Part B
Financial Statements and Notes

U.S. Agency for International Development

Consolidated Balance Sheet

As of September 30, 2000 and 1999 (In Thousands)

	2000	1999
ASSETS (Note 19)		
Intragovernmental		
Fund Balance with Treasury (Note 2)	$ 11,120,290	$ 10,726,448
Accounts receivable (Note 3)	473,166	384,873
Advances and prepayments (Note 4)	63,609	55,682
Total Intragovernmental	11,657,065	11,167,003
Accounts receivable (Note 3)	48,643	122,776
Advances and prepayments (Note 4)	727,571	988,617
Loans receivable (Note 5)	6,637,712	6,665,808
Cash and other monetary assets (Note 6)	153,170	179,614
Operating materials and supplies (Note 7)	21,122	18,270
General property plant and equipment (Note 8)	35,969	28,554
Total Assets	19,281,252	19,170,642
LIABILITIES (Note 18 and 19)		
Intragovernmental		
Accounts payable (Note 9)	86,047	126,799
Debt (Note 10)	116,485	197,947
Due to U.S. Treasury (Note 19)	6,374,536	6,194,940
Other liabilities (Note 11)	98,067	128,549
Total Intragovernmental	6,675,135	6,648,235
Accounts payable (Note 9)	1,287,152	1,411,599
Liabilities for loan guarantees (Note 5)	1,096,342	1,067,743
Other liabilities (Note 11)	183,672	207,062
Accrued unfunded annual leave and separation pay (Note 13)	25,825	26,468
Accrued unfunded Workers Compensation Benefits (Note 14)	37,265	45,057
Total Liabilities	9,305,391	9,406,164
Contingencies (Note 15)		
NET POSITION		
Unexpended appropriations (Note 16)	9,989,030	9,785,711
Cumulative results of operations	(13,169)	(21,233)
Total net position	9,975,861	9,764,478
Total Liabilities and Net Position	$ 19,281,252	$ 19,170,642

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

U.S. Agency for International Development

Consolidated Statement of Net Cost

For the Years Ended September 30, 2000 and 1999 (In Thousands)

Costs:	2000	1999 Restated
Encourage Broad-Based Economic Growth and Agricultural Development		
Intragovernmental	$ 71,902	$ 60,098
With the public	3,261,285	2,936,766
Total	3,333,187	2,996,864
Less earned revenues	(13,165)	(17,618)
Net program costs	3,320,022	2,979,246
Strengthen Democracy and Good Governance	-	
Intragovernmental	53,463	39,175
With the public	296,158	456,093
Total	349,621	495,268
Less earned revenues	-	-
Net program costs	349,621	495,268
Human Capacity Built Through Education and Training	-	
Intragovernmental	7,129	5,223
With the public	118,463	289,164
Total	125,592	294,387
Less earned revenues	-	(56)
Net program costs	125,592	294,331
Stabilizing World Population and Protecting Human Health	-	
Intragovernmental	89,107	65,292
With the public	1,362,322	986,000
Total	1,451,429	1,051,292
Less earned revenues	(14,368)	(3,404)
Net program costs	1,437,061	1,047,888
Protect the Environment for Long-Term Sustainability	-	
Intragovernmental	73,502	54,846
With the public	376,486	560,833
Total	449,988	615,679
Less earned revenues	(1,442)	(3,493)
Net program costs	448,546	612,186
Promote Humanitarian Assistance	-	
Intragovernmental	71,114	52,544
With the public	1,021,745	805,678
Total	1,092,859	858,222
Less earned revenues	(36,939)	(34,613)
Net program costs	1,055,920	823,609
Less earned revenues not attributed to programs	(6,294)	(3,205)
Net Cost of Operations (Note 20)	$ 6,730,468	$ 6,249,323

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

U.S. Agency for International Development

Consolidated Statement of Changes in Net Position

For the Years Ended September 30, 2000 and 1999 (In Thousands)

	2000	1999
Net Cost of Operations	$ (6,730,468)	$ (6,249,323)
Financing Sources (other than exchange revenues)		
Appropriations Used	6,663,278	6,156,900
Donations	57,043	67,068
Imputed Financing	17,985	13,924
Other Financing Sources	226	
Net Results of Operations	8,064	(11,431)
Prior Period Adjustments	-	-
Net Change in Cumulative Results of Operations	8,064	(11,431)
Increase (Decrease) in Unexpended Appropriations	203,319	1,090,265
Change in Net Position	211,383	1,078,834
Net Position-Beginning of Period	9,764,478	8,685,644
Net Position-End of Period	$ 9,975,861	$ 9,764,478

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

U.S. Agency for International Development

Consolidated Statement of Budgetary Resources

For the Years Ended September 30, 2000 and 1999 (In Thousands)

	2000	1999 Restated
Budgetary Resources: (Notes 21 and 22)		
Budget authority	$ 6,823,903	$ 7,282,922
Unobligated balances - beginning of period	1,957,279	1,789,481
Spending authority from offsetting collections	1,137,734	1,299,745
Adjustments	106,820	(1,116,989)
Total budgetary resources	10,025,736	9,255,159
Status of Budgetary Resources:		
Obligations incurred	6,928,676	7,434,832
Unobligated balances - available	2,098,471	1,028,019
Unobligated balances - not available	998,589	791,830
Total, status of budgetary resources	10,025,736	9,254,681
Outlays:		
Obligations incurred	6,928,676	7,434,832
Less: spending authority from offsetting collections and adjustments	(1,297,610)	(1,495,908)
Obligated balance, net - beginning of period	9,306,691	8,441,197
Obligated balance transferred, net	-	-
Less: obligated balance, net - end of period	(9,394,781)	(9,306,691)
Total outlays	$ 5,542,976	$ 5,073,430

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

U.S. Agency for International Development

Consolidated Statement of Financing

For the Years Ended September 30, 2000 and 1999 (In Thousands)

	2000	1999
Obligations and Nonbudgetary Resources		
Obligations incurred	$ 6,928,676	$ 7,434,832
Less: Spending authority for offsetting collections and adjustments	(1,137,734)	(1,299,745)
Change in Unfilled Customer Orders	-	-
Donations not in the budget	56,800	67,035
Financing Imputed for Cost Subsidies	17,985	13,924
Exchange revenue not in the budget	(378,300)	(211,410)
Non-exchange revenue not in the budget	-	-
Total obligations as adjusted, and nonbudgetary resources	5,487,427	6,004,636
Resources That Do Not Fund Net Cost of Operations		
Change in amount of goods, services, and benefits ordered but not yet received or provided	(169,868)	(1,172,856)
Costs capitalized on the balance sheet	(281,986)	(64,000)
Financing sources that fund costs of prior periods	(43,396)	57
Other	1,616,832	1,361,862
Total resources that do not fund net cost of operations	1,121,582	125,063
Costs That Do Not Require Resources		
Bad Debt Expense	-	(39)
Depreciation and amortization	5,216	5,748
Revaluation of assets and liabilities	-	-
Other	40,659	39,960
Total costs that do not require resources	45,875	45,669
Financing Sources Yet to be Provided (Note 18)	75,584	73,954
Net Cost of Operations	$ 6,730,468	$ 6,249,322

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

U.S. Agency for International Development

Statement of Supplemental Information by Major Appropriation

For the Period Ended September 30, 2000 and 1999 (In Thousands)

