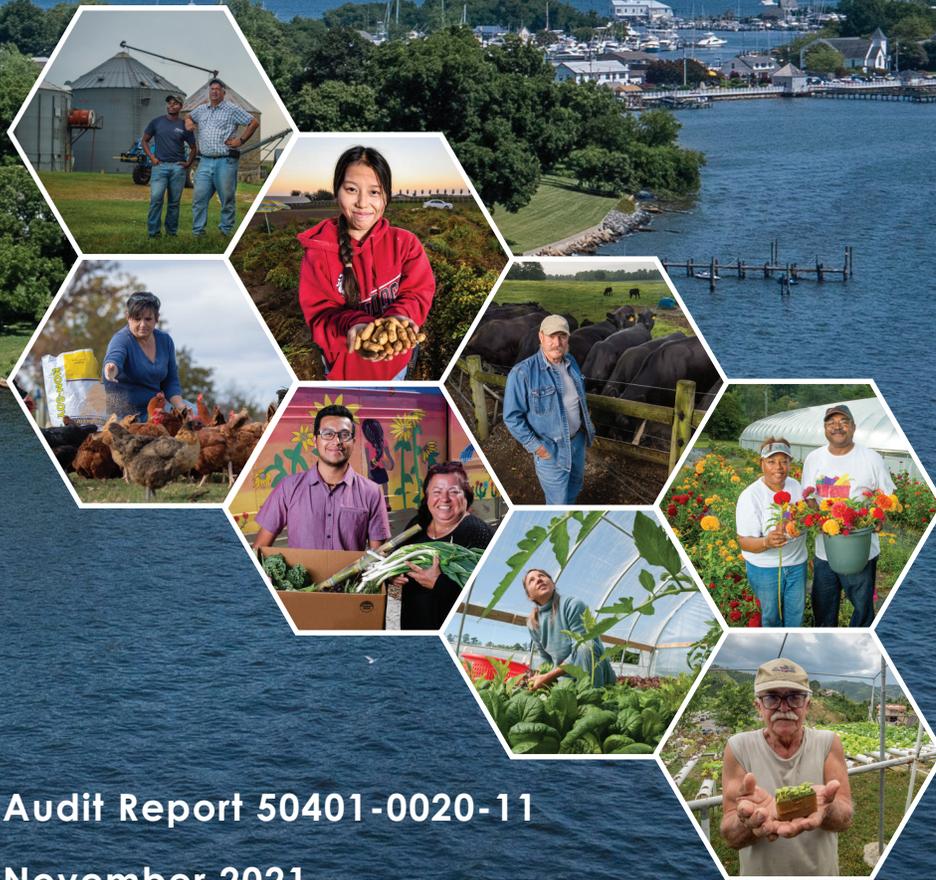




OFFICE OF INSPECTOR GENERAL  
U. S. DEPARTMENT OF AGRICULTURE

# USDA's Consolidated Financial Statements for Fiscal Years 2021 and 2020



Audit Report 50401-0020-11

November 2021

# USDA's Consolidated Financial Statements for Fiscal Years 2021 and 2020

## Audit Report 50401-0020-11

OIG audited USDA's consolidated financial statements for fiscal years 2021 and 2020.

### OBJECTIVE

The objectives of our audits were to review USDA's consolidated financial statements for fiscal years 2021 and 2020. Specifically, we determined whether: (1) the consolidated financial statements present information fairly, in all material respects, and in accordance with generally accepted accounting principles; (2) USDA met the internal control objectives over financial reporting; (3) USDA complied with applicable laws and regulations; and (4) the Agency Financial Report is materially consistent with the information in the consolidated financial statements.

### REVIEWED

We conducted our audits based on information relevant to the audit objectives as obtained through systems or from officials and personnel from various USDA agencies and offices in Washington D.C. and New Orleans, Louisiana, as well as selected field offices.

### RECOMMENDS

We recommend USDA ensure appropriate agency officials obtain training pertaining to Departmental Regulation 2230-001 to include review and monitoring of valid obligations and acceptable support for valid obligations.

### WHAT OIG FOUND

U.S. Department of Agriculture (USDA) received an unmodified opinion from the Office of Inspector General's (OIG) audits of USDA's consolidated financial statements. We determined that the Department's financial statements present fairly USDA's financial position as of September 30, 2021 and 2020, in all material respects, and were prepared in accordance with accounting principles generally accepted in the United States of America. This includes the agency's net costs, changes in net position, and statements of budgetary resources and related notes to the consolidated financial statements.

Our consideration of USDA's internal control over financial reporting identified three significant deficiencies: (1) Improvements are needed by three component agencies in their overall financial management; (2) USDA needs to improve its information technology security and controls, as many long-standing weaknesses remain; and (3) USDA and Rural Development need to improve controls over unliquidated obligations. We determined the first two deficiencies are material weaknesses. Additionally, our review of compliance with laws and regulations identified noncompliance with the Federal Financial Management Improvement Act of 1996, the Antideficiency Act, and the Payment Integrity Information Act of 2019.

The Department concurred with our findings.





**OFFICE OF INSPECTOR GENERAL**  
United States Department of Agriculture



DATE: November 15, 2021

AUDIT  
NUMBER: 50401-0020-11

TO: Lynn Moaney  
Deputy Chief Financial Officer  
Office of the Chief Financial Officer

ATTN: Annie Walker-Bradley  
Director  
Internal Control Division

FROM: Gil H. Harden  
Assistant Inspector General for Audit

SUBJECT: U.S. Department of Agriculture's Consolidated Financial Statements for  
Fiscal Years 2021 and 2020

This report presents the results of our audits of U.S. Department of Agriculture's (USDA) consolidated financial statements for the fiscal years ending September 30, 2021, and 2020. This report contains an unmodified opinion on the financial statements, as well as the results of our assessments of USDA's internal control over financial reporting and compliance with laws and regulations. Your response is included in its entirety in Exhibit A.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned, and timeframes for implementing the recommendations for which management decisions have not been reached. Please note that the regulation requires management decision to be reached on all recommendations within 6 months from report issuance, and final action to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.



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# Independent Auditor's Report

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Lynn Moaney  
Deputy Chief Financial Officer  
Office of the Chief Financial Officer

The U.S. Department of Agriculture's (USDA) Office of Inspector General audited the consolidated financial statements of the Department for fiscal years 2021 and 2020. We also considered USDA's internal control over financial reporting and tested USDA's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct effect on the determination of material financial statement amounts and disclosures on these consolidated financial statements.

The "Findings and Recommendation" section presents the material weaknesses and significant deficiencies in internal control and instances of noncompliance with laws and regulations, as of and for the year ended September 30, 2021. Exhibit A presents USDA's response in its entirety.

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of USDA, which comprise the consolidated balance sheets as of September 30, 2021 and 2020, and the related consolidated statements of net cost, and changes in net position; and the combined statements of budgetary resources for the fiscal years then ended and the related notes to the consolidated financial statements (hereinafter referred to as the "consolidated financial statements").

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S.); and the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 U.S.; the standards applicable to financial audits contained in government auditing standards, issued by the Comptroller General of the U.S.; and the Office of Management and Budget (OMB) Bulletin 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin 21-04 require that we plan and perform audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks 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 entity'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 entity'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. Our audits also included performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on the Consolidated Financial Statements**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of USDA, as of September 30, 2021 and 2020, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the U.S.

### **Other Matters**

#### **Interactive Data**

Management has elected to reference information on websites or other forms of interactive data outside the financial statements to provide additional information for the users of its financial statements. Such information is not a required part of the basic financial statements or supplementary information required by the Federal Accounting Standards Advisory Board (FASAB). The information on these websites has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

#### **Required Supplementary Information**

Accounting principles generally accepted in the U.S. issued by the FASAB require that the Management's Discussion and Analysis (MD&A), and Required Supplementary Information (RSI) be presented to supplement the basic consolidated financial statements. Although the RSI is not a part of the basic consolidated financial statements, FASAB considers this information to be an essential part of financial reporting for placing the basic consolidated financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the U.S., which consisted of inquiries of management about the methods of preparing and comparing the

information for consistency with management’s responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. USDA’s Non-Discrimination Statement, Table of Contents, Message from the Secretary, Required Supplementary Information, Message from the Office of the Chief Financial Officer, Other Information, and Abbreviations-Acronyms sections are presented for purposes of additional analysis, and are not a required part of the basic consolidated financial statements. This information has not been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, accordingly, we express no opinion and provide no assurance on it.

