loan Guarantee Liabilities
Liability for Loan Guarantees as of September 30, 2018:			
UE	$ 176	$ 155,072	$ 155,248
MSED	–	1	1
Israel	–	1,101,548	1,101,548
DCA	–	92,209	92,209
Ukraine	–	1,182,907	1,182,907
MENA	–	1,194,286	1,194,286
Total	$ 176	$ 3,726,023	$ 3,726,199
Liability for Loan Guarantees as of September 30, 2017:			
UE	$ 176	$ 156,953	$ 157,129
MSED	–	1	1
Israel	–	1,173,872	1,173,872
DCA	–	81,357	81,357
Ukraine	–	1,121,642	1,121,642
MENA	–	1,086,038	1,086,038
Total	$ 176	$ 3,619,863	$ 3,620,039

SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Subsidy Expense for Loan Guarantees by Program and Component as of September 30, 2018 and 2017 are as follows *(in thousands)*:

Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
Subsidy Expense for New Loan Guarantees (2018):					
DCA	$ –	$9,953	$(1,670)	$ –	$8,283
MENA	–	–	–	–	–
Total	$ –	$9,953	$(1,670)	$ –	$8,283
Subsidy Expense for New Loan Guarantees (2017):					
DCA	$ –	$ 15,268	$ (3,198)	$ –	$ 12,070
MENA	–	255,312	–	–	255,312
Total	$ –	$ 270,580	$ (3,198)	$ –	$ 267,382

(continued on next page)

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Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Modifications and Reestimates (2018):				
UE	$ –	$ –	$ (8,876)	$ (8,876)
Israel	–	–	(151,948)	(151,948)
DCA	4	–	(1,227)	(1,223)
Ukraine	–	–	33,740	33,740
MENA	–	–	89,681	89,681
Total	$ 4	$ –	$ (38,630)	$ (38,626)
Modifications and Reestimates (2017):				
UE	$ –	$ –	$ –	$ –
Israel	–	–	–	–
DCA	–	506	6,331	6,837
Ukraine	–	2,176	40,000	42,176
MENA	–	24,295	276,434	300,729
Total	$ –	$ 26,977	$ 322,765	$ 349,742

Total Loan Guarantee Subsidy Expense as of September 30, 2018 and 2017 are as follows *(in thousands)*:

Loan Guarantee Programs	2018	2017
UE	$ (8,876)	$ –
Israel	(151,948)	–
DCA	7,060	18,907
Ukraine	33,740	42,176
MENA	89,681	556,041
Total	$ (30,343)	$ 617,124

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	–	8.78%	-4.59%	–	4.19%

Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees) as of September 30, 2018 and 2017 are as follows *(in thousands)*:

2018: Post-1991 Loan Guarantees

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

2017: Post-1991 Loan Guarantees

	DCA	MSED	UE	Israel	Ukraine	MENA	Total
Beginning Balance of the Loan Guarantee Liability	$ 91,175	$ 1	$ 150,444	$ 1,210,343	$1,141,061	$ 552,553	$ 3,145,577
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	3,444	–	1,908	–	–	–	5,352
(C) Interest Supplements Paid	–	–	–	–	–	–	–
(D) Foreclosed Property and Loans Acquired	–	–	–	–	–	–	–
(E) Claim Payments to Lenders	(12,569)	–	(9,864)	–	–	–	(22,433)
(F) Interest Accumulation on the Liability Balance	3,085	–	2,962	82,454	24,956	17,384	130,841
(G) Other	(17,314)	–	7,276	–	1	255,312	245,275
Ending Balance of the Loan Guarantee Liability Before Reestimates	$ 67,821	$ 1	$ 152,726	$ 1,292,797	$1,166,018	$ 825,249	$ 3,504,612
Add or Subtract Subsidy Reestimates by Component:							
(A) Interest Rate Reestimate	–	–	–	–	–	–	–
(B) Technical/Default Reestimate	13,536	–	4,227	(118,925)	(44,376)	260,789	115,251
Total of the Above Reestimate Components	13,536	–	4,227	(118,925)	(44,376)	260,789	115,251
Ending Balance of the Loan Guarantee Liability	$ 81,357	$ 1	$ 156,953	$ 1,173,872	$1,121,642	$ 1,086,038	$ 3,619,863

Administrative Expense as of September 30, 2018 and 2017 are as follows *(in thousands)*:

Loan Guarantee Programs	2018	2017
DCA	$ 9,408	$ 28,498
Total	$ 9,408	$ 28,498

OTHER INFORMATION

1. Allowance for loss for pre-1992 receivables have been calculated in accordance with OMB guidance using an allowance for loss method which assigns risk ratings to receivables based upon the country of debtor. No country is in violation of Section 620q of the Foreign Assistance Act, that is more than six months delinquent. Five countries are in violation of the Brooke-Alexander Amendment to the Foreign Operations Export Financing and Related Programs Appropriations Act, owing $519.7 million that is more than one year delinquent.

2. Reestimate amounts calculated during the year are subject to approval by OMB, and any adjustments, if necessary, will be made in FY 2019. In 2018, the DCA portfolio had two guarantees that extended the coverage expiration date of the agreements which subsequently resulted in a $4 thousand modification in the subsidy cost for these guarantees.

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

5. The $(83.9) million asset reported for post-1991 direct loans is attributed to the increase in the allowance for subsidy over the years. Financing account interest is calculated at the end of each Fiscal Year per Treasury and OMB guidelines. This accumulated interest income and expense has gradually created an abnormal balance for the direct loan financing account since the offset of the cash receipts/disbursements on the interest is in the allowance for subsidy account. There have been no new direct loans in recent years and these historical loans continue to draw down as borrowers repay. The abnormal balance will clear when USAID returns the funds to Treasury.

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, 2018 and 2017 are as follows *(in thousands)*:

	2018	2017
Items Held for Use		
Office Supplies	$ 4,006	$ 2,364
Items Held in Reserve for Future Use		
Disaster Assistance Materials and Supplies	8,560	6,666
Birth Control Supplies	14,018	16,141
Total Inventory and Related Property	$ 26,584	$ 25,171

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

NOTE 8. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

The components of Property, Plant and Equipment (PP&E), Net as of September 30, 2018 and 2017 are as follows *(in thousands)*:

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

2017	Useful Life	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	$ 59,757	$ (47,300)	$ 12,457
Buildings, Improvements, and Renovations	5 to 20 years	115,133	(53,258)	61,875
Land and Land Rights	N/A	7,203	N/A	7,203
Construction in Progress	N/A	5	–	5
Internal Use Software	3 to 5 years	124,625	(118,301)	6,324
Total PP&E		$ 306,723	$ (218,859)	$ 87,864

(continued on next page)

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

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

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

NOTE 9. LEASES

As of September 30, 2018, Future Lease Payments consisted of the following *(in thousands)*:

Operating Leases:

Future Payments Due: Fiscal Year	**2018 Future Costs**
2019	$ 115,698
2020	101,507
2021	33,720
2022	22,276
2023	11,795
2024 and Beyond	6,254
Total Future Lease Payments	$ 291,250

Future operating lease payments total $291 million in future lease payments, of which $151 million is for the USAID headquarters in Washington, D.C., and the remainder is for the Missions. The current lease agreements are for approximately 893,888 sq. feet for the headquarters. The expiration dates for headquarters leases are from FY 2019 through FY 2022 and the expiration dates for the Missions' leases are from FY 2019 through FY 2028. All the leases are non-cancelable and the lessor for headquarters is General Services Administration (GSA), which charges commercial rates for USAID's occupancy.