	Program Fund							Operating Fund		Other	Consolidated Total
	1010	1021	1035	1037	1093	1095	1096	1000	4336		
Budgetary Resources:											
Budget authority	$ 423,105	$ 1,186,848	$ 227,014	$ 2,699,629	$ 506,592	$ 614,866	$ -	$ 518,934	$ 480,783	$ 166,132	$ 6,823,903
Unobligated balances - beginning of period	140,254	134,384	71,886	359,633	215,613	28,055	100,333	36,311	-	870,810	1,957,279
Spending authority from offsetting collections	-	3,963	-	-	-	10,500	-	8,088	-	1,115,183	1,137,734
Adjustments	13,890	25,407	35,003	9,683	31,011	2,492	9	28,129	46,030	(84,834)	106,820
Total budgetary resources	577,249	1,350,602	333,903	3,068,945	753,216	655,913	100,342	591,462	526,813	2,067,291	10,025,736
Status of Budgetary Resources:											
Obligations incurred	379,036	1,221,108	300,079	2,554,110	480,258	636,114	100,333	533,247	526,813	197,578	6,928,676
Unobligated balances - available	197,234	128,907	33,824	514,405	272,463	19,799	9	56,921	-	874,909	2,098,471
Unobligated balances - not available	979	587	-	430	495	-	-	1,294	-	994,804	998,589
Total, status of budgetary resources	577,249	1,350,602	333,903	3,068,945	753,216	655,913	100,342	591,462	526,813	2,067,291	10,025,736
Outlays:											
Obligations incurred	379,036	1,221,108	300,079	2,554,110	480,258	636,114	100,333	533,247	526,813	197,578	6,928,676
Less: spending authority from offsetting	-										
collections and adjustments	(13,890)	(3,963)	-	(10,270)	(31,011)	(12,992)	(9)	(36,224)	(46,031)	(1,143,220)	(1,297,610)
Obligated balance, net - beginning of period	510,740	1,969,641	337,084	3,214,728	751,718	1,030,248	469,980	211,419	415,264	343,035	9,253,857
Obligated balance transferred, net	-	-	-	-	-	-	-	-	-	-	-
Less: obligated balance, net - end of period	(452,680)	(2,314,383)	(271,326)	(3,319,968)	(544,487)	(1,154,232)	(408,185)	(170,996)	(505,211)	(253,313)	(9,394,781)
Total outlays	$ 423,206	$ 872,403	$ 365,837	$ 2,438,600	$ 656,478	$ 499,138	$ 162,119	$ 537,446	$ 390,835	$ (855,920)	$ 5,490,142

MAJOR FUNDS

Program Fund

1010 Special Assistance Initiatives
1021 Development Assistance
1035 International Disaster Assistance
1037 Economic Support Fund
1093 Assistance for the N.I.S. Of The Former Soviet Union
1095 Child Survival and Disease Programs Funds
1096 Central America and Caribbean Emergency Disaster Relief
1038 Central America Reconciliation Assistance

Operating Fund

1075 Anti-Terrorism Demining
1000 Operating Expenses of USAID
4336 Commodity Credit Corporation (from U.S. Dept. of Agriculture)

OTHER FUNDS

Credit Program Funds

8502 Tech. Assist. - U.S. Dollars Advance from Foreign
0400 Micro and Small Enterprise Development-Program
0401 Urban and Envoronmental-Program
0402 Ukraine-Program
1264 Development Credit Authority
4119 Israel Loan Guarantee Program
4103 Direct Loans-Liquidating
4137 Direct Loans-Financing
4340 Urban and Envoronmental-Liquidating
4344 Urban and Envoronmental-Financing
4341 Micro and Small Enterprise Development-Liquidating
4342 Micro and Small Enterprise Development-Financing
4343 Micro and Small Enterprise Development-Financing
4345 Ukraine-Financing
4266 Development Credit Authority-Financing
1036 Foreign Service Retirement and Disability Fund

OTHER FUNDS (con't)

Program Funds

0091 Debt Restructuring Program
1005 International Organizations and Programs
1012 Sahel Development Program
1014 Africa Development Assistance
1023 Food and Nutrition Development Assistance
1024 Population and Planning & Health Dev. Asst.
1025 Education and Human Resources, Dev. Asst.

1040 Sub-Saharan Africa Disaster Assistance

1500 Demobilization and Transition Fund

Trust Funds

8342 Foreign Natl. Employees Separation Liability Fund

8824 Gifts and Donations

Revolving Funds

4175 Property Management Fund
4590 Acquisition of Property, Revolving Fund

Operating Funds

0113 Salaries & Expenses - Diplomatic Security
0535 Acquisition & Maintenance Of Building Abroad
1007 Operating Expenses of USAID Inspector General
1032 Peacekeeping Operations

USAID FY 2000 Footnotes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

A. Basis of Presentation

These 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 applicable form and content requirements of the Office of Management and Budget (OMB) Bulletin 97-01, Form and Content of Agency Financial Statements, and the Government Management Reform Act of 1994.

USAID accounting policies follow generally accepted accounting principles for the Federal government, as recommended 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 set for the Federal government. These standards have been agreed to, and published by the Director of the Office of Management and Budget, the Secretary of the Treasury, and the Comptroller General. Federal accounting standards are based on the following hierarchy.

1. Accounting standards and principles, known as Statements of Federal Financial Accounting Standards (SFFAS), recommended by the Federal Accounting Standards Advisory Board (FASAB) and approved and issued by the above named officials.

2. Interpretations related to the SFFASs issued by OMB.

3. Form and content requirements in OMB Bulletin 97-01 and subsequent technical amendments.

4. Accounting standards contained in USAID's accounting policy manuals and handbooks.

5. Accounting principles published by authoritative standard-setting bodies (such as the Financial Accounting Standards Board (FASB)) and other authoritative sources (1) when no guidance is available from the other sources listed and (2) when the use of such accounting standards makes these financial statements more meaningful.

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 financial statements reflect the various program activities, shown by appropriation in the financial statements, which include such programs as the Economic Support Fund, Development Assistance, Assistance for the New Independent States of the Former Soviet Union, Special Assistance Initiatives, International Disaster Assistance, Child Survival and Disease, Central America and the Caribbean Emergency Disaster Recovery Fund, International Organizations and Programs, and Direct and Guaranteed Loan Programs. This classification is consistent with the Budget of the United States.

Economic Support Fund

Programs funded through this account provide economic assistance to select countries in support of efforts to 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 agricultural development, and supports initiatives intended to stabilize population growth and protect human health, protect the environment, foster increased democratic participation, and build host country capacity to respond to natural disasters 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.

Assistance for the New Independent States of the Former Soviet Union

This account provides funds for a program of assistance to the independent states that emerged from the former Soviet Union. These funds support U.S. foreign policy goals of consolidating improved U.S. security; building a lasting partnership with the New Independent States; and providing access to each other's markets, resources, and expertise.

Special Assistance Initiatives

This program provides funds to support special assistance activities. The majority of funding for this program was for democratic and economic restructuring in Central and Eastern European countries consistent with the objectives of the Support for East European Democracy (SEED) Act. All SEED Act programs support one or more of the following strategic objectives: promoting broad-based economic growth with an emphasis on privatization, legal and regulatory reform and support for the emerging private sector; encouraging democratic reforms; and improving the quality of life including protecting the environment and providing humanitarian assistance.