## **Other Reporting Required by Government Auditing Standards**

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2021, we considered USDA’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of USDA’s internal control. Accordingly, we do not express an opinion on the effectiveness of USDA’s internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers’ Financial Integrity Act of 1982 (FMFIA).

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 significant deficiencies or material weaknesses, and, therefore, material weaknesses or 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, such that there is a reasonable possibility that a material misstatement of USDA’s consolidated financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in overall financial management and information technology (IT) security program, described in “Findings and Recommendation,” Section 1, to be material weaknesses.

A significant deficiency is a deficiency, or 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 consider the deficiency in internal control over unliquidated obligations (ULOs), described in “Findings and Recommendation,” Section 2, to be a significant deficiency.

## **Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

As part of obtaining reasonable assurance about whether USDA’s consolidated financial statements as of and for the year ended September 30, 2021, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and Governmentwide policy requirements, noncompliance with which could have a direct effect on the determination of material financial statement amounts and disclosure in the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

## **Federal Financial Management Improvement Act of 1996 (FFMIA)**

We also performed tests of USDA’s compliance with certain provisions referred to in Section 803(a) of FFMIA. Providing an opinion on compliance with FFMIA was not an objective of our engagement and, accordingly, we do not express such an opinion. The results of our tests of FFMIA disclosed instances, described in more detail in the “Findings and Recommendation,” Section 3, of this report, where USDA was not substantially compliant with Federal Financial Management System Requirements (FFMSR), applicable Federal accounting standards, and the U.S. Standard General Ledger (USSGL) at the transaction level.

## **Antideficiency Act (ADA)**

Title 31 U.S. Code (U.S.C.) Section 1517 states that an officer or an employee of the United States Government may not make or authorize an expenditure or obligation exceeding an apportionment or an amount permitted by regulations as prescribed by Title 31 U.S.C. Section 1514. In fiscal year 2021, the Department reported 3 confirmed and 4 potential ADA violations in its agency financial report.

## **Payment Integrity Information Act of 2019 (PIIA)**

During fiscal year 2021, we identified instances of noncompliance with the requirements of PIIA,<sup>1</sup> regarding the design of program internal controls related to reporting improper payments. A separate report was issued with further details on the Department’s compliance with improper payment requirements.<sup>2</sup>

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<sup>1</sup> Payment Integrity Information Act of 2019 (PIIA), Pub. L. No. 116-117, 134 Stat. 113.

<sup>2</sup> Audit Report 50024-0001-24, *U.S. Department of Agriculture’s Fiscal Year 2020 Compliance with Improper Payment Requirements*, issued June 2021.

## **Management’s Responsibility for Internal Control and Compliance**

USDA’s management is responsible for (1) evaluating the effectiveness of internal control over financial reporting based on criteria established under FMFIA, (2) providing a statement of assurance on the overall effectiveness of internal control over financial reporting, (3) ensuring USDA’s financial management systems are in substantial compliance with FFMIA requirements, and (4) ensuring compliance with other applicable laws, regulations, contracts, and grant agreements.

## **Auditor’s Responsibilities**

We are responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing whether USDA’s financial management systems substantially comply with FFMIA requirements referred to above, and (3) testing compliance with certain provisions of laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosure in the consolidated financial statements.

We did not evaluate all internal controls relevant to operating objectives as broadly established 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, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USDA. We limited our tests of compliance to certain provisions of laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosure in the consolidated financial statements that we deemed applicable to USDA’s consolidated financial statements for the fiscal year ended September 30, 2021. We caution that noncompliance may occur and not be detected by these tests.

## **Management’s Response**

Management’s response to the report is presented in Exhibit A. We did not audit USDA’s response and, accordingly, we express no opinion on it.

## **Purpose of the Report on Internal Control Over Financial Reporting and the Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

The purpose of the “Report on Internal Control Over Financial Reporting” and the “Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements” sections of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of USDA’s internal control or on

compliance. These reports are an integral part of an audit performed in accordance with government auditing standards in considering USDA's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gil H. Harden".

Gil H. Harden  
Assistant Inspector General for Audit  
Washington, D.C.  
November 12, 2021

## Findings and Recommendation

### Section 1: Material Weaknesses in Internal Control Over Financial Reporting

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#### Finding 1: Improvements are Needed in Overall Financial Management

The material weakness for financial management is due to improvements needed in accounting and internal controls related to the Commodity Credit Corporation (CCC), Natural Resources Conservation Service (NRCS), and Farm Service Agency (FSA). In conducting our review, we noted the following areas where improvements are needed in overall financial management. Specifically:

- CCC disclosed a material weakness related to accounting for budgetary transactions.
- NRCS disclosed material weaknesses related to controls over obligations and unfilled customer orders; controls over expenditures; and entity level controls.
- The FSA portion of Treasury Account Symbol 12X0115, *Processing, Research, and Marketing, Office of the Secretary, Agriculture*, representing over \$13 billion in disbursement activity was not fully reconciled for the first six months of fiscal year 2021. The agency acknowledged this deficiency and self-reported a new material weakness in reconciling Fund Balance with Treasury in its annual assurance statement for the FMFIA.

In its FMFIA Report on Management Control for fiscal year 2021, the Department reported the following corrective action plans to address the outstanding weaknesses from fiscal year 2020 that remain material weaknesses for fiscal year 2021:

- CCC, in fiscal year 2022, plans to continue to implement effective processes, procedures, and controls over the Agriculture Risk Coverage and Price Loss Coverage yearend accrual as well as effective undelivered orders monitoring controls at the program level throughout the organization.
- NRCS, in fiscal year 2022, plans to continue implementing policies and procedures to perform quarterly analysis of open obligations to determine whether material amounts are being omitted from accrued expenses. In addition, NRCS will continue to provide guidance and/or training to employees over the recording of expense accruals.
- FSA, in fiscal year 2022, plans to implement a roll-up Fund Balance with Treasury reconciliation for the Fund Balance with Treasury amounts reported in its financial statements to ensure effective monitoring of the completeness of all reconciliations. Additionally FSA will implement updates to the standard operating procedures and improve process narratives to capture organizational roles and responsibilities.

Since USDA has actions planned and in progress, we are making no further recommendations herein.

## **Finding 2: Improvements are Needed in Overall Information Technology Security Program**

As required by the Federal Information Security Modernization Act of 2014 (FISMA), the Office of Inspector General (OIG) reviewed USDA’s ongoing efforts to improve its IT security program and practices during fiscal year 2021.<sup>3</sup> USDA continues to take positive steps to improve its IT security posture, but many longstanding weaknesses remain. For FISMA audits conducted from 2018 through 2020, there were 10 open recommendations at the beginning of fiscal year 2021. During fiscal year 2021, four recommendations were closed. OIG also issued 16 new recommendations based on security weaknesses identified in fiscal year 2021.

OMB establishes standards for an effective level of security and considers “Managed and Measurable” to be a sufficient level. However, OIG found the Department’s maturity level to be at the lower “Consistently Implemented” level. Based on OMB’s criteria, the Department’s overall score indicates an ineffective level of security. The Department and its agencies must develop and implement an effective plan to mitigate security weaknesses identified in the prior fiscal year recommendations. The Office of the Chief Information Officer generally concurred with the findings and recommendations in the report.

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<sup>3</sup> Audit Report 50503-0005-12, *U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2021 Federal Information Security Modernization Act*, issued October 2021.

## Section 2: Significant Deficiency in Internal Control Over Financial Reporting

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### Finding 3: Improvements are Needed in Controls Over Obligations

While USDA's remediation efforts have brought about improvements in written policies and procedures over obligations, inconsistent execution has resulted in ineffective controls. During fiscal year 2021, USDA continued to lack effective internal controls over the recording of obligations, accruals, and liquidations to ensure the existence and accuracy of obligations reported in its general ledger.