NOTE 10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

As of September 30, 2018 and 2017 Liabilities Not Covered by Budgetary Resources were as follows *(in thousands)*:

	2018	2017
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental:		
Unfunded FECA Liability (Note 13)	$ 5,164	$ 8,205
Other Unfunded Employment Related Liability	55	296
Other Liabilities (Note 12)	2,302	1,722
Total Intragovernmental	$ 7,521	$ 10,223
Accrued Annual Leave	54,215	55,539
Future Workers' Compensation Benefits (Note 13)	23,469	26,938
Debt – Contingent Liabilities for Loan Guarantees (Note 6)	176	176
Total Liabilities Not Covered by Budgetary Resources	85,381	92,876
Total Liabilities Covered by Budgetary Resources	8,532,576	8,156,240
Total Liabilities	$ 8,617,957	$ 8,249,116

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

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

NOTE 11. INTRAGOVERNMENTAL DEBT

USAID Intragovernmental Debt as of September 30, 2018 and 2017 consisted of the following borrowings from Treasury for post-1991 loan programs, which is classified as other debt *(in thousands)*:

Debt Due to Treasury	2017 Beginning Balance	Net Borrowing	2017 Ending Balance	Net Borrowing	2018 Ending Balance
Direct Loans	$ 409,825	$(373,749)	$ 36,076	$ –	$ 36,076
DCA	3,095	(2,467)	628	(18)	610
Total Treasury Debt	$ 412,920	$(376,216)	$ 36,704	$ (18)	$ 36,686

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

The above disclosed debt is principal payable to Treasury, which represents Financing account borrowings from Treasury. During the year, the DCA program borrowed $57 thousand and repaid $39 thousand. The interest paid to Treasury's Bureau of the Fiscal Service on the outstanding debt was $1.8 million in total.

Pre-1992 loan equity reported in the Liquidating account in the amount of $919 million is required to be recorded as Liability for Capital Transfers to the General Fund of the Treasury. As of September 30, 2018, $290 million in excess funds from the Liquidating account were transferred to Treasury. In addition, $238 million in Liability for Capital Transfers from downward reestimates is anticipated to be paid to Treasury next year. All debt shown is intragovernmental debt.

NOTE 12. OTHER LIABILITIES

As of September 30, 2018 and 2017 Other Current Liabilities consisted of the following *(in thousands)*:

	2018	2017
Intragovernmental		
IPAC Suspense	$ 4,770	$ 5,896
Unfunded FECA Liability (Note 13)	5,164	8,205
Custodial Liability	7,575	4,570
Employer Contributions & Payroll Taxes Payable	7,144	5,083
Other Unfunded Employment Related Liability	55	296
Liability for Advances and Prepayments	724,583	735,605
Other Liabilities	2,302	1,722
Total Intragovernmental	$ 751,593	$ 761,377
With the Public		
Accrued Funded Payroll and Leave	9,656	20,808
Accrued Unfunded Annual Leave and Separation Pay (Note 10)	54,215	55,539
Advances From Others	51,600	61,466
Foreign Currency Trust Fund	211,589	205,582
Other Liabilities	106,459	83,344
Total Liabilities With the Public	$ 433,519	$ 426,739
Total Other Liabilities	$ 1,185,112	$ 1,188,116

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

NOTE 13. FEDERAL EMPLOYEES AND VETERAN'S BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2018 and 2017 are indicated in the table below *(in thousands)*:

Unfunded Workers' Compensation Benefits	2018	2017
Liabilities Not Covered by Budgetary Resources		
Future Workers' Compensation Benefits	$ 23,469	$ 26,938
Accrued Unfunded FECA Liability	5,164	8,205
Total Unfunded Workers' Compensation Benefits	$ 28,633	$ 35,143

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

For FY 2018, USAID's total FECA liability was $28.6 million, comprised of unpaid FECA billings for $5.2 million and estimated future FECA costs of $23.5 million.

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

NOTE 14. COMMITMENTS AND CONTINGENCIES

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

As of September 30, 2018 one out of two cases open was dismissed for lack of Jurisdiction, with one case ("first case" below) pending with no change in status between FY 2017 fourth quarter ending September 30, 2017 and FY 2018 fourth quarter ending September 30, 2018. There were two new cases added to the pending case as of September 30, 2018 and another one opened on November 7, 2018. The following are the details regarding the four pending cases:

- The first case is an employment discrimination, non-selection and retaliations claim. USAID is involved in settlement negotiations at this time. An estimate of the amount or range of potential loss is $1 million. The possibility of an unfavorable outcome is reasonably possible.
- The second case is an assessed fine on private security companies for exceeding employment quota, "pattern of assignments" claim. USAID will contest the case vigorously. An estimate of the amount or range of potential loss is $1 million. The possibility of an unfavorable outcome is reasonably possible.
- The third case is a complaint to obtain class certification to challenge the USAID/State Department Policies and Practices regarding medical clearances in the hiring of Foreign Service Limited/Term Foreign Service position. USAID will contest the case vigorously. An estimate of the amount or range of potential loss is $4 million. The possibility of an unfavorable outcome is reasonably possible.

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- The fourth case is a Contract Disputes Act claim for additional amounts allegedly owed for performance of two USAID contracts. USAID will contest the case vigorously. An estimate of the amount or range of potential loss is $0 to $8.8 million. The possibility of an unfavorable outcome is reasonably possible.

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

NOTE 15. SCHEDULE OF COSTS AND EARNED REVENUE

The Consolidated Statement of Net Cost reports the Agency's gross costs less earned revenues to arrive at net cost of operations by Program Categories and Responsibility Segments, as of September 30, 2018. These categories are consistent with the new State-USAID Standardized Program Structure and Definition (SPSD).

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

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

Intragovernmental Costs and Earned Revenue sources relate to transactions between USAID and other Federal entities. Public costs and earned revenues on the other hand relate to transactions between USAID and non-Federal entities. Program Costs and Earned Revenue by Responsibility Segment for the years ended September 30, 2018 and 2017 are indicated in the table on the following pages *(in thousands)*:

Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2018 Consolidated Total	2017 Consolidated Total
DR–Democracy, Human Rights and Governance												
Intragovernmental Costs	$ 8,418	$ 6,845	$ 1,633	$ 15,731	$ 11,580	$ –	$ 13	$ 21,002	$ 7,041	$ 17,552	$ 89,815	$ 68,448
Public Costs	196,651	108,906	20,045	51,787	167,903	–	326	331,170	162,443	572,448	1,611,679	1,286,931
Total Program Costs	205,069	115,751	21,678	67,518	179,483	–	339	352,172	169,484	590,000	1,701,494	1,355,379
Intragovernmental Earned Revenue	(623)	(562)	(128)	(1,204)	(921)	–	(1)	(1,618)	(527)	(1,292)	(6,876)	(5,320)
Public Earned Revenue	(25)	(22)	(5)	(48)	(37)	–	–	(65)	(218)	(52)	(472)	(4,690)
Total Earned Revenue	(648)	(584)	(133)	(1,252)	(958)	–	(1)	(1,683)	(745)	(1,344)	(7,348)	(10,010)
Net Program Costs	**204,421**	**115,167**	**21,545**	**66,266**	**178,525**	**–**	**338**	**350,489**	**168,739**	**588,656**	**1,694,146**	**1,345,369**
EG–Economic Growth												
Intragovernmental Costs	56,050	28,503	36	37,243	11,737	–	45,282	29,431	48,813	26,419	283,514	349,064
Public Costs	708,111	340,862	885	636,863	116,908	–	167,660	223,654	828,168	281,433	3,304,544	4,122,061
Total Program Costs	764,161	369,365	921	674,106	128,645	–	212,942	253,085	876,981	307,852	3,588,058	4,471,125
Intragovernmental Earned Revenue	(2,304)	(1,871)	(3)	(136,584)	(669)	–	(3,659)	(1,163)	(3,744)	(1,159)	(151,156)	(644,320)
Public Earned Revenue	(89)	(75)	–	(1,925)	(27)	–	(146)	(46)	(149)	(46)	(2,503)	(45,032)
Total Earned Revenue	(2,393)	(1,946)	(3)	(138,509)	(696)	–	(3,805)	(1,209)	(3,893)	(1,205)	(153,659)	(689,352)
Net Program Costs	**761,768**	**367,419**	**918**	**535,597**	**127,949**	**–**	**209,137**	**251,876**	**873,088**	**306,647**	**3,434,399**	**3,781,773**
ES–Education and Social Services												
Intragovernmental Costs	15,284	7,123	1,290	5,292	528	40	360	7,098	26,143	7,599	70,757	52,838
Public Costs	370,572	103,767	41,636	86,197	6,492	90	7,799	120,749	216,181	162,390	1,115,873	1,282,510
Total Program Costs	385,856	110,890	42,926	91,489	7,020	130	8,159	127,847	242,324	169,989	1,186,630	1,335,348
Intragovernmental Earned Revenue	(1,201)	(558)	(106)	(3,660)	(49)	(3)	(30)	(574)	(801)	(624)	(7,606)	(6,897)
Public Earned Revenue	(48)	(22)	(4)	(17)	(2)	–	(1)	(23)	(32)	(25)	(174)	(577)
Total Earned Revenue	(1,249)	(580)	(110)	(3,677)	(51)	(3)	(31)	(597)	(833)	(649)	(7,780)	(7,474)
Net Program Costs	**384,607**	**110,310**	**42,816**	**87,812**	**6,969**	**127**	**8,128**	**127,250**	**241,491**	**169,340**	**1,178,850**	**1,327,874**
HA–Humanitarian Assistance												
Intragovernmental Costs	–	1,203	131,099	–	26	2	–	784	1,677	209	135,000	132,714
Public Costs	–	9,831	3,601,803	–	216	911	–	15,074	43,083	2,304	3,673,222	2,890,629
Total Program Costs	–	11,034	3,732,902	–	242	913	–	15,858	44,760	2,513	3,808,222	3,023,343
Intragovernmental Earned Revenue	–	(65)	(7,266)	–	(2)	–	–	(64)	(138)	(17)	(7,552)	(1,875)
Public Earned Revenue	–	(3)	(290)	–	–	–	–	(3)	(5)	(1)	(302)	(18,086)
Total Earned Revenue	–	(68)	(7,556)	–	(2)	–	–	(67)	(143)	(18)	(7,854)	(19,961)
Net Program Costs	**–**	**10,966**	**3,725,346**	**–**	**240**	**913**	**–**	**15,791**	**44,617**	**2,495**	**3,800,368**	**3,003,382**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2018 Consolidated Total	2017 Consolidated Total
HL–Health												
Intragovernmental Costs	109,106	25,368	72	4,369	1,759	72,394	–	7,433	7,571	6,569	234,641	243,550
Public Costs	383,140	72,548	4,307	23,959	4,809	838,250	–	44,429	159,502	110,396	1,641,340	1,746,442
Total Program Costs	492,246	97,916	4,379	28,328	6,568	910,644	–	51,862	167,073	116,965	1,875,981	1,989,992
Intragovernmental Earned Revenue	(8,891)	(1,976)	(6)	(360)	(144)	(608,952)	–	(610)	(540)	(521)	(622,000)	(14,168)
Public Earned Revenue	(355)	(79)	–	(15)	(6)	(2,699)	–	(24)	(22)	(27)	(3,227)	(32,691)
Total Earned Revenue	(9,246)	(2,055)	(6)	(375)	(150)	(611,651)	–	(634)	(562)	(548)	(625,227)	(46,859)
Net Program Costs	**483,000**	**95,861**	**4,373**	**27,953**	**6,418**	**298,993**	**–**	**51,228**	**166,511**	**116,417**	**1,250,754**	**1,943,133**
PO–Program Development and Oversight												
Intragovernmental Costs	36,855	12,429	38,521	90,366	6,102	–	8,405	13,002	8,762	45,683	260,125	212,315
Public Costs	157,875	58,685	135,702	198,911	25,322	–	27,065	79,953	53,259	82,011	818,783	847,413
Total Program Costs	194,730	71,114	174,223	289,277	31,424	–	35,470	92,955	62,021	127,694	1,078,908	1,059,728
Intragovernmental Earned Revenue	(858)	(492)	(323)	(4,825)	(162)	–	(103)	(476)	(194)	(356)	(7,789)	(6,894)
Public Earned Revenue	(34)	(20)	(13)	(192)	(6)	–	(4)	(19)	(8)	(14)	(310)	(1,614)
Total Earned Revenue	(892)	(512)	(336)	(5,017)	(168)	–	(107)	(495)	(202)	(370)	(8,099)	(8,508)
Net Program Costs	**193,838**	**70,602**	**173,887**	**284,260**	**31,256**	**–**	**35,363**	**92,460**	**61,819**	**127,324**	**1,070,809**	**1,051,220**
PS–Peace and Security												
Intragovernmental Costs	3,012	1,413	3,518	–	4,703	–		7,698	4,266	4,655	29,265	29,682
Public Costs	72,041	23,431	161,226	–	83,923	–		102,966	55,414	64,305	563,306	578,792
Total Program Costs	75,053	24,844	164,744	–	88,626	–	–	110,664	59,680	68,960	592,571	608,474
Intragovernmental Earned Revenue	(229)	(116)	(289)	–	(390)	–		(554)	(135)	(286)	(1,999)	(1,862)
Public Earned Revenue	(9)	(5)	(12)	–	(16)	–		(22)	(5)	(11)	(80)	(867)
Total Earned Revenue	(238)	(121)	(301)	–	(406)	–	–	(576)	(140)	(297)	(2,079)	(2,729)
Net Program Costs	**74,815**	**24,723**	**164,443**	**–**	**88,220**	**–**	**–**	**110,088**	**59,540**	**68,663**	**590,492**	**605,745**
Net Cost of Operations	**$2,102,449**	**$ 795,048**	**$ 4,133,328**	**$1,001,888**	**$ 439,577**	**$ 300,033**	**$ 252,966**	**$ 999,182**	**$ 1,615,805**	**$1,379,542**	**$ 13,019,818**	**$ 13,058,496**

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

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

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

In the FY 2018 Consolidated Statement of Net Cost, major responsibility segments are (i) the Geographic Bureaus and (ii) the Technical Bureaus. The six Geographic Bureaus are: Africa; Asia; Europe and Eurasia; Latin America and the Caribbean; the Middle East; and the Office of Afghanistan and Pakistan Affairs (OAPA). The four Technical Bureaus are: Democracy, Conflict and Humanitarian Assistance (DCHA); Economic Growth, Education and the Environment (E3); Global Health; and Innovation and Development Alliances (IDEA) & U.S. Global Development Lab (LAB). Note that receiving organizations IDEA and LAB have been merged as IDEA & LAB for Statement of Net Cost reporting purposes.