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, as well as the longer-term recovery efforts managed by the Office of Transition Initiatives.

Child Survival and Disease

This program provides economic resources to developing countries to support 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, and malaria; and to expand access to quality basic education for girls and women.

Central America and the Caribbean Emergency Disaster Recovery Fund

This program was established by a FY 1999 emergency supplemental bill and is for necessary expenses to provide relief for natural disasters in Central America, South America, and Columbia.

International Organizations and Programs

The United States makes assessed payments and contributes to voluntary funds of over twenty-five international organizations and programs involved in a wide range of sustainable development, humanitarian, and scientific activities.

Direct and Guaranteed Loans:

- **Direct Loan.** These loans are authorized under Foreign Assistance Acts, 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" place 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.** The Urban and Environmental (UE) program, formerly the Housing Guarantee 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.** The Micro and Small Enterprise Development (MSED) Program supports private sector activities in developing countries by providing direct loans and loan guarantees to support local micro and small enterprises.

- **Israeli Loan Guarantee.** Congress enacted the Israeli 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 this program, the U.S. Government guaranteed the repayment of up to $10 billion in loans from commercial sources, to be borrowed in $2 billion annual increments. Borrowing was completed under the program during Fiscal Year 1999, with approximately $9.2 billion being guaranteed. Guarantees are made by USAID on behalf of the U.S. Government, with funding responsibility and basic administrative functions resting with USAID.

- **Ukraine Loan Guarantee.** The Ukraine Export Credit Insurance Program was established with the support of the Export-Import Bank of the U.S. to assist Ukrainian importers of American goods. The program commenced operations in Fiscal Year 1996 and expired in Fiscal Year 1999.

- **Development Credit Authority.** The first obligations for USAID's new Development Credit Authority (DCA) were made in FY 1999. DCA allows missions and other offices to use loans and loan guarantees to achieve their development objectives when it can be shown that: 1) the project generates enough revenue to cover the debt service including USAID fees, 2) there is at least 50% risk-sharing with a private-sector institution, and 3) the DCA guarantee addresses a financial market failure in-country and does not "crowd-out" private sector lending. 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.

Fund Types

The accompanying consolidated financial statements for USAID include the accounts of all funds under USAID's control. The agency maintains 28 general fund appropriations, 1 special fund, 12 revolving funds, 4 trust funds, and 4 deposit funds.

General fund appropriations and the Special fund 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 trust agreement or statute. At the point of collection, these receipts are unavailable, depending upon statutory requirements, or available immediately.

Deposit funds are established for (1) amount 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 waiting distribution on the basis of legal determination.

C. Basis of Accounting

The accompanying financial statements have been prepared on an accrual basis. Under the accrual method of accounting, 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.

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 multi-year 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 of fund account) and adjustments (that is, recoveries of prior year obligations).

Pursuant to Public Law 101-510, unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, until that account is canceled. When accounts are canceled five years after they expire, amounts are not available for obligations or expenditure for any purpose and are returned to Treasury.

Pursuant to Section 511 of USAID's Appropriations Act for fiscal years 1994 through 1999, or Section 517 for USAID's Appropriations Act for fiscal years 1987 through 1993, funds appropriated for certain purposes under the Foreign Assistance Act of 1961, as amended, shall remain available until expended if such funds are initially obligated within their period of availability.

E. Revenues and Other Financing Sources

USAID receives the majority of its funding through congressional appropriations —annual, multi-year, and no-year appropriations — that may be used within statutory limits. Appropriations are recognized as revenues at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are not recognized as expenses. In addition to funds warranted directly to USAID, the agency also receives allocation transfers from the Commodity Credit Corporation and the Department of State.

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 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 were payable to USAID from other agencies, other governments and the public in exchange for goods and services rendered to others.

F. Fund Balances with the U.S. Treasury

Cash receipts and disbursements are processed by the U.S. Treasury. The 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 has 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 translation is recognized for the change in valuation of foreign currencies at year-end.

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 for non-loan or revenue generating sources that have not been collected for a period of over one year.

I. Loans Receivable

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

For loans obligated on or after October 1, 1991, the loans receivable are reduced by an allowance equal to the present value of the subsidy costs (due to the interest rate differential between the loans and Treasury borrowing, the estimated delinquencies and defaults net of recoveries, the offset from fees, and other estimated cash flows) associated with these loans. This allowance is re-estimated when necessary and changes reflected in the operating statement.

Loans are made in both U.S. dollars and foreign currencies. Loans extended in foreign currencies can be with or without "Maintenance of Value" (MOV). Those with MOV place the currency exchange risk upon the borrowing government; those without MOV place the risk on USAID. 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 guaranteed loans. Receivables are stated net of an allowance for uncollectible accounts, determined using a country-specific identification 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 U.S. Government agencies.

J. Advances and Prepayments

Funds disbursed in advance of incurred expenditures 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. Operating Materials and Supplies

USAID has operating materials and supplies held for use that consist mainly of computer paper and other expendable office supplies not in the hands of the user. USAID also has materials and supplies in reserve for foreign disaster assistance stored at strategic sites around the world. These consist of tents, vehicles, and water purification units. The Agency also has birth control supplies stored at several sites.

USAID's office supplies are deemed items held for use because they are tangible personal property to be consumed in normal operations. Agency supplies held in reserve for future use are not readily available in the market, or 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 has 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 and depreciated using the straight-line method. Real property is depreciated over 20 years, nonexpendable personal property is depreciated over 3 to 5 years, and capital leases are depreciated according to the terms of the lease. The Agency operates land, buildings, and equipment that are provided by the General Services Administration. Rent for this property is expensed. Internally developed and contractor developed software is not capitalized because it is for internal Agency use only. Deferred maintenance amounts are immaterial with respect to the financial statements.

M. Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by USAID as the result of transactions or events that have already occurred. However, no liability can be paid by the Agency without an appropriation or borrowing authority. Liabilities for which an appropriation has not been enacted are therefore classified as liabilities not covered by budgetary resources (unfunded liabilities), and there is no certainty that the appropriations will be enacted. Also, these liabilities can be abrogated by the U.S. Government, acting in its sovereign capacity.

N. Liabilities for Loan Guarantees

The Credit Reform Act (CRA) of 1990, which became effective on October 1, 1991, has significantly changed the manner in which USAID's loan programs finance their activities. The main purpose of CRA was to more accurately measure the cost of Federal credit programs and to place the cost of such programs on a basis equivalent to other Federal spending. Consequently, commencing in fiscal 1992, the loan program's funding for activities changed so that activities are funded through direct appropriation provided for that year only, rather than through cumulative appropriations granted in prior years and accumulated under the Revolving Fund.

For USAID's loan guarantee programs, when guarantee commitments are made, the program records a guarantee reserve in the program account. This reserve is based on the present value of the estimated net cash outflows to be paid by the Program as a result of the loan guarantees, except for administrative cost, less the net present value of all revenues to be generated from those guarantees. When the loans are disbursed, the Program transfers from the program account to the financing account the amount of the subsidy cost related to those loans. The amount of the subsidy cost transferred, for a given loan, is proportionate to the amount of the total loan disbursed.