In our testing of obligations, agency certifications, and related activities, we noted the following:

- 9 undelivered orders (UDOs) which were invalid and should have been de-obligated in a prior fiscal year; 5 of these invalid UDOs were not included in the quarterly certifications;
- 4 UDOs which were billed in the wrong fiscal year;
- 8 accruals which remained open and should have been reversed in a prior fiscal year;
- fiscal year 2021 and prior years' accruals which were recorded to an incorrect Vendor;
- 56 transactions totaling \$109.7 million in fiscal year 2021 which were recorded to an incorrect Budget Object Classification (BOC);
- inconsistent cutoff dates for certifying inactive obligations;
- obligating documents which were either not signed by the cooperator, or signed after the performance period ended;
- a potential improper obligation of funds, recorded without sufficient documentation; and
- a lack of a comprehensive inventory of international agreements.

These conditions were due to (1) inconsistent execution of processes and control activities as designed and implemented, including lack of adherence to policies and procedures for the recording of obligations, accruals and liquidations; (2) ineffective monitoring and reviewing as well as inappropriately certifying to the validity of obligation balances; and (3) intra-departmental ULOs inappropriately remained open because USDA agencies did not bill to, or submit final payments from, other USDA agencies.

Additionally, the Rural Development financial statement audit report this year discussed ineffective controls over the recording of valid obligations and the untimely de-obligation of invalid obligations.<sup>4</sup>

OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, states that an "obligation means a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally."

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<sup>4</sup> Audit Report 85401-0012-11, *Rural Development's Financial Statements for Fiscal Years 2021 and 2020*, issued November 2021.

The U.S. Department of Treasury's annual closing guidance (Treasury Bulletin 2021-22, *Yearend Closing*) requires an annual review of ULOs. Before the fiscal yearend closing, agencies that have not reviewed their unliquidated obligations during the year must do so. This ensures that agencies properly record transactions meeting the criteria of valid obligations set forth in 31 U.S.C. 1501.

Departmental Regulation 2230-001, *Reviews of Unliquidated Obligations*, October 28, 2020, requires quarterly reviews and certifications as to the validity of ULO balances from agency Chief Financial Officers (CFO). Agencies are to perform quarterly reviews of all unliquidated obligations inactive for at least 12 months, and the agency CFO or equivalent must certify (quarterly) that the unliquidated obligations are valid based on those reviews. If program and procurement personnel have determined that an ULO is no longer valid and have provided written notification to the appropriate agency or staff office designated personnel to cancel or adjust the ULO in the financial management system, the de-obligation must be processed within 15 business days after receipt of the written notification.

USDA Budget Object Classification Codes (BOC), dated March 2013, describes the types of services that are included under each BOC. The manual provides a reference list of BOC codes that are to be used by agencies and offices serviced by the Office of the Chief Financial Officer.

Invalid or inaccurate obligations increase the risk that an agency may be unable to determine the amount of funds available for obligation or expenditure, may inappropriately divert funds for purposes other than what was intended by Congress, or may misstate obligations in financial reporting as of fiscal yearend.

## **Recommendation 1**

Ensure appropriate agency officials obtain training pertaining to Departmental Regulation 2230-001 to include review and monitoring of valid obligations and acceptable support for valid obligations.

## **Section 3: Noncompliance with Laws and Regulations**

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### **Finding 4: Lack of Substantial Compliance with FFMIA Requirements**

FFMIA requires agencies to annually assess whether their financial management systems comply substantially with (1) FFMSR, (2) applicable Federal accounting standards, and (3) the USSGL at the transaction level. FFMIA also requires auditors to report in their Chief Financial Officer Act financial statement audit reports whether financial management systems substantially comply with FFMIA's system requirements. In addition, FISMA requires each agency to report significant information security deficiencies, relating to financial management systems, as a lack of substantial compliance under FFMIA.

During fiscal year 2021, USDA evaluated its financial management systems to assess compliance with FFMIA. The Department reported that it was not compliant with FFMSR, applicable accounting standards, USSGL at the transaction level, and FISMA requirements. As noted in its MD&A, USDA continues its work to meet FFMIA and FISMA objectives.

Specifically, in its FFMIA and FMFIA reports, the Department reported an ineffective information security program due to many longstanding weaknesses with outstanding recommendations. See Finding 2 of this report for more details.

Additionally, in its FFMIA report, the Department noted noncompliance with two of its component agencies relating to financial management, described below.

1. CCC's noncompliance with Federal accounting standards and USSGL at the transaction level was noted for the weakness in the accounting for budgetary transactions. The financial management systems did not record certain accounting events at the transaction level in accordance with the USSGL. CCC continues to make significant progress in performing compensating controls over the accounting for obligation activity. CCC will continue implementing its program obligation activity into the Financial Management Modernization Initiative in a phased approach.
2. NRCS's noncompliance with Federal accounting standards and USSGL at the transaction level was noted for weaknesses in NRCS's systems that do not transmit complete and accurate information for certain types of budgetary transactions to facilitate the proper recording of those transactions.

See Finding 1 of this report for more details on the NRCS and CCC issues.

Due to planned actions, we are making no further recommendations in this report.

## Abbreviations

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ADA.....	Antideficiency Act
BOC .....	Budget Object Classification
CFO.....	Chief Financial Officer
CCC.....	Commodity Credit Corporation
FSA .....	Farm Service Agency
FASAB .....	Federal Accounting Standards Advisory Board
FFMIA.....	Federal Financial Management Improvement Act of 1996
FFMSR .....	Federal Financial Management System Requirements
FISMA.....	Federal Information Security Modernization Act of 2014
FMFIA.....	Federal Managers' Financial Integrity Act of 1982
IT.....	information technology
MD&A .....	Management's Discussion and Analysis
NRCS .....	Natural Resources Conservation Service
OIG.....	Office of Inspector General
OMB.....	Office of Management and Budget
PIIA.....	Payment Integrity Information Act of 2019
RSI .....	Required Supplementary Information
UDOs .....	undelivered orders
ULOs.....	unliquidated obligations
U.S. ....	United States of America
U.S.C.....	U.S. Code
USSGL.....	U.S. Standard General Ledger
USDA.....	United States Department of Agriculture

**Exhibit A: Agency's Response**

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**Office of the Chief Financial Officer's  
Response to Audit Report**



**United States  
Department of  
Agriculture**

Office of the Chief  
Financial Officer

1400 Independence  
Avenue, SW

Washington, DC  
20250

November 12, 2021

TO: Gil H. Harden  
Assistant Inspector General  
Office of Inspector General

FROM: Lynn Moaney /S/  
Deputy Chief Financial Officer

SUBJECT: U.S. Department of Agriculture's Financial Statements for Fiscal Years  
2021 and 2020

The Department is pleased to respond to your audit report on the financial statements for fiscal years 2021 and 2020.

We concur with the findings in the report. We will continue with actions planned and in progress to address the findings.

I would like to express my appreciation for the cooperation and professionalism displayed by your staff and your contract auditors during the audit.

**Agency Financial Report**  
**Fiscal Years 2021 and 2020**  
**Consolidated Financial Statements**  
**Prepared by USDA**





# Agency Financial Report 2021



United States Department of Agriculture

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# USDA's Non-Discrimination Statement

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, USDA, its Mission Areas, agencies, staff offices, employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotape, or American Sign Language) should contact the responsible Mission Area, agency, or staff office; the USDA TARGET Center at (202) 720-2600 (voice and TTY); or the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a complainant should complete a [Form AD 3027, USDA Program Discrimination Complaint Form](#), which can be obtained online, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights about the nature and date of an alleged civil rights violation. The completed AD 3027 form or letter must be signed and submitted to USDA by:

(1) Mail:

U.S. Department of Agriculture  
Executive Director  
Office of the Assistant Secretary for Civil Rights  
Center for Civil Rights Enforcement  
1400 Independence Avenue, SW  
Mail Stop 9430  
Washington, D.C. 20250-9410

(2) Efax:

(833) 256-1665

(3) Email:

[ProgramComplaints@usda.gov](mailto:ProgramComplaints@usda.gov)

Please attach a signed AD-3027 complaint form or letter to the email.