Schedule of Costs by SPSD for the years ended September 30, 2018 and 2017 are indicated in the table on the following pages *(in thousands)*:

Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2018 Consolidated Total	2017 Consolidated Total
DR–Democracy, Human Rights and Governance												
DR.1–Rule of Law (ROL)												
Gross Costs	$ 18,653	$ 26,497	$ 2,666	$ 7,317	$ 25,685	$ –	$ 265	$ 87,976	$ 21,936	$ 9,905	$ 200,900	$ 208,268
Less: Earned Revenue	(59)	(141)	(28)	–	(142)	–	(1)	(431)	(73)	(38)	(913)	(984)
Net Program Costs	**18,594**	**26,356**	**2,638**	**7,317**	**25,543**	**–**	**264**	**87,545**	**21,863**	**9,867**	**199,987**	**207,284**
DR.2–Good Governance												
Gross Costs	74,664	40,604	9,692	51,241	66,989	–	–	194,499	90,508	530,508	1,058,705	693,134
Less: Earned Revenue	(218)	(199)	(9)	(1,252)	(365)	–	–	(925)	(287)	(1,100)	(4,355)	(7,042)
Net Program Costs	**74,446**	**40,405**	**9,683**	**49,989**	**66,624**	**–**	**–**	**193,574**	**90,221**	**529,408**	**1,054,350**	**686,092**
DR.3–Political Competition and Consensus-Building												
Gross Costs	56,583	11,410	4,194	49	18,684	–	–	8,281	13,963	23,150	136,314	145,751
Less: Earned Revenue	(193)	(54)	(51)	–	(107)	–	–	(34)	(163)	(82)	(684)	(713)
Net Program Costs	**56,390**	**11,356**	**4,143**	**49**	**18,577**	**–**	**–**	**8,247**	**13,800**	**23,068**	**135,630**	**145,038**
DR.4–Civil Society												
Gross Costs	49,173	30,347	4,034	6,876	53,321	–	–	35,017	39,426	23,683	241,877	249,982
Less: Earned Revenue	(160)	(156)	(36)	–	(277)	–	–	(169)	(208)	(114)	(1,120)	(996)
Net Program Costs	**49,013**	**30,191**	**3,998**	**6,876**	**53,044**	**–**	**–**	**34,848**	**39,218**	**23,569**	**240,757**	**248,986**
DR.5–Independent Media and Free Flow of Information												
Gross Costs	131	1,715	–	–	8,811	–	–	1,904	–	–	12,561	326
Less: Earned Revenue	–	(4)	–	–	(32)	–	–	(6)	–	–	(42)	(1)
Net Program Costs	**131**	**1,711**	**–**	**–**	**8,779**	**–**	**–**	**1,898**	**–**	**–**	**12,519**	**325**
DR.6–Human Rights												
Gross Costs	5,864	5,178	1,092	2,035	5,993	–	74	24,496	3,651	2,754	51,137	57,918
Less: Earned Revenue	(17)	(30)	(9)	–	(35)	–	–	(119)	(14)	(10)	(234)	(274)
Net Program Costs	**5,847**	**5,148**	**1,083**	**2,035**	**5,958**	**–**	**74**	**24,377**	**3,637**	**2,744**	**50,903**	**57,644**
Total Democracy, Human Rights and Governance	**204,421**	**115,167**	**21,545**	**66,266**	**178,525**	**–**	**338**	**350,489**	**168,739**	**588,656**	**1,694,146**	**1,345,369**
EG–Economic Growth												
EG.1–Macroeconomic Foundation for Growth												
Gross Costs	2,452	3,366	–	149,424	1,302	–	–	8,714	609,813	3,548	778,619	1,150,671
Less: Earned Revenue	–	(4)	–	(55,551)	–	–	–	(31)	(3,069)	(23)	(58,678)	(87,219)
Net Program Costs	**2,452**	**3,362**	**–**	**93,873**	**1,302**	**–**	**–**	**8,683**	**606,744**	**3,525**	**719,941**	**1,063,452**
EG.2–Trade and Investment												
Gross Costs	39,620	13,320	–	24,087	6,640	–	–	10,922	2,034	13,510	110,133	170,725
Less: Earned Revenue	(124)	(68)	–	(466)	(31)	–	–	(54)	(6)	(61)	(810)	(1,151)
Net Program Costs	**39,496**	**13,252**	**–**	**23,621**	**6,609**	**–**	**–**	**10,868**	**2,028**	**13,449**	**109,323**	**169,574**
EG.3–Agriculture												
Gross Costs	402,217	103,866	–	260,121	1,274	–	–	60,230	9,763	87,661	925,132	1,106,522
Less: Earned Revenue	(1,299)	(511)	–	(257)	(8)	–	–	(313)	(32)	(331)	(2,751)	(13,994)
Net Program Costs	**400,918**	**103,355**	**–**	**259,864**	**1,266**	**–**	**–**	**59,917**	**9,731**	**87,330**	**922,381**	**1,092,528**
EG.4–Financial Sector												
Gross Costs	732	3,967	–	96,770	9,383	–	–	1,620	107,858	9,567	229,897	144,487
Less: Earned Revenue	(1)	(23)	–	(80,003)	(51)	–	–	(10)	(315)	(22)	(80,425)	(82,652)
Net Program Costs	**731**	**3,944**	**–**	**16,767**	**9,332**	**–**	**–**	**1,610**	**107,543**	**9,545**	**149,472**	**61,835**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2018 Consolidated Total	2017 Consolidated Total
EG.5–Private Sector Productivity												
Gross Costs	20,397	40,199	176	8,171	69,104	–	209,954	39,323	104,209	33,300	524,833	576,946
Less: Earned Revenue	(56)	(211)	–	(5)	(382)	–	(3,799)	(164)	(333)	(140)	(5,090)	(355,419)
Net Program Costs	**20,341**	**39,988**	**176**	**8,166**	**68,722**	**–**	**206,155**	**39,159**	**103,876**	**33,160**	**519,743**	**221,527**
EG.6–Workforce Development												
Gross Costs	3,325	9,069	–	369	13,491	–	2,554	8,918	17,369	7,603	62,698	76,330
Less: Earned Revenue	(8)	(46)	–	(5)	(77)	–	(6)	(37)	(56)	(31)	(266)	(104,842)
Net Program Costs	**3,317**	**9,023**	**–**	**364**	**13,414**	**–**	**2,548**	**8,881**	**17,313**	**7,572**	**62,432**	**(28,512)**
EG.7–Modern Energy Services												
Gross Costs	80,667	12,131	–	2,498	13,483	–	282	7,036	14,147	98,216	228,460	281,370
Less: Earned Revenue	(247)	(42)	–	(54)	(68)	–	–	(38)	(46)	(385)	(880)	(11,149)
Net Program Costs	**80,420**	**12,089**	**–**	**2,444**	**13,415**	**–**	**282**	**6,998**	**14,101**	**97,831**	**227,580**	**270,221**
EG.8–Information and Communications Technology Services												
Gross Costs	1,416	84	–	41	210	–	5	129	261	1,815	3,961	5,199
Less: Earned Revenue	(4)	–	–	(1)	(1)	–	–	(1)	(1)	(7)	(15)	(206)
Net Program Costs	**1,412**	**84**	**–**	**40**	**209**	**–**	**5**	**128**	**260**	**1,808**	**3,946**	**4,993**
EG.9–Transport Services												
Gross Costs	39,901	2,377	–	1,216	5,918	–	147	3,649	7,368	51,152	111,728	146,543
Less: Earned Revenue	(126)	(13)	–	(28)	(32)	–	–	(20)	(24)	(200)	(443)	(5,807)
Net Program Costs	**39,775**	**2,364**	**–**	**1,188**	**5,886**	**–**	**147**	**3,629**	**7,344**	**50,952**	**111,285**	**140,736**
EG.10–Environment												
Gross Costs	171,312	176,425	745	126,264	7,840	–	–	110,146	4,160	1,481	598,373	812,332