For loan guarantees made before the CRA, liabilities for loan guarantees for pre-1992 loans represent unfunded liabilities. Footnote 5 presents the unfunded amounts separate from the post-1991 liabilities. The amount of unfunded liabilities also represents a future funding requirement to USAID. The liability is calculated using a reserve methodology that is similar to 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 employees are covered by one of four retirement plans. There are two Civil Service plans, Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS), and two foreign service plans, Foreign Service Retirement and Disability System (FSRDS) and the Foreign Services Pension System (FSPS). The Agency contributes approximately 7.5 percent of an employee's gross salary for CSRS and FSRDS, and approximately 24 percent of an employee's gross salary for FERS and FSPS.

Employees may elect to participate in the Thrift Savings Plan (TSP). Under this plan, FERS and FSPS employees may elect to have up to 10 percent, but not to exceed $10,000, of gross earnings withheld from their salaries and receive matching contributions from a minimum of one percent to a maximum of 5 percent. CSRS and FSRDS employees may elect to have up to 5 percent of gross earnings withheld from their salaries, but they do not receive matching contributions.

USAID funds a portion of employee post employment benefits (PEB) and makes necessary payroll withholdings. It has no liability for future payments, nor is it responsible for reporting the assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees for these programs. Reporting of such amount is the responsibility of the Office of Personnel Management and the Federal Retirement Thrift Investment Board. Current year operating expenses are charged for the full amount of employer PEB costs with the unfunded portion being charged to Other Revenue Sources-Imputed Financing in accordance with SFFAS Numbers 5 and 7.

Foreign Service National and Third County Nationals at overseas posts who were hired prior to January 1, 1984, may be covered under CSRS. Employees hired after that date are covered under a variety of local governmental plans in compliance with host country laws and regulations. In a limited number of cases where no plans are regulated by the host country or where such plans are inadequate, the employees are covered by a privately managed pension plan to conform to prevailing practices by employers.

The Foreign Service National Separation Pay Trust Fund (FSNSPTF) was established in 1991 by public law 102-138 to finance separation payments for eligible individuals, primarily Foreign Service Nationals employed by USAID. The FSNSPTF finances separation liabilities to employees who resign, retire, or lose their jobs due to a reduction-in-force; and is applicable only in those countries that, due to local law, require a lump sum voluntary payment based on years of service.

Q. 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 (1) expenses and losses and (2) financing sources, including appropriations, revenues and gains, since the inception of the activity.

R. 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. Non-entity governmental fund balances are disclosed in Note 2.

Non-entity accounts receivable of $44 million as of September 30, 2000 are comprised of unavailable miscellaneous receipt funds which do not constitute budget authority and which must be returned to the Department of Treasury's general fund when collected. In FY 1999 Non-entity accounts receivable were reported at $120.3 million. Non-entity governmental accounts receivable are disclosed in Note 3.

During FY 2000, there are no non-entity intragovernmental assets.

S. Program Costs

Program costs are presented on the Statement of Net Cost by agency goal. The six agency goals that support USAID objectives are:

1. Encourage Broad-Based Economic Growth and Agricultural Development
2. Strengthen Democracy and Good Governance
3. Build Human Capacity Through Education and Training
4. Stabilize World Population and Protect Human Health
5. Protect the Environment for Long-Term Sustainability
6. Promote Humanitarian Assistance

Mission related program expenses by goal area are obtained from the Mission Accounting and Control system (MACS). USAID/Washington program expenses by goal area are obtained from the New Management System (NMS). Expenses related to Credit Reform, trust funds, and revolving funds are directly applied to specific agency goals based on their objectives. Overhead expenses such as salaries and benefits, travel, and utilities are allocated to agency objectives based on a weighted average of current year expenses by goal area.

Note 2 – Fund Balances with Treasury (In Thousands)

Entity and Non-Entity Fund Balances with Treasury as of September 30, 2000 and 1999 consisted of the following:

Funds Balances	Entity Assets	Non-Entity Assets	2000 Total	1999 Total
Appropriated Funds	$10,131,380	$ -	$10,131,380	$ 9,932,192
Trust Funds	14,357	-	14,357	14,213
Revolving Funds	993,513	-	993,513	799,007
Other Funds	(22,011)	3,051	(18,960)	(18,964)
Total	$11,117,239	$ 3,051	$11,120,290	$10,726,448

As of September 30, 2000 there was a cash reconciliation difference of $18.7 million between USAID and the Department of Treasury's Fund Balances. The difference as of September 30, 1999 was $ 21.8 million. For FY 2000 and FY 1999 reporting purposes, USAID adjusted its fund balance downward by these differences to equal the Department of Treasury's fund balance. By adjusting USAID's fund balance to equal Treasury's fund balance, there is consistency between various published reports. Also, based on past experience, the Department of Treasury's balances are more accurate and the differences are usually cleared when USAID processes the required disbursements.

The $18.7 million cash reconciliation difference was posted to separate Fund Balance sub-accounts and the cash differences remain identified as such. USAID is currently performing a reconciliation of the $18.7 million total amount in these accounts and will make adjustments accordingly.

Note 3 – Accounts Receivable, Net (In Thousands)

The primary components of USAID's accounts receivable as of September 30, 2000 and 1999 were as follows:

	Receivable Gross	Allowance Accounts	Receivable Net 2000	Receivable Net 1999
Entity				
Intragovernmental				
Appropriation Reimbursements from Federal Agencies	$24,280	$-	$24,280	$414
Accounts Receivable from Federal Agencies	448,741	-	448,741	1,142
Disbursing Authority Receivable from USDA	145	-	145	383,318
Total Intragovernmental	$473,166	$ -	$473,166	$384,874
Accounts Receivable	$14,607	$9,957	$4,650	$2,465
	$14,607	$9,957	$4,650*	$2,465*
Total Entity	$487,773	$9,957	$477,816	$387,339
Total Non-Entity	$45,500	$1,506	$43,994*	$120,310*
Total Receivables	$533,273	$11,463	$521,810	$507,649

* Governmental accounts receivables total $48,643 and $122,776 for FY 1999 and FY 2000 respectively.

Reconciliation of Uncollectible Amounts (Allowance Accounts)

	2000	1999
Beginning Balance	$9,746	$9,543
Additions	1,936	1,507
Reductions	(219)	(1,304)
Ending Balance	$11,463	$9,746

Entity Intragovernmental accounts receivable consist of amounts due from other U.S. Government agencies. No allowance has been established for the intragovernmental accounts receivable, which are considered to be 100 percent collectible. Disbursing Authority Receivable from USDA consists of obligational authority from the U.S. Department of Agriculture's Commodity Credit Corporation. The authority is for payment of transportation costs incurred by USAID associated with the shipment of P.L. 480, Title II and III commodities; Farmer-to-Farmer Technical Assistance Programs; and for assistance to private voluntary organizations, cooperatives, and international organizations. Collections against this receivable are realized when USAID requests a transfer of funds from USDA to cover incurred expenses.

All other entity accounts receivable consist of amounts managed by missions or USAID/ Washington. These receivables consist of non-program related receivables such as overdue advances, unrecovered advances, audit findings, and any interest related to these types of receivables. A 100 percent allowance for uncollectible amounts is estimated for governmental accounts receivable which are more that one year past due. Accounts receivable from missions are collected and recorded to the respective appropriation.