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# Message from Secretary Vilsack



The U.S. Department of Agriculture (USDA or the Department) respectfully submits the fiscal year (FY) 2021 Agency Financial Report, fulfilling our responsibility to the American people, President Biden, and the U.S. Congress.

It is a pleasure to be back at USDA with the opportunity to serve the American people as Secretary. This Department touches the lives of all Americans each day in so many positive ways. I am grateful for the chance to once again work in partnership with the tens of thousands of dedicated public servants in USDA to bring meaningful change and improve the lives of all Americans through the Department's programs and services.

As we confront many historical challenges associated with a continuing global pandemic, we are also presented with even greater opportunities to deliver fundamental services to the American people in this pivotal time. We will build back better, stronger, and more resilient and equitable than ever before, and we will do so by recovering from the pandemic, reducing hunger and food insecurity, working to ensure racial justice and equity, building up rural America's economy, and addressing climate change.

In 2021, USDA began that work to build back better than before.

The COVID-19 pandemic led to massive disruption for growers and food workers and exposed a food system that was rigid, consolidated, and fragile. To aid in the recovery from the COVID-19 pandemic, USDA launched Pandemic Assistance for Producers. While USDA has long provided a safety net to ensure producers can survive an unprofitable year, this time, we set out with the mission of reaching a broader set of producers than in previous COVID-19 aid programs. USDA dedicated approximately \$6 billion toward new programs to put a greater emphasis on outreach to small and socially disadvantaged producers, specialty crop and organic producers, timber harvesters, and support for the food supply chain and producers of renewable energy, among others.

Through the American Rescue Plan, USDA delivered nutrition assistance to millions of adults and children. We provided access to the Pandemic Electronic Benefit Transfer program for the duration of the health emergency, including through the summer, to allow families with children receiving school meals to more easily purchase healthy food during the pandemic. We also

extended a 15 percent increase in Supplemental Nutrition Assistance Program benefits for all participants through September 30, 2021; provided \$880 million to expand access to fruits and vegetables for mothers and infants, and made investments in innovation to the Special Supplemental Nutrition Program for Women, Infants, and Children; invested \$37 million for senior nutrition through the Commodity Supplemental Food Program; and invested \$1 billion in nutrition assistance for the territories.

Through the American Rescue Plan and the Consolidated Appropriations Act, USDA announced an investment of up to \$1 billion in Emergency Food Assistance to serve as a bridge from pandemic assistance to food system transformation. The funding is focused on supporting and expanding the emergency food network so states, food banks, and local organizations can reliably serve their communities and reach rural, remote, and underserved communities.

In addition to providing assistance to resolve lingering challenges directly associated with the COVID-19 pandemic, USDA is making a major commitment to rebuild our food system as we Build Back Better. In FY 2021, through the Build Back Better initiative, USDA began investing more than \$4 billion to strengthen and transform the food system in four major areas: (1) food production, (2) food processing, (3) food distribution and aggregation, and (4) markets and consumers. The Build Back Better initiative will make meaningful investments to build a food system that is more resilient against shocks, delivers greater value to growers and workers, and offers consumers an affordable selection of healthy food that is produced and sourced locally and regionally by farmers and processors from diverse backgrounds.

As part of the Build Back Better initiative, we announced the investment of \$500 million in expanding meat and poultry processing capacity. We also announced more than \$150 million for existing small and very small processing facilities to help them weather COVID, compete in the marketplace, and have the support needed to reach more customers. These investments will add resilience to our food supply chain and level the playing field for farmers and ranchers.

Rural American communities were hit hard during the pandemic. Through the American Rescue Plan, USDA is implementing funding to invest in the people of rural America. We are investing \$100 million through September 2022 in rental assistance for low-income and elderly borrowers and an additional \$39 million through September 2023 to help refinance direct loans under the Single-Family Housing Loan Program and the Single-Family Housing Repair Loans and Grants. We also made available up to \$500 million in grants to help rural health care, Tribes, and communities expand access to COVID-19 vaccines, health care services, and nutrition assistance.

At USDA, we are recommitting ourselves to the values of equity and inclusion rooted in justice and equal opportunity for our employees and those we serve. This policy includes recognizing opportunities within the Department that ensure historically underserved groups more fully access and participate in USDA programs and services.

To advance this work, in FY 2021, USDA made available \$2 million to establish cooperative agreements to provide outreach and technical assistance to historically underserved farmers and ranchers through the Pandemic Assistance for Producers initiative.

In accordance with fulfilling provisions included in the bipartisan 2018 Farm Bill, USDA established the Heirs' Property Relending Program, making available \$67 million in competitive loans. By gaining legal title to the land, heirs will gain access to a wide range of government assistance. USDA also awarded \$21.8 million to the 1890 Land-Grant Institutions National Program to support research at Historically Black Colleges and Universities. The awards will support 58 projects at Historically Black Colleges and Universities to strengthen research, extension, and teaching in the food and agricultural sciences.

USDA launched our first-ever USDA Racial Justice and Equity Working Group to identify gaps and inadequacies in USDA systems and processes. The Working Group is assessing how USDA collects and uses data, as well as a broader holistic assessment of equity across USDA programs and services, including procurement, policy, and regulatory actions; how resources are used in service of equity and civil rights; and how and where the Department conducts stakeholder outreach. USDA is currently creating the Equity Commission in accordance with the Federal Advisory Committee Act. Since January, USDA staff have also worked across Mission Areas, Agencies, and Offices to advance the goals of various equity-related executive orders, reinforcing messages, and sharing learnings and best practices.

USDA is engaged in a whole-of-government effort to combat the climate crisis and conserve and protect our Nation's lands, biodiversity, and natural resources, including our soil, air, and water. We are committed to being a partner to build more resilient communities and putting the United States in a leadership position on climate change mitigation.

As co-lead of the Biden-Harris Administration's Interagency Drought Relief Working Group, in conjunction with the U.S. Department of the Interior, USDA and our partners are dedicated to addressing worsening drought conditions in the West and supporting farmers, Tribes, and communities impacted by ongoing water shortages. In addition, USDA is the permanent chair of the National Drought Resilience Partnership, providing another opportunity to develop long-term measures to respond to climate change, build more resilient communities, and protect the natural environment.

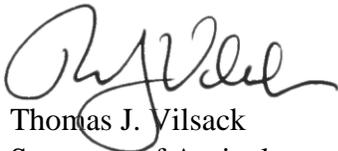
As we look to solutions to develop a climate-smart agriculture and forestry strategy, USDA has adapted some of our programs to provide immediate relief for climate-impacted producers.

We invested \$25 million for new pilots to assist agricultural producers impacted by worsening drought conditions. USDA's Natural Resource Conservation Services is offering \$41.8 million through the Environmental Quality Incentives Program to help agricultural producers in Arizona, California, Colorado, and Oregon recover from the impacts of drought and build resiliency.

In FY 2021, USDA reached out to the public and asked for valuable input on a climate-smart agriculture and forestry strategy. Additionally, we invested \$330 million in 85 locally driven, public-private partnerships to mitigate climate change and address other natural resource challenges through the Regional Conservation Partnership Program; allocated up to \$25 million for On-Farm Conservation Innovation Trials in 2021; allocated up to \$15 million to support the development of new tools, approaches, practices, and technologies to further natural resource conservation on private lands through the Conservation Innovation Grants program; and allocated \$10 million to support climate-smart agriculture and forestry through voluntary conservation practices in 10 targeted states.

Each year brings unique challenges, and I am truly proud of the many ways USDA employees across the Nation have stepped up during 2021. They have continued to get the job done on behalf of Americans and support and grow our economy while strengthening rural communities. I know that together, we can continue to deliver efficient service while finding more ways to serve as efficient stewards of taxpayer dollars.

Thank you for your interest in the Department.

A handwritten signature in black ink, appearing to read 'Tom Vilsack', written in a cursive style.