Less: Earned Revenue	(525)	(1,017)	(3)	(2,138)	(46)	–	–	(533)	(12)	(6)	(4,280)	(26,913)
Net Program Costs	**170,787**	**175,408**	**742**	**124,126**	**7,794**	**–**	**–**	**109,613**	**4,148**	**1,475**	**594,093**	**785,419**
EG.11-Climate Change - Adaptation												
Gross Costs	–	–	–	492	–	–	–	430	–	–	922	–
Less: Earned Revenue	–	–	–		–	–	–	(1)	–	–	(1)	–
Net Program Costs	**–**	**–**	**–**	**492**	**–**	**–**	**–**	**429**	**–**	**–**	**921**	**–**
EG.12-Climate Change - Clean Energy												
Gross Costs	–	–	–	127	–	–	–	590	–	–	717	–
Less: Earned Revenue	–	–	–		–	–	–	(2)	–	–	(2)	–
Net Program Costs	**–**	**–**	**–**	**127**	**–**	**–**	**–**	**588**	**–**	**–**	**715**	**–**
EG.13-Climate Change - Sustainable Landscapes												
Gross Costs	2,122	4,562	–	4,525	–	–	–	1,376	–	–	12,585	–
Less: Earned Revenue	(3)	(12)	–		–	–	–	(3)	–	–	(18)	–
Net Program Costs	**2,119**	**4,550**	**–**	**4,525**	**–**	**–**	**–**	**1,373**	**–**	**–**	**12,567**	**–**
Total Economic Growth	**761,768**	**367,419**	**918**	**535,597**	**127,949**	**–**	**209,137**	**251,876**	**873,088**	**306,647**	**3,434,399**	**3,781,773**
ES–Education and Social Services												
ES.1–Basic Education												
Gross Costs	381,286	95,016	8,769	91,375	4,922	–	5,419	77,752	198,729	162,356	1,025,624	1,082,805
Less: Earned Revenue	(1,246)	(500)	(14)	(3,677)	(38)	–	(25)	(366)	(687)	(615)	(7,168)	(3,550)
Net Program Costs	**380,040**	**94,516**	**8,755**	**87,698**	**4,884**	**–**	**5,394**	**77,386**	**198,042**	**161,741**	**1,018,456**	**1,079,255**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2018 Consolidated Total	2017 Consolidated Total
ES.2–Higher Education												
Gross Costs	3,398	2,492	–	114	409		2,740	124	135	–	9,412	44
Less: Earned Revenue	(4)	(5)	–	–	(1)		(6)	–	(1)	–	(17)	–
Net Program Costs	**3,394**	**2,487**	**–**	**114**	**408**	**–**	**2,734**	**124**	**134**	**–**	**9,395**	**44**
ES.3–Social Policies, Regulations, and Systems												
Gross Costs	112	1,153	2,696	–	149	12	–	4,633	4,058	726	13,539	24,022
Less: Earned Revenue	–	(7)	(8)	–	(1)	–	–	(22)	(14)	(3)	(55)	(373)
Net Program Costs	**112**	**1,146**	**2,688**	**–**	**148**	**12**	**–**	**4,611**	**4,044**	**723**	**13,484**	**23,649**
ES.4–Social Services												
Gross Costs	372	5,111	14,812	–	619	43	–	16,728	14,339	2,422	54,446	80,119
Less: Earned Revenue	–	(25)	(37)	–	(4)	(1)	–	(75)	(47)	(11)	(200)	(1,247)
Net Program Costs	**372**	**5,086**	**14,775**	**–**	**615**	**42**	**–**	**16,653**	**14,292**	**2,411**	**54,246**	**78,872**
ES.5–Social Assistance												
Gross Costs	689	7,118	16,649	–	920	75	–	28,610	25,063	4,485	83,609	148,358
Less: Earned Revenue	–	(43)	(51)	–	(6)	(2)	–	(134)	(84)	(20)	(340)	(2,304)
Net Program Costs	**689**	**7,075**	**16,598**	**–**	**914**	**73**	**–**	**28,476**	**24,979**	**4,465**	**83,269**	**146,054**
Total Education and Social Service	**384,607**	**110,310**	**42,816**	**87,812**	**6,969**	**127**	**8,128**	**127,250**	**241,491**	**169,340**	**1,178,850**	**1,327,874**
HA–Humanitarian Assistance												
HA.1–Protection, Assistance and Solutions												
Gross Costs	–	8,813	3,713,393	–	242	913	–	15,531	44,760	1,280	3,784,932	3,001,768
Less: Earned Revenue	–	(58)	(7,259)	–	(2)	–	–	(65)	(143)	(10)	(7,537)	(19,497)
Net Program Costs	**–**	**8,755**	**3,706,134**	**–**	**240**	**913**	**–**	**15,466**	**44,617**	**1,270**	**3,777,395**	**2,982,271**
HA.2–Disaster Readiness												
Gross Costs	–	2,221	19,509	–	–	–	–	218	–	1,234	23,182	21,575
Less: Earned Revenue	–	(10)	(297)	–	–	–	–	(1)	–	(9)	(317)	(464)
Net Program Costs	**–**	**2,211**	**19,212**	**–**	**–**	**–**	**–**	**217**	**–**	**1,225**	**22,865**	**21,111**
HA.3–Migration Management												
Gross Costs	–	–	–	–	–	–	–	108	–	–	108	–
Less: Earned Revenue	–	–	–	–	–	–	–	–	–	–	–	–
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**108**	**–**	**–**	**108**	**–**
Total Humanitarian Assistance	**–**	**10,966**	**3,725,346**	**–**	**240**	**913**	**–**	**15,791**	**44,617**	**2,495**	**3,800,368**	**3,003,382**
HL–Health												
HL.1–HIV/AIDS												
Gross Costs	250,463	45,155	2,146	12,296	4,461	800,174	–	26,343	78,897	57,694	1,277,629	1,141,562
Less: Earned Revenue	(4,962)	(937)	(4)	(185)	(108)	(610,839)	–	(334)	(268)	(272)	(617,909)	(23,162)
Net Program Costs	**245,501**	**44,218**	**2,142**	**12,111**	**4,353**	**189,335**	**–**	**26,009**	**78,629**	**57,422**	**659,720**	**1,118,400**
HL.2–Tuberculosis												
Gross Costs	3,216	3,550	16	93	278	969	–	179	594	435	9,330	6,220
Less: Earned Revenue	(72)	(91)	–	(1)	(7)	(10)	–	(2)	(2)	(2)	(187)	(174)
Net Program Costs	**3,144**	**3,459**	**16**	**92**	**271**	**959**	**–**	**177**	**592**	**433**	**9,143**	**6,046**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2018 Consolidated Total	2017 Consolidated Total
HL.3–Malaria												
Gross Costs	32,813	2,090	77	444	65	3,535	–	1,014	2,848	2,083	44,969	29,811
Less: Earned Revenue	(801)	(46)	–	(7)	(1)	(20)	–	(14)	(10)	(10)	(909)	(833)
Net Program Costs	**32,012**	**2,044**	**77**	**437**	**64**	**3,515**	**–**	**1,000**	**2,838**	**2,073**	**44,060**	**28,978**
HL.4–Pandemic Influenza and Other Emerging Threats (PIOET)												
Gross Costs	9,470	2,213	113	645	94	6,016	–	1,249	4,142	3,029	26,971	43,377
Less: Earned Revenue	(164)	(45)	–	(10)	(2)	(51)	–	(14)	(14)	(14)	(314)	(1,212)
Net Program Costs	**9,306**	**2,168**	**113**	**635**	**92**	**5,965**	**–**	**1,235**	**4,128**	**3,015**	**26,657**	**42,165**
HL.5–Other Public Health Threats												
Gross Costs	13,981	3,631	194	953	139	7,934	–	1,844	6,839	4,471	39,986	64,037
Less: Earned Revenue	(242)	(67)	–	(14)	(3)	(51)	–	(21)	(22)	(21)	(441)	(1,788)
Net Program Costs	**13,739**	**3,564**	**194**	**939**	**136**	**7,883**	**–**	**1,823**	**6,817**	**4,450**	**39,545**	**62,249**