Non-entity accounts receivables of $44 million for FY 2000 are comprised of unavailable miscellaneous receipt funds which do not constitute budget authority and which must be returned to the Department of Treasury's general fund when collected. Non-entity accounts receivables reported for FY 1999 were $120.3 million.

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

Note 4 – Advances and Prepayments (In Thousands)

Advances and Prepayments as of September 30, 2000 and 1999 consisted of the following:

	2000	**1999**
Intragovernmental		
Advances to Federal Agencies	$ 63,609	$55,682
Total Intergovernmental	$ 63,609	$55,682
Advances to Contractors/Grantees	$723,745	$984,953
Travel Advances	12	17
Advances to Host Country Governments and Institutions		
Prepayments	2,091	3,635
Advances, Other	1,723	12
Total	$727,571	$988,617
Total Advances and Prepayments	$791,180	$1,044,299

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 voluntary organizations. Other Advances consist primarily of amounts advanced for living quarters and home service.

Note 5 – Loans Receivables and Liabilities for Loan Guarantees (In Thousands)

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)
- Ukraine Export Insurance Credit Program (Ukraine)
- Israeli Loan Guarantee Program (Israeli Loan)
- Development Credit Authority Program (DCA)

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

The Credit Reform Act of 1990 prescribes an alternative method of accounting for direct loans and guarantees resulting from obligations made after FY 1991. Subsidy cost, which is the net present value of the cash flows (i.e. interest rates, interest supplements, estimated defaults, fees, and other cash flows) associated with direct loans and guarantees, is required by the Act to be recognized as an expense in the year in which the direct loan or guarantee is disbursed. Subsidy cost is calculated by agency program offices prior to obligation using a model prescribed by the Office of Management and Budget (OMB). Subsidy relating to existing loans and guarantees is generally required to be reestimated on an annual basis to adjust for changes in risk and interest rate assumptions. Direct loans are reported net of an allowance for this subsidy cost (allowance for subsidy). The subsidy costs associated with loan guarantees are reported as loan guarantee liability.

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

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

Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method) as of September 30, 2000:

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance For Loan Losses	Value of Assets Related to Direct Loans
Direct Loan	$9,994,966	$351,522	$3,989,920	$6,356,568
MSED	1,872	19	1,747	144
Total	$9,996,838	$351,541	$3,991,667	$6,356,712

Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method) as of September 30, 1999:

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance For Loan Losses	Value of Assets Related to Direct Loans
Direct Loan	$10,773,631	$298,819	$4,790,877	$6,281,573
MSED	4,249	19	3,292	976
Total	$10,777,880	$298,838	$4,794,169	$6,282,549

Direct Loans Obligated After FY 1991 as of September 30, 2000:

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance Subsidy Cost	Value of Assets Related to Direct Loans
Direct Loan	$166,240	$ -	$162,471	$3,769
MSED	1,379	(92)	239	1,048
Total	$167,619	$(92)	$162,710	$4,817

Direct Loans Obligated After FY 1991 as of September 30, 1999:

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance Subsidy Cost	Value of Assets Related to Direct Loans
Direct Loan	$218,463	$ -	$135,825	$82,638
MSED	2,076	15	376	1,715
Total	$220,539	$15	$136,201	$84,353

Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method) as of September 30, 2000:

Loan Guarantee Programs	Defaulted Guaranteed Loan Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Defaulted Guaranteed Loan Receivable, Net
UE	$447,497	$45,670	$219,344	$273,823
Total	$447,497	$45,670	$219,344	$273,823

Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method) as of September 30, 1999:

Loan Guarantee Programs	Defaulted Guaranteed Loan Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Defaulted Guaranteed Loan Receivable, Net
UE	$503,329	$31,567	$236,000	$298,896
Total	$503,329	$31,567	$236,000	$298,896

Defaulted Guaranteed Loans from Post-1991 Guarantees:

The Urban and Environment Credit Program experienced $1.5 million in defaults on payments that were due in FY 2000 on post-1991 guaranteed loans. There were no defaults in FY 1999.

Guaranteed Loans Outstanding:

	2000		1999	
Loan Programs	Outstanding Principal, Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed	Outstanding Principal, Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
UE	$2,250,363	$2,250,363	$2,294,560	$2,294,560
MSED	27,691	15,075	40,160	20,080
Ukraine Export	-	-	-	-
Israel	9,226,200	9,226,200	9,226,200	9,226,200
DCA	-	-	-	-
Total	$11,504,254	$11,491,638	$11,560,920	$11,540,840

Loan Guarantees Outstanding are not presented on the face of the financial statement but instead are used to calculate the liability for loan guarantees presented below.

Liability for Loan Guarantees (Estimated Future Default Claims pre-1992) as of September 30, 2000:

Loan Programs	Liability for Losses on Pre 1992 , Guarantees Estimate Future Default Claims	Liabilities for Loan Guarantees for Post-1991 Guarantees Present Value	Total Liabilities for Loan Guarantees
UE	$441,469	$65,507	$506,976
MSED	-	2,633	2,633
Ukraine Export	-	-	-
Israel	-	586,629	586,629
DCA	-	103	103
Total	$441,469	$654,872	$1,096,341

Liability for Loan Guarantees (Estimated Future Default Claims pre-1992) as of September 30, 1999:

Loan Programs	Liability for Losses on Pre 1992 , Guarantees Estimate Future Default Claims	Liabilities for Loan Guarantees for Post-1991 Guarantees Present Value	Total Liabilities for Loan Guarantees
UE	$417,956	$68,108	$486,064
MSED	-	1,935	1,935
Ukraine Export	-	30,054	30,054
Israel	-	549,690	549,690
Total	$417,956	$649,787	$1,067,743

Subsidy Expenses for Post-1991 Direct Loans as of September 30, 2000:

1. Current Year's Direct Loans

   There were no subsidy expenses for FY 2000.

2. Direct Loan Modification and Reestimates

   There have been no modifications and reestimates. However, see item number two at end of footnote for pending modifications which will affect UE program.

3. Total Direct Loan Subsidy Expenses

   None.

Subsidy Expenses for Post-1991 Direct Loans as of September 30, 1999:

1. Current Year's Direct Loans

Loan Programs	Interest Differential	Defaults	Fees	Total
MSED	$(39)	$107	$ -	$68
Total	$(39)	$107	$ -	$68

2. Direct Loan Modification and Reestimates

   There were no modifications and reestimates.

3. Total Direct Loan Subsidy Expenses

   Total subsidy expenses in MSED were $68,000.

Subsidy Expenses for Post-1991 Loan Guarantees as of September 30, 2000:

1. Current Year's Loan Guarantees

Loan Programs	Defaults	Fees	Interest Supplement	Total
UE	$4,452	$1,108	$-	$3,344
MSED	160	53	-	107
Total	$4,612	$1,161	$-	$3,451

2. Loan Guarantee Modifications and Reestimates

Loan Programs	Modifications	Reestimates
UE	$-	$8,549
MSED	-	982
Total	$-	$9,531

There were no modifications.

3. Total Loan Guarantee Subsidy Expenses

Loan Programs	
UE	$11,893
MSED	1,089
Total	$12,982

Subsidy Expenses for Post-1991 Loan Guarantees as of September 30, 1999:

1. Current Year's Loan Guarantees

Loan Programs	Defaults	Fees	Interest Supplement	Total
UE	$18,980	$7,910	$ -	$11,070
Total	$18,980	$7,910	$ -	$11,070

2. Loan Guarantee Modifications and Reestimates

There were no modifications and reestimates.