Thomas J. Vilsack  
Secretary of Agriculture

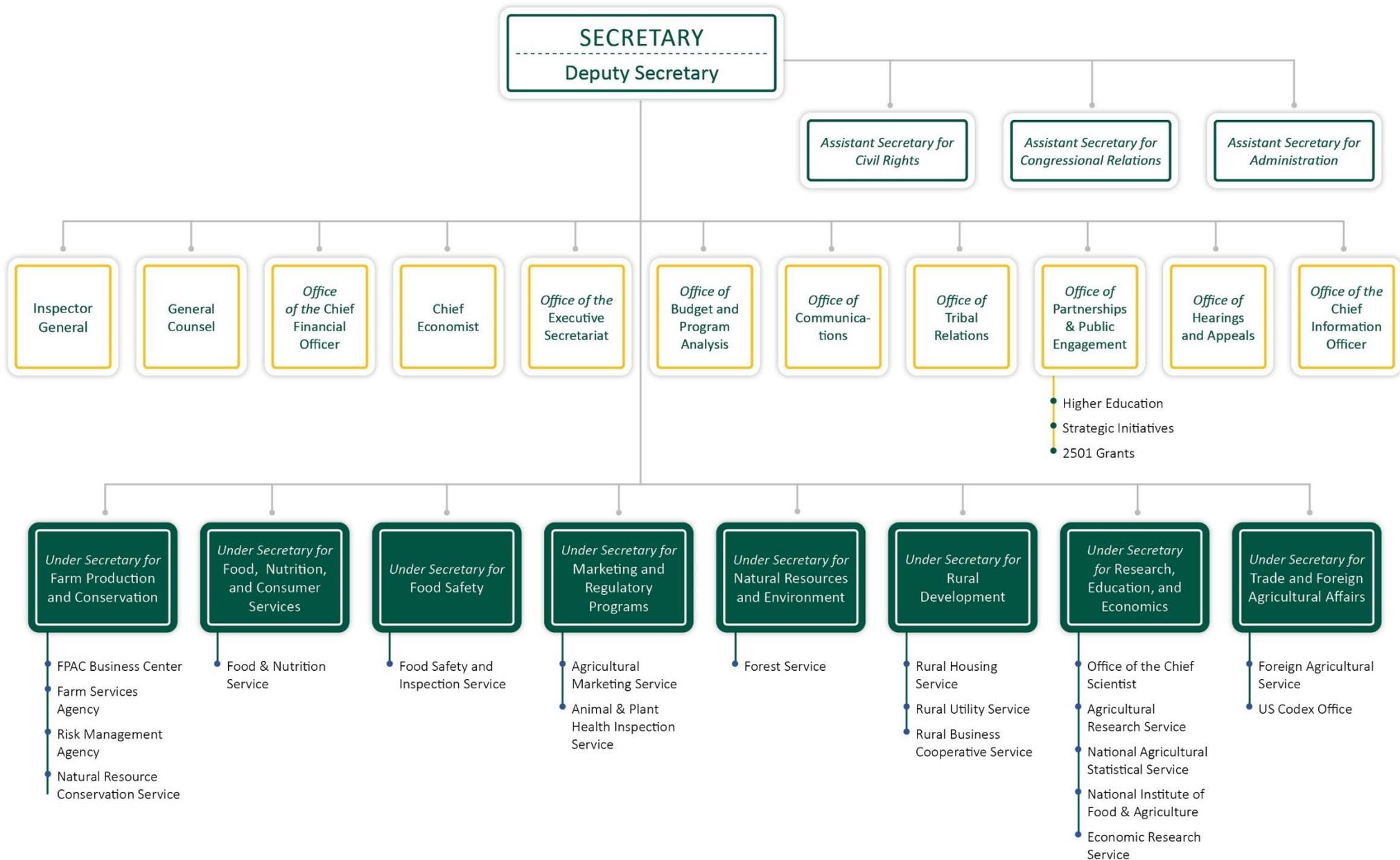
November 12, 2021



# Section I Management's Discussion and Analysis



# USDA Organization Chart



# USDA Mission Areas and Staff Offices

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## Farm Production and Conservation

Farm Production and Conservation (FPAC) is the Department's focal point for the Nation's farmers and ranchers and other stewards of private agricultural lands and non-industrial private forest lands. FPAC agencies implement programs designed to mitigate the significant risks of farming through crop insurance, conservation programs, farm safety net programs, lending, and disaster programs.

- [Farm Production and Conservation Business Center](#)
- [Farm Service Agency \(FSA\)](#)
- [Natural Resources Conservation Service \(NRCS\)](#)
- [Risk Management Agency \(RMA\)](#)
- [Commodity Credit Corporation](#)

## Food, Nutrition, and Consumer Services

Food, Nutrition, and Consumer Services works to harness the Nation's agricultural abundance to reduce food insecurity and improve nutrition security in the United States. Its operating agency, the Food and Nutrition Service, administers federal domestic nutrition assistance programs and includes the Center for Nutrition Policy and Promotion, which links scientific research to the nutrition needs of consumers through science-based dietary guidance, nutrition policy coordination, and nutrition education.

- [Food and Nutrition Service \(FNS\)](#)

## Food Safety

Food Safety and Inspection Service is the USDA public health agency responsible for protecting the public's health by ensuring the safety of meat, poultry, and egg products. FSIS ensures food safety through the authorities of the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act, as well as humane animal handling through the Humane Methods of Slaughter Act.

- [Food Safety and Inspection Service \(FSIS\)](#)

## Marketing and Regulatory Programs

Marketing and Regulatory Programs (MRP) facilitates domestic and international marketing of U.S. agricultural products, protects U.S. plant and animal health, regulates genetically engineered organisms, administers the Animal Welfare Act, and carries out wildlife damage management activities. MRP agencies are active participants in setting national and international standards.

- [Agricultural Marketing Service \(AMS\)](#)
- [Animal and Plant Health Inspection Service \(APHIS\)](#)

## Natural Resources and Environment

The mission of Natural Resources and Environment is to sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations. We carry out our mission in partnership with States, Tribes, and communities across the country who steward our Nation's forest and grasslands.

- [Forest Service \(FS\)](#)

## Research, Education, and Economics

Research, Education and Economics is dedicated to the creation of a safe, sustainable, competitive U.S. food and fiber system, as well as strong communities, families, and youth through integrated research, analysis, and education.

- [Agricultural Research Service \(ARS\)](#)
- [Economic Research Service \(ERS\)](#)
- [National Agricultural Statistics Service \(NASS\)](#)
- [National Institute of Food and Agriculture \(NIFA\)](#)
- [Office of the Chief Scientist \(OCS\)](#)

## Rural Development

Rural Development fosters opportunity and economic security for people and communities in rural America through a broad range of investments. These investments open doors to better jobs, create access to innovation and technology, while promoting the promise of rural prosperity, equity, and climate resilience. The mission area is a catalyst for locally driven economic development strategies that build on the diverse assets and needs of rural places, including improving high-speed internet access; providing affordable rural housing; connecting rural skill sets to jobs of the future; modernizing roads, bridges, and water systems; and ensuring communities have access to health care. Rural Development provides tools and resources such as

loans, grants, and strong community partnerships that ensure rural families, businesses, and communities can prosper today and in the future.

- [Rural Business Service](#)
- [Rural Utilities Service](#)
- [Rural Housing Service](#)

## Trade and Foreign Agricultural Affairs

Trade and Foreign Agricultural Affairs' (TFAA) role is to provide our farmers and ranchers with opportunities to compete in the global marketplace. TFAA is the Department's lead on trade policy with primary responsibility to ensure USDA speaks with a unified voice on international agriculture issues domestically and abroad. Within TFAA, the Foreign Agricultural Service is the lead U.S. agency tasked with promoting exports of U.S. agricultural products through market intelligence, trade policy, trade capacity building, and trade promotion programs. This work is carried out by staff in Washington as well as a global network of 93 offices covering 177 countries. Also within TFAA, the U.S. Codex Office coordinates U.S. participation in the Codex Alimentarius Commission, a United Nations body that sets international food standards while protecting consumer health and ensuring fair trade practices.

- [Foreign Agricultural Service](#)
- [US Codex Office](#)

## USDA Staff Offices

Our offices provide support to Department officials and employees at all levels and they support our programs and services by working with our agencies, Congress, organizations, and tribal governments.

To learn more about USDA Agencies and Mission Areas, please visit [www.usda.gov/our-agency/about-usda/mission-areas](http://www.usda.gov/our-agency/about-usda/mission-areas). The most current data can be found on the USDA Website.