HL.6–Maternal and Child Health												
Gross Costs	55,267	14,015	589	3,375	493	38,914	–	6,704	22,578	15,837	157,772	226,673
Less: Earned Revenue	(1,009)	(299)	(1)	(51)	(10)	(463)	–	(78)	(76)	(74)	(2,061)	(6,330)
Net Program Costs	**54,258**	**13,716**	**588**	**3,324**	**483**	**38,451**	**–**	**6,626**	**22,502**	**15,763**	**155,711**	**220,343**
HL.7–Family Planning and Reproductive Health												
Gross Costs	26,814	6,979	264	1,511	221	12,341	–	3,305	10,629	7,089	69,153	101,469
Less: Earned Revenue	(506)	(152)	–	(23)	(4)	(74)	–	(43)	(35)	(33)	(870)	(2,835)
Net Program Costs	**26,308**	**6,827**	**264**	**1,488**	**217**	**12,267**	**–**	**3,262**	**10,594**	**7,056**	**68,283**	**98,634**
HL.8–Water Supply and Sanitation												
Gross Costs	95,553	18,570	944	8,805	789	39,204	–	10,680	39,222	25,362	239,129	363,006
Less: Earned Revenue	(1,394)	(377)	(1)	(81)	(16)	(136)	–	(119)	(128)	(119)	(2,371)	(10,139)
Net Program Costs	**94,159**	**18,193**	**943**	**8,724**	**773**	**39,068**	**–**	**10,561**	**39,094**	**25,243**	**236,758**	**352,867**
HL.9–Nutrition												
Gross Costs	4,668	1,713	36	206	30	1,557	–	543	1,322	967	11,042	13,837
Less: Earned Revenue	(95)	(41)	–	(3)	(1)	(7)	–	(8)	(5)	(5)	(165)	(386)
Net Program Costs	**4,573**	**1,672**	**36**	**203**	**29**	**1,550**	**–**	**535**	**1,317**	**962**	**10,877**	**13,451**
Total Health	**483,000**	**95,861**	**4,373**	**27,953**	**6,418**	**298,993**	**–**	**51,228**	**166,511**	**116,417**	**1,250,754**	**1,943,133**
PO–Program Development and Oversight												
PO.1–Program Design and Learning												
Gross Costs	83,908	14,322	22,753	230,573	6,409	–	6,774	32,911	24,420	34,324	456,394	390,225
Less: Earned Revenue	(331)	(122)	(49)	(4,943)	(34)	–	(20)	(175)	(80)	(129)	(5,883)	(3,906)
Net Program Costs	**83,577**	**14,200**	**22,704**	**225,630**	**6,375**	**–**	**6,754**	**32,736**	**24,340**	**34,195**	**450,511**	**386,319**
PO.2–Administration and Oversight												
Gross Costs	110,061	55,892	150,885	58,429	24,157	–	28,609	59,329	36,805	93,370	617,537	668,835
Less: Earned Revenue	(560)	(387)	(286)	(74)	(131)	–	(88)	(318)	(119)	(241)	(2,204)	(4,600)
Net Program Costs	**109,501**	**55,505**	**150,599**	**58,355**	**24,026**	**–**	**28,521**	**59,011**	**36,686**	**93,129**	**615,333**	**664,235**
PO.3–Evaluation												
Gross Costs	761	900	585	275	858	–	88	715	795	–	4,977	668
Less: Earned Revenue	(1)	(3)	(1)	–	(3)	–	–	(2)	(2)	–	(12)	(2)
Net Program Costs	**760**	**897**	**584**	**275**	**855**	**–**	**88**	**713**	**793**	**–**	**4,965**	**666**
Total Program Development and Oversight	**193,838**	**70,602**	**173,887**	**284,260**	**31,256**	**–**	**35,363**	**92,460**	**61,819**	**127,324**	**1,070,809**	**1,051,220**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2018 Consolidated Total	2017 Consolidated Total
PS–Peace and Security												
PS.1–Counterterrorism												
Gross Costs	23,083	5,571	20,974	–	122	–	–	–	3,647	–	53,397	41,280
Less: Earned Revenue	(79)	(17)	(34)	–	–	–	–	–	(11)	–	(141)	(126)
Net Program Costs	**23,004**	**5,554**	**20,940**	**–**	**122**	**–**	**–**	**–**	**3,636**	**–**	**53,256**	**41,154**
PS.2–Combating Weapons of Mass Destruction (WMD)												
Gross Costs	–	–	–	–	75,471	–	–	–	–	–	75,471	23,136
Less: Earned Revenue	–	–	–	–	(336)	–	–	–	–	–	(336)	(101)
Net Program Costs	**–**	**–**	**–**	**–**	**75,135**	**–**	**–**	**–**	**–**	**–**	**75,135**	**23,035**
PS.3–Counternarcotics												
Gross Costs	–	–	–	–	–	–	–	87,051	–	16,299	103,350	137,643
Less: Earned Revenue	–	–	–	–	–	–	–	(455)	–	(64)	(519)	(611)
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**86,596**	**–**	**16,235**	**102,831**	**137,032**
PS.4-Transnational Threats and Crime												
Gross Costs	–	–	–	–	1,011	–	–	–	–	–	1,011	–
Less: Earned Revenue	–	–	–	–	(2)	–	–	–	–	–	(2)	–
Net Program Costs	**–**	**–**	**–**	**–**	**1,009**	**–**	**–**	**–**	**–**	**–**	**1,009**	**–**
PS.5–Trafficking in Persons												
Gross Costs	293	17,095	658	–	2,068	–	–	2,967	–	3,509	26,590	16,817
Less: Earned Revenue	(1)	(100)	(1)	–	(12)	–	–	(12)	–	(17)	(143)	(64)
Net Program Costs	**292**	**16,995**	**657**	**–**	**2,056**	**–**	**–**	**2,955**	**–**	**3,492**	**26,447**	**16,753**
PS.6–Conflict Mitigation and Stabilization												
Gross Costs	51,678	2,178	143,112	–	9,393	–	–	20,148	56,033	49,153	331,695	384,346
Less: Earned Revenue	(159)	(4)	(266)	–	(52)	–	–	(108)	(129)	(217)	(935)	(1,803)
Net Program Costs	**51,519**	**2,174**	**142,846**	**–**	**9,341**	**–**	**–**	**20,040**	**55,904**	**48,936**	**330,760**	**382,543**
PS.7–Conventional Weapons Security and Explosive Remnants of War (ERW)												
Gross Costs	–	–	–	–	146	–	–	52	–	–	198	1,374
Less: Earned Revenue	–	–	–	–	(1)	–	–	–	–	–	(1)	(6)
Net Program Costs	**–**	**–**	**–**	**–**	**145**	**–**	**–**	**52**	**–**	**–**	**197**	**1,368**
PS.8–Strengthening Military Partnerships and Capabilities												
Gross Costs	–	–	–	–	92	–	–	32	–	–	124	861
Less: Earned Revenue	–	–	–	–	–	–	–	–	–	–	–	(4)
Net Program Costs	**–**	**–**	**–**	**–**	**92**	**–**	**–**	**32**	**–**	**–**	**124**	**857**
PS.9–Citizen Security and Law Enforcement												
Gross Costs	–	–	–	–	321	–	–	414	–	–	735	3,017
Less: Earned Revenue	–	–	–	–	(1)	–	–	(1)	–	–	(2)	(14)
Net Program Costs	**–**	**–**	**–**	**–**	**320**	**–**	**–**	**413**	**–**	**–**	**733**	**3,003**
Total Peace and Security	**74,815**	**24,723**	**164,443**	**–**	**88,220**	**–**	**–**	**110,088**	**59,540**	**68,663**	**590,492**	**605,745**
Net Cost of Operations	**$2,102,449**	**$795,048**	**$4,133,328**	**$1,001,888**	**$ 439,577**	**$300,033**	**$252,966**	**$ 999,182**	**$ 1,615,805**	**$1,379,542**	**$ 13,019,818**	**$ 13,058,496**