3. Total Loan Guarantee Subsidy Expenses

Total loan guarantee subsidy expenses for the UE program in FY 1999 were $11.1 million.

Administrative Expenses	2000	1999
Loan Programs		
Direct Loans	$-	$-
UE	5,112	5,435
MSED	452	482
Ukraine Export		23
Total	$5,564	$5,940

Other Information

1. Allowance for Loss for Liquidating account (pre-Credit Reform Act) receivables have been calculated in accordance with OMB guidance using a present value method which assigns risk ratings to receivables based upon the country of debtor. Eighteen countries are in violation of Section 620q of the Foreign Assistance Act (FAA), owing a total of $34,657,100.00 that is more than six months delinquent. Twelve countries are in violation of the Brooke-Alexander Amendment to the Foreign Operations Export Financing and Related Programs Appropriations Act, owing a total of $401,968,876.79 that is more than one year delinquent. Outstanding direct loans receivable for countries in violation of section 620q totaled $26,552,347.67. Outstanding direct loans receivable for countries in violation of the Brooke Amendment totaled $368,217,574.30.

2. Certain credits in the Urban and Environmental Credit Program will be subject to Paris Club restructuring in FY 2001. The guarantees and rescheduled claims of six debtor nations totaling $169 million will be involved in debt reductions at rates between 50% and 80% of the outstanding receivables. The credit subsidy (cost to the US government) has been calculated at approximately $44 million.

3. The MSED Liquidating Account general ledger has a loan receivable balance of $1.9 million. The Riggs Bank/Metavante loan servicing system shows loans receivable in the amount of $1.1 million. The difference is due to the inclusion of two additional loans in the USAID general ledger totalling $792,174.39. While Loan Management Division is continuing to research the status of these loans, they are being carried at 100% bad debt allowance. Any necessary adjusting entries resulting from this research will be posted in FY 2001.

4. The Ukraine program guarantees have expired. No defaults were experienced. Closeout is expected to take place in FY 2001.

5. USAID has made certain adjustments to reduce its receivable balances as a result of the reconciliation and review process that took place concurrently with USAID's outsourcing of its loan servicing operation. These entries total $ 265 million, and include adjustments for unapplied funds, unrecorded rescheduling transactions, and corrections to loan balances made by the loan servicing contractor. This amount also includes $ 85 million in unallocated adjustments made in order to reconcile the general ledger receivable balances to the loan servicing system. These entries are being made as a one-time adjustment.

Note 6 – Cash and Other Monetary Assets (In Thousands)

Cash and Other Monetary Assets as of September 30, 2000 and 1999 are as follows:

Entity Cash and Other Monetary Assets	**2000**	**1999**
Undeposited Collections	$-	$373
UE and Micro and Small Enterprise Fund Cash w/Fiscal Agent	50	50
Foreign Currencies	153,119	179,191
Total Entity Cash and Other Monetary Assets	$153,169	$179,614
Non-Entity Cash and Other Monetary Assets	$-	$-
Total Cash and Other Monetary Assets	$153,169	$179,614

USAID has imprest funds in various overseas locations. These funds are provided by the Department of State overseas U.S. Disbursing Officers to which USAID is liable for any shortages. USAID's portion of the Department of State imprest funds provided to USAID was $3 million in FY 2000 and $2.5 million in FY 1999. These imprest funds are not included in USAID's Balance Sheet. Foreign Currencies are related to Foreign Currency Trust Funds and this amounted to $153 million in FY 2000 and $179 million in FY 1999.

Note 7 – Operating Materials and Supplies (In Thousands)

Operating Supplies and Materials as of September 30, 2000 and 1999 are as follows:

	2000	1999
Items Held for Use		
Office Supplies	$6,728	$6,628
Items Held in Reserve for Future Use		
Disaster assistance materials and supplies	5,911	5,104
Birth control supplies	8,482	6,538
Total	$21,121	$18,270

Operating Materials and Supplies are valued at historical cost and considered not held for sale.

Note 8 – Property, Plant and Equipment, Net (In Thousands)

The components of PP&E at September 30, 2000 were:

		Accumulated	**Net Book**	
	Useful Life	**Cost**	**Depreciation**	**Value**
Classes of Fixed Assets				
Equipment	3 to 5 years	$35,718	$27,397	$8,321
Structures, Facilities, & Leasehold Improvements	20 years	34,652	12,840	21,812
Land	N/A	3,434	-	3,434
Assets Under Capital Lease	2,424	460	1,964	
Construction in Progress	N/A	439	-	439
Total		$76,667	$40,697	$35,970

The components of PP&E at September 30, 1999 were:

		Accumulated	**Net Book**	
	Useful Life	**Cost**	**Depreciation**	**Value**
Classes of Fixed Assets				
Equipment	3 to 5 years	$29,925	$24,936	$4,989
Structures, Facilities, & Leasehold Improvements	20 years	31,116	13,086	18,030
Land	N/A	3,706	-	3,706
Assets Under Capital Lease	1,965	136	1,829	
Construction in Progress	N/A	-	-	-
Total		$66,712	$38,158	$28,554

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

- For FY 2001, USAID capitalization criteria for assets was $25,000. Assets meeting this criteria are depreciated using the half-year straight line depreciation method.
- Equipment consists primarily of electric generators, ADP hardware, vehicles and copiers located at the overseas field missions.
- Structures and Facilities 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 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. Usually the land is purchased with the intention of constructing an office building at the site.

Note 9 – Accounts Payable (In Thousands)

The Accounts Payable covered by budgetary resources as of September 30, 2000 and 1999 consisted of the following:

	2000	1999
Intragovernmental		
Accounts Payable	$86,046	$126,683
Disbursements in Transit	-	116
Total Intragovernmental	86,046	126,799
Accounts Payable	$1,285,063	$1,398,348
Disbursements in Transit	2,090	13,251
Total	$1,287,153	$1,411,599
Total Accounts Payable	$1,373,199	$1,538,398

Intragovernmental 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.

All other Accounts Payable represent liabilities to other non-governmental entities.

Note 10 – Debt (In Thousands)

USAID Intragovernmental debt as of September 30, 2000 consisted of the following borrowings from Treasury for post-1991 loan programs, which is classified as other debt:

	Beginning Balance	Net Borrowing	Ending Balance
Urban & Environmental	$48,000	$(48,000)	$-
Direct Loan	148,234	(33,462)	114,772
MSED	1,713	-	1,713
Total Debt	$197,947	$(81,462)	$116,485

USAID Intragovernmental debt as of September 30, 1999 consisted of the following borrowings from Treasury for post-1991 loan programs:

	Beginning Balance	Net Borrowing	Ending Balance
Urban & Environmental	$72,000	$(24,000)	$48,000
Direct Loan	234,157	(85,923)	148,234
MSED	1,877	(164)	1,713
Total Debt	$308,034	($110,087)	$197,947

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

The above disclosed debt is principal payable to Treasury, which represents borrowings from the Treasury. There is $6.4 million Due to Treasury, a cumulative liability account. Both of these accounts are used exclusively for credit reform activity. All debt shown is intragovernmental debt.