# USDA Program Performance

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## USDA Performance and Results for Fiscal Year 2021

The Government Performance and Results (GPRA) Modernization Act of 2010 requires agencies to update their strategic plan every 4 years. The U.S. Department of Agriculture's (USDA or the Department) 2018–2022 Strategic Plan identifies the Department's strategic goals and objectives. USDA reports annually on its progress toward its strategic objectives using Key Performance Indicators (KPIs) in the Annual Performance Plan and Report published in conjunction with the President's Budget.

USDA follows GPRA guidelines for reporting data quality. The data collected and used by the Department to measure performance utilize a standardized methodology. This methodology has been vetted by federally employed scientists and policymakers and, ultimately, the leadership and undersecretaries of each mission area. All attest to the completeness, reliability, and quality of the data. Mission Areas within USDA are responsible for certifying that the data provided undergo a thorough quality assurance process and provide assurance to the Performance Improvement Officer. Data quality information for the agency priority goal-related measures mentioned in this section can be found online at [Performance.gov](https://www.performance.gov).

For purposes of the Agency Financial Report (AFR), a performance summary is provided using KPIs and related program activities as a mechanism to gauge progress in achieving its mission. In fiscal year (FY) 2021, USDA had 38 key performance measures.

The following exhibits and discussion provide a high-level description of the Department's key focus areas that are tracked and managed through USDA's performance management process. The exhibits provide historical KPIs and include a preliminary status in meeting performance targets for FY 2021 based on data gathered through the third quarter, where available. Final performance information and a detailed discussion of the Department's FY 2021 performance results, assessment methodologies, metrics, external reviews, and documentation of performance data will be presented in the FY 2023 USDA Annual Performance Plan (APP) and FY 2021 Annual Performance Report (APR). The report will be released with the President's 2023 budget in February and will be available on the [USDA Performance Improvement and Accountability](https://www.usda.gov/performance) website.

## Strategic Goal 1:

### Ensure USDA Programs are Delivered Efficiently, Effectively, with Integrity, and with a Focus on Customer Service

USDA will modernize and consolidate Information Technology (IT) infrastructure and services and strengthen management and oversight of procurement, property, and finance to ensure resources are deployed as effectively and efficiently as possible. USDA will create a safe and modern space within which employees can work and feel empowered to find innovative solutions to serve customers' needs and promote accountability and professional development. USDA will leverage the strength and talent of its employees and reduce regulatory and administrative burdens to allow agencies to focus on their customers. Improved customer service and employee engagement will create a more effective and accessible USDA for all its stakeholders.

#### Performance Summary

- **USDA Fleet Management:** Departmental Administration Office of Property and Environmental Management (OPEM) has led efforts to reduce the overall fleet inventory and continued the capped fleet size for FY 2021. OPEM established and worked with the agencies to create a 5-year fleet management plan that focused on replacing the USDA aging fleet that will support efforts for increased sustainability and utilization. In partnership with the General Services Administration (GSA), a portion of the aging fleet was converted to GSA leased vehicles. The subsequent increase in installations of telematics will result in additional monitoring for sustainability and utilization. Real property needs are being evaluated in light of the pandemic and workplace flexibilities, such as telework, which will affect the target setting.
- **Data Analytics and IT Modernization to Improve Program Delivery:** A contract will be awarded to implement the IT roadmap, which is expected to be a 5–7 year effort and is dependent on the availability of funding.

#### STRATEGIC OBJECTIVES

##### Objective 1.1

Modernize Information Technology Infrastructure, Facilities, and Support Services to Improve the Customer Experience

##### Objective 1.2

Maintain a High-Performing Workforce Through Employee Engagement and Empowerment

##### Objective 1.3

Reduce the Regulatory Burden and Streamline Processes

##### Objective 1.4

Improve Stewardship of Resources and Utilize Data-Driven Analyses to Maximize

- **Technology Transfer:** In FY 2020 and FY 2021, the Research, Education, and Economics (REE) mission area, the Office of the Chief Scientist (OCS) analytics, and dashboard team, and the Agricultural Research Service (ARS) Tech Transfer KPI team partnered together in efforts to streamline data collection and enhance data integrity. The teams are testing if automated calculations can be introduced to enhance data management efficiency. A gap was identified between the dashboard data sources (automated) and the historically reported data (manual). The OCS/REE KPI team is currently working to identify the cause of the data gap and consider options (including methodology updates) for rectifying it in FY 2022.
- **Citations of REE Reports:** As of Quarter (Q) 2, FY 2021, the National Agricultural Statistics Service (NASS) and Economic Research Service (ERS) combined KPI tracking fell slightly short of its target of 60 citations with an actual reporting of 55 citations. The metric has proven challenging for OCS/REE (NASS and ERS) to directly impact the results of the metric. Methods to improve the count of citations are naturally delayed considering research or data collection that takes place today would not be cited for some time. Alternative data sources are being considered for FY 2022. During FY 2020, both OCS/REE agencies worked with the REE analytics and dashboard team to build an automated dashboard that would begin tracking this metric in late FY 2021.
- **Agriculture Workforce Development:** OCS/REE (NIFA) requests applicants to include this number in their project's budget as part of their grant application. Those numbers were introduced as this metric's initial iteration. Depending on legislative priorities, OCS/REE (NIFA) funding may also indirectly benefit students of all levels. Investments in curriculum development, faculty development, recruitment, and related activities enhance the agricultural literacy of the general population and support the development of a skilled agricultural workforce and cadre of scientists. In 2021, the REE analytics and dashboard team worked closely with the Ag Workforce Development KPI agency leads to test the data source automation against the manual calculations and historical data to determine if the automated calculation method is ready for introduction.

### Exhibit 1: Strategic Goal 1 Key Performance Indicators (KPI)

KPI	Historic Actuals			Strategic Targets		FY 21 Results as of Q3
	FY 18	FY 19	FY 20	FY 21	FY 22	
Reduce the number of Tier 1 data centers across the Department	21	6	2	N/A <sup>1</sup>	N/A	N/A
Reduce the Department's overall real property footprint through effective disposal and consolidation efforts (Million Square Feet).	31.7	31.3	31.2	27.7	31.0	<i>Annual Measure update provided in APPR</i>
Reduce the Department's total number of fleet vehicles (Thousand)	27.7	27.1	37.9	36.5	36.5	<i>Annual Measure update provided in APPR</i>
Technology Transfer Percentage (Number of USDA Patents Licensed/ Number of USDA Patents Issued)	New in FY 2020	New in FY 2020	26	35	35	<i>Annual Measure update provided in APPR</i>
Agriculture Workforce Development (Number of AFRI- supported undergraduate/graduate/post-doctoral students)	New in FY 2020	New in FY 2020	1,167	2,495	3,342	<i>Annual Measure update provided in APPR</i>
Citations of REE Reports	New in FY 2020	New in FY 2020	134	122	134	82

AFRI = Agriculture and Food Research Initiative; FY = fiscal year; N/A = not available; Q = quarter; REE = Research, Education, and Economics.

Notes: Preliminary status is based on progress toward KPI as of the third quarter. The USDA Annual Performance Plan and Report (APPR), to be published in February 2022, will show the final FY 2021 results.

<sup>1</sup> The metric was retired in FY 2020 because performance goal was met.

## Strategic Goal 2:

# Maximize the Ability of American Agricultural Producers to Prosper by Feeding and Clothing the World

A strong and prosperous agricultural sector is essential to the well-being of the U.S. economy. America's farmers and ranchers ensure a reliable food supply, support job growth, and promote economic development. To maintain a competitive agricultural sector, USDA will support farmers' and ranchers' ability to start and maintain profitable businesses and offer financial support to producers affected by natural disasters. Furthermore, USDA's research agencies will continue to introduce high-performance plants, animals, and integrated management options that increase the efficiency of farming practices. Lastly, USDA will also provide tools to producers, so they are well-positioned to secure a share of a growing market for agricultural products.