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, 2018 and 2017. USAID's total budgetary resources were $30.7 billion and $29.5 billion as of September 30, 2018 and 2017, respectively.

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

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

	2018	2017
Category A, Direct	$ 1,538,392	$ 1,507,128
Category B, Direct	13,490,282	12,885,091
Category A, Reimbursable	52,107	51,703
Category B, Reimbursable	703,270	551,068
Total	$ 15,784,051	$ 14,994,990

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

The Agency had $40 thousand and $0 in borrowing authority in FY 2018 and FY 2017, respectively. Borrowing authority is indefinite and authorized under the Federal Credit Reform Act of 1990 (Title XIII, Subtitle B, Pub. L. No. 101-508), and is used to finance obligations during the current year, as needed.

C. PERMANENT INDEFINITE APPROPRIATIONS:

USAID has permanent indefinite appropriations relating to specific Federal Credit Reform Program and Liquidating appropriations. USAID is authorized permanent indefinite authority for Federal Credit Reform Program appropriations for subsidy reestimates and Federal Credit Reform Act of 1990. At year-end FY 2018, there is $3.6 billion in availability related to Federal Credit Reform Program and Liquidating appropriations.

D. LEGAL ARRANGEMENTS AFFECTING THE USE OF UNOBLIGATED BALANCES:

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

E. UNDELIVERED ORDERS AT THE END OF THE YEAR:

Budgetary Resources obligated for Undelivered Orders as of September 30, 2018 and 2017, were $19 billion and $18.5 billion, respectively.

	2018	2017
Federal		
Obligations Paid	$ 27,700	$ 92,996
Obligations Unpaid	824,059	789,833
Total Federal	851,759	882,829
Non-Federal		
Obligations Paid	800,663	567,709
Obligations Unpaid	17,362,979	17,061,256
Total Non-Federal	18,163,642	17,628,965
Total Undelivered Orders at End of Year	$ 19,015,401	$ 18,511,794

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, 2017 because submission of the Budget for FY 2019, which presents the execution of the FY 2018 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 2019.

Differences between the SBR and Budget of the U.S. Government are caused mainly by the fact that certain funds are reported in the SBR but not included in the USAID section of the "Department of State and Other International Programs" Appendix of the Budget of the U.S. Government. This is largely reflected in the Economic Support Fund, which is approximately $9.7 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.

2017	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 29,463,075	$ 14,994,990	$ (240,024)	$ 12,377,002
Funds Reported in SBR, Not Attributed to USAID in the President's Budget	(9,741,000)	(4,817,000)	–	(5,850,000)
Other Differences	(2,053,075)	73,010	240,024	532,998
Budget of the U.S. Government	$ 17,669,000	$ 10,251,000	$ –	$ 7,060,000

G. SCHEDULE OF CHANGE IN UNOBLIGATED BALANCE BROUGHT FORWARD, BEGINNING OF YEAR 2018 *(in thousands)*:

Unobligated balances at end of Fiscal Year should equal Unobligated balances brought forward to beginning of the following Fiscal Year, October 1. In FY 2018, OMB Circular A-136 streamlined the reporting of the SBR to reflect requirements of FASAB standards. Due to this, there is a difference of $675 million between Unobligated Balance, End of Year 2017 and Unobligated Balance Brought Forward, October 1.

Schedule of Change in Unobligated Balance Brought Forward, Beginning of Year 2018	Budgetary	Non- Budgetary Credit Reform
Unobligated Balance, Beginning of Year 2018	$ 11,654,602.00	$ 3,489,262.00
Change in Unobligated Balance, Beginning of Year 2018:		
Actual Repayment of Debt, Prior Year Balances	–	(57.00)
Actual Capital Transfers to the General Fund of the U.S. Government, Prior-Year Balances	(8,408.00)	–
Transfers – Prior-Year Balances	(108,136.00)	–
Balance Transfers – Extension of Avail Other Than Reappropriation	(15,602.00)	–
Cancelled Authority	(138,110.00)	–
Downward Adjustments of Prior-Year Unpaid Undelivered Orders – Obligations, Recoveries	818,087.00	722.00
Downward Adjustments of Prior-Year Unpaid Delivered Orders – Obligations, Recoveries	8,972.00	–
Downward Adjustments of Prior-Year Paid Expended Authority Refunds	118,311.00	–
Total Change in Unobligated Balance, Beginning of Year	675,114.00	665.00
Unobligated Balance, End of Year 2017	$ 10,979,488.00	$ 3,488,597.00

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, 2018 and 2017 are indicated in the table below *(in thousands)*:

	2018	2017
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 15,784,051	$ 14,994,990
Spending Authority From Offsetting Collections	(1,639,683)	(1,094,099)
Downward Adjustments of Obligations	(827,781)	(673,444)
Offsetting Receipts	(396,088)	(240,024)
Net Obligations	12,920,499	12,987,423
Other Resources		
Imputed Financing	36,541	31,361
Resources Used to Finance Activities	12,957,040	13,018,784
Resources Used to Finance Items Not Part of Net Cost of Operations	371,123	324,888
Total Resources Used to Finance Net Cost of Operations	13,328,163	13,343,672
Components of the Net Cost of Operations:		
Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	(83,173)	(66,317)
Components of Net Cost of Operations That Will Not Require or Generate Resources	(225,172)	(218,859)
Net Cost of Operations (Notes 15 and 16)	$ 13,019,818	$ 13,058,496

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

(Preceding page) **USAID provides expertise on domestic resource mobilization to more than 15 countries, so they can strengthen their tax systems to pay for programs and services for their citizens. In Georgia, Darejan Berdzenishvili started her dried fruit business with a grant from a Georgian Government economic development program.**

PHOTO: THOMAS CRISTOFOLETTI FOR USAID

(Above) **In Luxor, Egypt, osteologist Afaf Wahba works on centuries-old mummies found in a tomb, one of several that USAID grantee American Research Center in Egypt helped restore for tourism. Through this support, USAID provides employment and training to Egyptians while safeguarding Egypt's cultural heritage and contributing to its tourism industry.**

PHOTO: THOMAS CRISTOFOLETTI FOR USAID

STATEMENT OF BUDGETARY RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING SCHEDULE OF BUDGETARY RESOURCES

For the Year Ended September 30, 2018

(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 the Independent States of the former Soviet Union	Global Health and Child Survival	Credit Financing	Other	Parent Fund	Combined Total
	1000	**0305**	**0306**	**1010**	**1021**	**1035**	**1037**	**1093**	**1095**				
Budgetary Resources:													
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 345,200	$ 1,929	$ 602,804	$ 3,577	$ 3,243,729	$ 1,489,240	$ 4,259,226	$ 5,671	$ 38,430	$ 3,489,262	$ 624,815	$1,039,981	$ 15,143,864
Appropriations (Discretionary and Mandatory)	1,347,676	–	750,334	–	2,976,234	4,285,312	3,968,853	–	–	4	590,538	–	13,918,951
Borrowing Authority (Discretionary and Mandatory) (Note 11)	–	–	–	–	–	–	–	–	–	40	–	–	40
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	49,827	–	(2,804)	–	919	3,525	(14,013)	–	–	559,833	1,012,693	29,703	1,639,683
Total Budgetary Resources	**$ 1,742,703**	**$ 1,929**	**$1,350,334**	**$ 3,577**	**$ 6,220,882**	**$ 5,778,077**	**$ 8,214,066**	**$ 5,671**	**$ 38,430**	**$4,049,139**	**$2,228,046**	**$1,069,684**	**$ 30,702,538**
Status of Budgetary Resources:													
New Obligations and Upward Adjustments (Total):	1,510,171	590	585,227	(31)	3,099,021	3,698,709	4,098,602	(573)	453	282,592	1,504,124	1,005,166	$15,784,051
Unobligated Balance, End of Year:													
Apportioned, Unexpired Accounts	91,480	1,360	748,149	3,608	392,519	2,072,404	2,283,020	6,032	32,192	262,199	253,584	18,764	6,165,311
Exempt from Apportionment, Unexpired Accounts	–	–	–	–	(3)	–	(1)	–	–	–	–	–	(4)
Unapportioned, Unexpired Accounts	21,174	(21)	10,013	–	2,703,496	46	1,803,451	1	5,785	3,504,348	448,983	3,868	8,501,144
Unexpired Unobligated Balance, End of Year	**112,654**	**1,339**	**758,162**	**3,608**	**3,096,012**	**2,072,450**	**4,086,470**	**6,033**	**37,977**	**3,766,547**	**702,567**	**22,632**	**14,666,451**
Expired Unobligated Balance, End of Year	119,878	–	6,945	–	25,849	6,918	28,994	211	–	–	21,355	41,886	252,036
Total Unobligated Balance, End of Year	**232,532**	**1,339**	**765,107**	**3,608**	**3,121,861**	**2,079,368**	**4,115,464**	**6,244**	**37,977**	**3,766,547**	**723,922**	**64,518**	**14,918,487**
Total Budgetary Resources	**$ 1,742,703**	**$ 1,929**	**$1,350,334**	**$ 3,577**	**$ 6,220,882**	**$ 5,778,077**	**$ 8,214,066**	**$ 5,671**	**$ 38,430**	**$4,049,139**	**$2,228,046**	**$1,069,684**	**$ 30,702,538**
Outlays, Net:													
Outlays, Net (Total) (Discretionary and Mandatory)	1,216,301	889	332,611	260	2,454,029	3,466,986	3,846,002	628	(452)	(279,039)	705,633	680,974	12,424,822
Distributed Offsetting Receipts (-)	–	–	–	–	–	–	–	–	–	–	(396,088)	–	(396,088)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 1,216,301**	**$ 889**	**$ 332,611**	**$ 260**	**$ 2,454,029**	**$ 3,466,986**	**$ 3,846,002**	**$ 628**	**$ (452)**	**$ (279,039)**	**$ 309,545**	**$ 680,974**	**$12,028,734**

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 Independent States 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
4493 Loan Guarantees to Middle East Northern Africa (MENA) – Financing Account

CREDIT PROGRAM FUNDS

0301 Israel Program Fund
0304 Egypt Program Fund
0400 MSED Program Fund
0401 UE Program Fund
0402 Ukraine Program Fund
0409 Loan Guarantees to Middle East Northern Africa (MENA) – Program Account
1264 DCA Program Fund
5318 Israel Program Fund – Administrative Expense

CREDIT LIQUIDATING FUNDS

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

OTHER FUNDS

Operating Funds

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

OTHER FUNDS *(continued)*

Program Funds

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

Trust Funds

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

Revolving Funds

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

ALLOCATIONS TO OTHER AGENCIES

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

ALLOCATIONS FROM OTHER AGENCIES

0113 Diplomatic and Consular Programs, State
1030 Global HIV/AIDS Initiative – 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

APPENDIX E. MAJOR CONTRIBUTORS TO THIS REPORT

The following made major contributions to this report: Rohit Chowbay, Financial Audits Division director; Mark Norman, Information Technology Audits Division director; Lisa Banks, Information Technology Audits Division assistant director; La Quinthia Carroll, Financial Audits Division assistant director; Amy Markel, Financial Audits Division assistant director; Damian Wilson, Financial Audits Division assistant director; Sayed Baqiree, auditor; Abiodun Bello, auditor; Robyn Blount, auditor; Abbas Busari, auditor; Guilloux Cayo, auditor; Michelle Diouf, auditor; Fred Jones, auditor; Stella Kgabo, auditor; John Kiruri, auditor; Mary Llacer-Salcedo, auditor; Ivan Magana, auditor; Keith Manley, auditor; Chinwe Mbanefo, auditor; Waheed Nasser, auditor; Steven Ramonas, auditor; Donna Rosa, auditor; Samneiliza Soriano, auditor; Allison Tarmann, writer-editor; Catherine Trujillo, auditor; Eunice Valentin-Rivera, auditor; John Vernon, auditor; and Eric Zuber, auditor.