Note 11 – Other Liabilities (In Thousands)

As of September 30, 2000 Other Liabilities consisted of the following:

	Noncurrent	Current	Total
Intragovernmental – 2000			
OPAC Suspense	$-	$(461)	$(461)
Deposit and Clearing Accounts	(774)	(774)	
Other	-	99,301	99,680
Total Intragovernmental	$-	$98,066	$98,445
Accrued Funded Payroll/Benefits	$-	$10,881	$10,881
Deferred Credit	-	2,380	1,893
Liability for Deposit Funds and Suspense Accounts – Non-Entity	-	3,051	3,051
Foreign Currency Trust Fund	-	153,119	153,119
Trust Fund Balances	-	14,235	14,235
Unamortized Origination Fees	-	-	-
Other	-	6	6
Total	$-	$183,672	$183,185
Total Other Liabilities	$	$281,738	$281,630

As of September 30, 1999, Other Liabilities consisted of the following:

	Noncurrent	Current	Total
Intragovernmental – 1999			
OPAC Suspense	$ -	$3,688	$3,688
Deposit and Clearing Accounts	3,056	3,056	
Other	-	121,805	121,805
Total Intragovernmental	$-	$128,549	$128,549
Accrued Funded Payroll/Benefits	$ -	$9,918	$9,918
Deferred Credit	1,993	1,993	
Liability for Deposit Funds and Suspense Accounts – Non-Entity	-	1,760	1,760
Foreign Currency Trust Fund	-	179,197	179,197
Trust Fund Balances	-	14,193	14,193
Total	$-	$207,061	$207,061
Total Other Liabilities	$ -	$335,610	$335,610

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

Note 12 – Leases (In Thousands)

Leases as of September 30, 2000 and 1999 consisted of the following:

Capital Leases:	**2000**	**1999**
Buildings	$2,424	$1,965
Accumulated Depreciation	460	136
Future Payments Due:		
Fiscal Year	Future Costs	Future Costs
2000	N/A	$1,757
2001	$1,431	1,025
2002	1,101	832
2003	630	504
2004	54	-
2005	-	N/A
After 5 Years	-	-
Total Future Lease Payments	$3,216	$4,118
Less: Imputed Interest	N/A	N/A
Executory costs	N/A	N/A
Total Capital Lease Liability	$3,216	$4,118
Covered by Budgetary Resources	$3,216	$4,118

Operating Leases:	**2000**	**1999**
Future Payments Due:		
Fiscal Year	Future Costs	Future Costs
2000	N/A	$52,174
2001	$59,333	50,599
2002	60,954	48,491
2003	58,422	46,781
2004	56,696	45,962
2005	53,839	N/A
After 5 Years	218,867	180,958
Total Future Lease Payments	$508,111	$424,965

Of the $508 million in future lease payments, $377 million is attributable to the Ronald Reagan Building in Washington D.C., USAID's headquarters. The remaining $130 million relates to other USAID Washington activity and mission related operating leases.

Note 13 – Accrued Unfunded Annual Leave and Separation Pay (In Thousands)

Accrued unfunded benefits for annual leave and separation pay as of September 30, 2000 and 1999 are:

	2000	1999
Liabilities Not Covered by Budgetary Resources		
Accrued Annual Leave	$25,587	$26,004
FSN Separation Pay Liability	238	464
Total Accrued Unfunded Annual Leave and Separation Pay	$25,825	$26,468

Note 14 – Accrued Unfunded Workers' Compensation Benefits (In Thousands)

The provision for workers' compensation benefits payable, as of September 30, 2000 and 1999 are as follows:

	2000	1999
Liabilities Not Covered by Budgetary Resources		
Accrued Unfunded Workers' Compensation	$7,445	$7,184
Future Workers' Compensation Benefits	29,819	37,873
Total Accrued Unfunded Workers Compensation Benefits	$37,264	$45,057

The Federal Employees Compensation Act (FECA) program is administered by the U.S. Department of Labor (DOL) and provides income and medical cost protection to covered Federal civilian employees who have been injured on the job or have incurred a work-related occupational disease. Compensation is given to beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. 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.

USAID's total FECA liability is $37.2 million as of September 30, 2000 and comprises of unpaid FECA billings for $7.4 million and estimated future FECA costs of $29.8 million.

For FY 1999, USAID's total FECA liability was $45.0 million and comprised of unpaid FECA billings for $7.2 million and estimated future FECA costs of $37.8 million.

Estimated future FECA costs are determined by the Department of Labor. This liability is determined using a paid losses extrapolation method calculated over a 37 year period. This method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. These annual benefit payments have been discounted to present value. The interest rate assumptions used for discounting were 5.50% in year 1 and year 2, 5.55% in year 3, and 5.60% in year 4 and thereafter.

Note 15 – 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.

USAID was involved in seven contract appeals before the Armed Service Board of Contract Appeals, which total $7.9 million, exclusive of interest, and Equal Access to Justice Act Fees. On October 13, 2000 a decision in favor of USAID was made for $4 million of this $7.9 million. Motion for reconsideration was filed November 15, 2000. Opposition to motion for reconsideration was mailed December 12, 2000. Trial is scheduled to commence in May 2001 for the other $3.9 million. However, the likelihood of an unfavorable outcome for USAID has changed from reasonably possible to remote.

USAID was involved in a case before the United States District Court for the District of Columbia involving a class-action suit brought on behalf of some former Foreign Service Officers who were separated from the Agency in a Reduction-In-Force (RIF). On January 31, 2000 a proposed settlement was filed. On February 9, 2000, the Agency was advised that the agreement had been reached between the parties concerning the settlement of the class action lawsuit. The Court approved the settlement amount of $5.5 million, made from the Department of Justice's Judgment Fund (not by USAID). This event was incorporated into the financial statements as an adjusting journal entry per guidelines provided in Interpretation of Federal Financial Accounting Standards No. 2.

In addition, USAID is involved in a case before the US Court of Federal Claims which disputes appropriate indirect cost rates to be charged where contract rates do not match Negotiated Indirect Cost Rate Agreement (NICRA) rates. It is reasonably possible that USAID might lose this case, but if that were to happen, the judgment would be paid out of the Department of Justice's Judgment Fund and not by USAID. In this case the amounts claimed are $2.2 million, exclusive of Equal Access to Justice Fees. To date, the Government has contested the case vigorously. However, the parties intend to recommence settlement discussions after the Court rules on dispositive motions, which are to be filed by mid-January 2001.

The building in which USAID operates is leased by the General Services Administration (GSA). USAID is charged rent intended to approximate commercial rental rates. Lease payments for FY 1999 and 2000 amounted to $26 million and $28.8 million respectively. GSA is requesting a 17% increase that is projected to take effect in FY 2002, but this is being negotiated.

Note 16 – Unexpended Appropriations (In Thousands)

Unexpended Appropriations:

	2000	1999
Unobligated		
Available	$2,100,163	$1,740,938
Unavailable	84,276	81,483
Undelivered Orders	8,721,534	8,773,682
Total	$10,905,973	$10,596,103

Totals include non-appropriated Loan, Trust and Revolving unexpended funds.