### Performance Summary

- **Loan Flexibility for Producers During COVID-19:** The Farm Service Agency (FSA) provided flexibility to direct farm loan borrowers to defer a loan payment for at least 1 year, known as Disaster Set Aside for COVID-19. Because it was launched on May 23, 2020, through July 6, 2021, 4,498 borrowers with payments totaling \$45.5 million have used this option, including 2,468 beginning farmers.
- **Hurricane Coverage:** USDA has implemented new loan coverage whereby people can apply for loans to repair hurricane-related losses. This coverage will help stimulate the economy as thousands of people are affected by national disasters each year.
- **Hemp Coverage:** USDA is expanding insurance coverage to hemp producers from national disasters in the United States. The pilot program provides coverage against loss of yield due to insurable causes of loss for hemp grown for fiber, grain, or Cannabidiol (CBD) oil. Additionally, the Noninsured Crop Disaster Assistance Program (NAP) coverage protects against losses associated with lower yields, destroyed crops, or prevented planting where no

## STRATEGIC OBJECTIVES

### Objective 2.1

Provide an Effective Financial Safety Net for Farmers and Ranchers to Sustain Economically Viable Agricultural Production and Support Rural Jobs and Economic Growth

### Objective 2.2

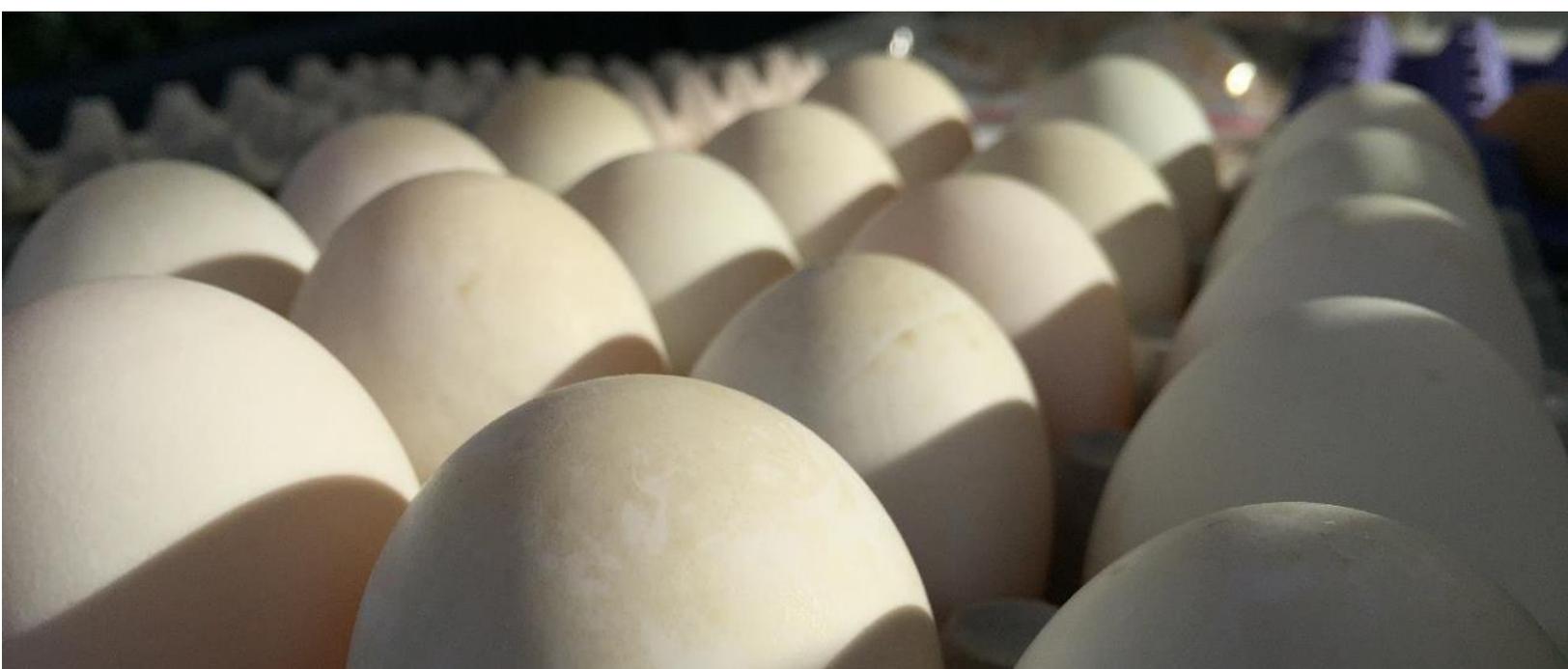
Increase Agricultural Opportunities and Support Economic Growth by Creating New Markets and Supporting a Competitive Agricultural System

### Objective 2.3

Protect Agricultural Health by Preventing and Mitigating the Spread of Agricultural Pests and Disease

permanent Federal crop insurance program is available. Hemp offers new economic opportunities for farmers.

- **Livestock & Poultry (LP) Program Success:** The LP program continues to deliver quality services efficiently, recovering nearly all costs for the service. LP has faced significant staffing challenges in the face of COVID-19 and nationwide hiring shortages but has implemented strategies to ensure that meat, poultry, and shell egg customers can continue to move USDA-graded products in commerce.
- **National Veterinary Stockpile (NVS):** The program deploys countermeasures, within 24 hours of approval, against the most damaging animal diseases and assists States, Tribes, and Territories with planning, training, and exercises for the rapid request and distribution of NVS countermeasures during an event. In FY 2021, the program has focused on ensuring the readiness of equipment and procedures for response efforts and replenishing stocks of personal protective equipment for employees, which was depleted during the COVID-19 pandemic. The program awarded a contract to upgrade its fleet of depopulation equipment for use in animal disease emergencies, conducted virtual training exercises for state cooperators, and is conducting a drill to validate the process of shipping vaccines for foot-and-mouth disease to the United States from an overseas manufacturer.
- **Pest Detection:** APHIS and cooperators plan to conduct more than 400 early pest detection surveys in 50 States, 5 Territories, and 2 Tribal Territories in FY 2022. Through these surveys, the program expects to target 96 percent of the high-risk plant pests and diseases identified of significant concern, with the goal of ensuring new-incursions of pests and diseases are detected before they have a chance to spread or establish.



## Exhibit 2: Strategic Goal 2 Key Performance Indicators (KPI)

KPI	Historic Actuals			Strategic Targets		FY 21 Results as of Q3
	FY 18	FY 19	FY 20	FY 21	FY 22	
Average number of days to process direct loans	30	32	34	32	34	35
Percentage of direct and guaranteed loan borrowers who are beginning farmers	55.0	54.5	58.9	59.9	59.9	60.0
The annual normalized value of risk protection provided to agricultural producers through the Federal Crop Insurance Program (\$ Billion)	76.8	78.2	84.1	77.9	78.2	<i>Annual Measure update provided in APPR</i>
First installment delinquency rate on direct loans	New in FY 2020	New in FY 2020	9.9	8	9	10.5
Direct loan delinquency rate	New in FY 2020	New in FY 2020	4.3	7	7	4.6
Percentage of high-risk plant pests for which early detection surveys are conducted	96	96	96	95	96	<i>Annual Measure update provided in APPR</i>
Number of hours it takes to mobilize resources once it is determined that a Federal emergency response is needed to manage an agricultural outbreak (target of within 24 hours)	24	24	24	24	24	<i>Annual Measure update provided in APPR</i>
Recover 83 percent of graders' time through customer billings (meat livestock)	New in FY 2020	New in FY 2020	93	83	83	93
Recover 83 percent of graders' time through customer billings (poultry livestock)	New in FY 2020	New in FY 2020	95	83	83	94

FY = fiscal year; Q = quarter.

Notes: Preliminary status is based on progress toward KPI as of the third quarter. The USDA Annual Performance Plan and Report (APPR), to be published in February 2022, will show the final FY 2021 results.

## Strategic Goal 3:

### Promote American Agricultural Products and Exports

Expanding international marketing opportunities for U.S. farmers and exporters is critical to business and income growth across rural America. It is essential for USDA to continue its efforts to expand American agricultural products and exports through promotion activities, development of international standards, removal of trade barriers by monitoring and enforcing existing trade agreements, and negotiation of new trade agreements that benefit the U.S. agricultural economy. USDA will also partner with developing countries to support them along the agricultural market continuum from developing economies to developed economies with promising demand potential. Ultimately, this work builds foundations for future markets and creates long-term international relationships that further advance U.S. agriculture's exports.