Note 17 – Non-entity Assets (In Thousands)

The following information on non-entity assets is provided as of September 30, 1999:

Non-entity Assets

Intergovernmental:	**2000**	**1999**
Fund Balance with Treasury	$3,051	$1,760
Total intra-governmental	$3,051	$1,760
Accounts Receivable	$43,994	$120,310
Total Non-entity Assets	$47,045	$122,070
Total Entity Assets	19,234,207	19,048,572
Total Assets	$19,281,252	$19,170,642

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.

Non-entity accounts receivables of $44 million for FY 2000 and $120.3 million for FY 1999 are comprised of unavailable miscellaneous receipt funds which do not constitute budget authority and which must be returned to the Department of Treasury's general fund when collected.

Note 18 – Liabilities Not Covered by Budgetary Resources (In Thousands)

Liabilities not covered by budgetary resources as of September 30, 2000 and 1999 are as follows:

	2000	1999
Liabilities for Loan Guarantees	$441,469	$417,956
Accrued unfunded annual leave and separation pay	25,826	26,468
Accrued unfunded Workers Compensation Benefits	37,265	45,057
Total Liabilities not covered by Budgetary Resources	$504,560	$489,481
Total Liabilities covered by Budgetary Resources	8,800,831	8,916,683
Total Liabilities	$9,305,391	$9,406,164

All liabilities not covered by Budgetary Resources are governmental liabilities.

Note: The change in accrued unfunded annual leave and separation pay between FY 2000 and FY 1999 is not shown on the Statement of Financing because of a reduction in the accrual.

Note 19 – Required Supplementary Information (In Thousands)

The following required supplementary information is provided as of September 30, 2000:

Intra-governmental assets:

Agency	Fund Balance with Treasury	Accounts Receivable, Net	Advances and Prepayments	Totals
Treasury	$11,120,290	$ -	$11,786	$11,132,076
Dept of Agriculture -	465,162	-	465,162	
Dept of State	-	-	17,462	17,462
Dept of Commerce -	-	10,659	10,659	
Other -	8,004	23,703	31,707	
Total	$11,120,290	$473,166	$63,610	$11,657,066

Intra-governmental liabilities:

Agency	Due to Treasury	Accounts Payable	Debt	Other	Totals
Treasury	$6,374,536	$ -	$116,485	$ -	$6,491,021
Dept of Agriculture	-	16,438	-	-	16,438
Other	-	69,609	-	98,445	168,054
Total	$6,374,536	$86,047	$116,485	$98,445	$6,675,513

The following required supplementary information is provided as of September 30, 1999:

Intra-governmental assets:

Agency	Fund Balance with Treasury	Accounts Receivable, Net	Advances and Prepayments	Totals
Treasury	$10,726,448	$ -	$12,456	$10,738,904
Dept of Agriculture -	383,317	13,050	396,367	
Dept of State	-	-	9,181	9,181
Dept of Commerce -	-	10,090	10,090	
Other -	1,557	10,905	12,462	
Total	$10,726,448	$384,874	$55,682	$11,167,004

Intra-governmental liabilities:

Agency	Due to Treasury	Accounts Payable	Debt	Other	Totals
Treasury	$6,194,940	$ -	$197,947	$ -	$6,392,887
Dept of Agriculture	-	33,686	-	-	33,686
Other	-	93,113	-	128,549	221,662
Total	$6,194,940	$126,799	$197,947	$128,549	$6,648,235

Note 20 – Total Cost and Earned Revenue by Budget Functional Classification (In Thousands)

Total Cost and Earned Revenue by Budget Functional Classification, as of September 30, 2000 are as follows:

Function Classification	Gross Cost	Earned Revenue	Net Cost
International Affairs - 150	$6,800,874	$72,208	$6,728,666
Income Security – 600	1,802	-	1,802
Total	$6,802,676	$72,208	$6,730,468

Total Cost and Earned Revenue by Budget Functional Classification, as of September 30, 1999 are as follows:

Function Classification	Gross Cost	Earned Revenue	Net Cost
International Affairs - 150	$6,310,185	$62,390	$6,247,795
Income Security – 600	1,527	-	1,527
Total	$6,311,712	$62,390	$6,249,322

Note 21 – Statement of Budgetary Resources (In Thousansds)

A. Net amount of budgetary resources obligated for undelivered orders at the end of the period:

	2000	1999
Undelivered Orders – Unpaid	$7,926,726	$7,734,439
Undelivered Orders – Paid	794,808	1,039,243
Total Obligations for Undelivered Orders	$8,721,534	$8,773,682

B. Information regarding borrowing authority at the end of period and the terms of borrowing authority used:

No borrowing authority was utilized in FY 2000. The MSED credit program utilized $632 thousand in permanent indefinite borrowing authority in FY 1999. The terms of this borrowing included an interest rate of 5.11% and a maturity of 4 years.

C. Information about legal arrangements affecting the use of unobligated balances of budget authority:

Pursuant to Section 511 of PL 105-118 funds shall remain available until expended if such funds are initially obligated before the expiration of their periods 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).

D. Adjustments to Total Budgetary Resources are comprised of downward obligation adjustments to match unpaid unexpended obligations, cancelled authority, and budget resources rescinded by enacted legislation.

Note 22 – Differences between the Statement of Budgetary Resources and the Budget of The United States Government (In Thousands)

Differences exist between the information presented on the Statement of Budgetary Resources and the amounts described as "actual" in the Budget of the U.S. Government. These differences occur because funds are appropriated to USAID and then allocated out to other agencies. In those cases, the related funds are not included in the Agency's Statement of Budgetary Resources but are included in its part of the U.S. Budget. But sometimes funds that are appropriated to other agencies are then allocated to USAID. In those cases, related funds are included in the Agency's Statement of Budgetary Resources but are not included in its portion of the Budget.

The amounts related to other agency activity as of September 30, 2000 were as follows:

	Allocated to Other Agencies	Allocated from Other Agencies
Budgetary Resources		
Budget Authority	$353,159	$480,782
Unobligated Balance	22,396	10,793
Spending Authority from Offsetting Collections	-	-
Adjustments	-	46,164
Total Budgetary Resources	$375,555	$537,739
Status of Budgetary Resources		
Obligations Incurred	$356,729	$533,926
Unobligated Balances Available	1,063	3,813
Unobligated Balances Not Available	17,763	-
Total Status of Budgetary Resources	$375,555	$537,739
Obligations Incurred, net of adjustments	$356,729	$487,762
Obligated Balance, Net – Beginning of Period	78,848	421,423
Obligated Balance Transferred, Net	-	-
Obligated Balance, Net – End of Period	87,073	505,805
Outlays	$348,505	$403,381

The amounts related to other agency activity as of September 30, 1999 were as follows:

	Allocated to Other Agencies	Allocated From Other Agencies
Budgetary Resources		
Budget Authority	$362,988	$402,915
Unobligated Balance	22,288	19,224
Spending Authority from Offsetting Collections	-	-
Adjustments	4,137	62,066
Total Budgetary Resources	$389,413	$484,205
Status of Budgetary Resources		
Obligations Incurred	$368,704	$473,412
Unobligated Balances Available	14,390	10,793
Unobligated Balances Not Available	6,319	-
Total Status of Budgetary Resources	$389,413	$484,205
Obligations Incurred, net of adjustments	$364,566	$411,346
Obligated Balance, Net – Beginning of Period	119,256	540,138
Obligated Balance Transferred, Net	-	-
Obligated Balance, Net – End of Period	78,848	422,453
Outlays	$404,974	$529,031