#### STRATEGIC OBJECTIVES

##### Objective 3.1

Expand International Marketing Opportunities

##### Objective 3.2

Prevent or Resolve Barriers to Trade That Hinder U.S. Food and Agricultural Exports

##### Objective 3.3

Build Demand in Developing Countries Through Trade Capacity Building

#### Performance Summary

- USDA has engaged with global trading partners to open and retain markets for U.S. agriculture. The marquee accomplishment is the successful negotiations of the Phase One agreement with China that provides U.S. agriculture market access valued at more than \$3.5 billion. The agreement also improves to procedures for registering and maintaining a list of facilities for numerous products, including dairy, valued at \$275 million.
- USDA's Foreign Agricultural Service (FAS) defended U.S. interests against Peru's anti-dumping and countervailing duty actions against U.S. corn, preserving a market valued at \$500 million.
- Renegotiated a dairy certificate with Japan following changes to Japan's domestic regulations, preserving a market valued at nearly \$300 million. Persuaded Japan to limit restrictions on U.S. corn following a maximum residue level (MRL) detection, retaining access for \$200 million in non-genetically modified varieties that would not have been treated with the identified chemical.
- Protected a continuation of the current accreditation for pork and beef exports to the Philippines following that government's announcement proposing changes to the terms of the

access agreement that would have effectively closed the market to nearly \$200 million in U.S. beef and pork exports

- Secured Ecuador’s tariff exemption extension for wheat and soybean meal imports for 5 years, preserving competitive access for nearly \$200 million in wheat and soybean meal.
- Negotiated an agreement with South Korea guaranteeing market access for more than \$100 million in annual U.S. rice exports.
- Collaborated with the Office of the U.S. Trade Representative, U.S. industry, and other trading partners to persuade Saudi Arabia to withdraw non-science-based proposed regulations setting extremely low limits on the amount of added sugar in all processed food and beverages, preserving a market valued at \$100 million.
- Facilitated a Washington State-based solution to a requirement by India for certification that apples are free of Genetically Modified materials, preserving a market valued at more than \$50 million.
- Preserved access for organics products exported to Mexico valued at \$190 million when the COVID-19 pandemic delayed equivalence audits and disrupted completion of an equivalence agreement.
- Responding to the COVID-19 global pandemic, USDA’s FAS developed and executed six virtual trade events with \$19.75 million in projected 12-month sales

**Exhibit 3: Strategic Goal 3 Key Performance Indicators (KPI)**

KPI	Historic Actuals			Strategic Targets		FY 21 Results as of Q3
	FY 18	FY 19	FY 20	FY 21	FY 22	
Value of agricultural exports resulting from participation in foreign agricultural trade shows and trade missions (Billions)	2.13	2.20	1.16	1.75	2.13	1.15
Value of trade preserved through the resolution of foreign market access issues such as U.S. export detainment, restrictive SPS & TBT issues, and trade regulations (Billions)	12.8	2.5	7.7	5.5	6	5.89

FY = fiscal year; Q = quarter; SPS =Sanitation Performance Standard; TBT = Technical Barrier to Trade.

Notes: Preliminary status is based on progress toward KPI at the time of publication. The USDA Annual Performance Plan and Report, to be published in February 2022, will show the final FY 2021 results.

## Strategic Goal 4:

### Facilitate Rural Prosperity and Economic Development

USDA promotes rural prosperity and economic development by financing investments in rural utilities, housing, and businesses. When rural Americans share the same level of infrastructure services as the country's urban areas, rural communities can make even greater economic contributions with healthy businesses and families. With this aim in mind, USDA will leverage funds, stimulate public-private partnerships, and collaborate to build rural infrastructure, including broadband, community facilities, safe and affordable housing, and health services and facilities. It will also provide capacity building to help underserved communities become thriving communities.

#### STRATEGIC OBJECTIVE

##### Objective 4.1

To expand rural business opportunity and rural quality of life with access to capital; improve infrastructure, broadband access and connectivity; and support workforce availability.

#### Performance Summary

- **Rural Community Facilities and Essential Services:** During 2021, USDA's Rural Development (RD) mission area invested more than \$674 million through 1200 projects benefiting more than 6 million rural residents across the United States and Territories through the Community Facilities (CF) Direct Loan and Grant Program. CF programs provide loans, grants, and guarantees to help rural communities build or improve essential community facilities and community infrastructure.

The investments include \$344 million to support health-care-related improvements and emergency response services that will benefit more than 3 million rural residents across the United States and Territories. More than five hundred awards totaling \$51 million will help communities with their long-term recovery efforts following natural disasters such as hurricanes, floods, and tornadoes.

- **Rural Water and Wastewater Infrastructure Improvements:** RD is investing \$979 million to modernize rural drinking water and wastewater infrastructures across the United States and Territories. The investments will help eliminate outdated pipes and service lines to safeguard public health and safety in rural communities. They will improve rural infrastructure for residents and businesses.
- **Mission Delivered Under COVID-19:** Despite challenges from 100 percent telework during the past year, RD staff learned to use existing technology for improved communication, pivoted to online outreach, facilitated webinars in place of in-person meetings, and continued to obligate funds. RD has processed more than 99,000 loan servicing requests and continues to

consult the borrowers in good faith to alleviate defaults. The Innovation Center's Data Analytics Division created the COVID-19 Economic Risk Assessment as part of the RD's data-driven approach to identify how RD resources and services can provide immediate relief to communities affected by the pandemic and support economic recovery in rural America. This dashboard enabled RD leadership to be more proactive and reach out to customers in vulnerable communities enabling a timelier response to the needs of rural communities. Finally, RD invested close to \$8 billion in distressed rural communities during a pandemic.

- **Resource Guide to Help America's Workforce:** In 2021, RD launched a resource guide to help rebuild and strengthen America's rural workforce. The resource guide is designed to help rural community leaders start and expand employment opportunities and access resources to train, recruit, and create a sustainable rural workforce. It outlines programs and services available at USDA and other Federal agencies that support workforce development in rural communities.
- **Rural Innovation Stronger Economy (RISE):** Rural Business-Cooperative Services launched a new grant program to help rural communities create good-paying jobs and support new business opportunities in high-growth fields. The new grant promotes a regional innovation-driven approach to economic development through maximizing local community assets and connecting networks and industry clusters. RISE provides grants of up to \$2 million to consortiums of local governments, investors, industries, institutions of higher education, and other public and private entities in rural areas. The funds may be used to form Job Accelerator partnerships, create high-wage jobs, start or expand businesses, and support economic growth in the rural areas of their region.
- **Modernizing Rural Electric Infrastructure:** Through the Electric Loan Program, Rural Development invested more than \$1.2 billion to improve and modernize rural electric infrastructure after severe weather and age tested the grid. This funding will benefit rural residents and businesses in Alaska, Arizona, Arkansas, Georgia, Illinois, Indiana, Kentucky, Minnesota, Missouri, New Mexico, New York, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Washington, and Virginia. Several of the loans will help expand smart grid technologies, which can be a catalyst for broadband and other telecommunication services in unserved and underserved rural areas.
- **Interagency Agreement to Coordinate Broadband Funding:** USDA, the Federal Communications Commission (FCC), and the National Telecommunications and Information Administration (NTIA) have established an interagency agreement to share information about and coordinate the distribution of broadband and deployment of Federal funds.

#### Exhibit 4: Strategic Goal 4 Key Performance Indicators (KPI)

KPI	Historic Actuals			Strategic Targets		FY 21 Results as of Q3
	FY 18	FY 19	FY 20	FY 21	FY 22	
Health Facilities: Percent of customers who are provided access to new and/or improved essential community facilities	9.4	2.5	5.1	3.0	3.0	6.7
Number of borrowers' subscribers receiving new and/or improved telecommunication services (Thousand)	45	69	131	162	162	42.2
Percent of RD commercial/ infrastructure investments that leverage non-Federal funding	77	83	62	80	80	86
Percent of RD assistance that went to distressed communities	11	11	12.5	14	14	12.2

FY = fiscal year; Q = quarter; RD =Rural Development.

Notes: Preliminary status is based on progress toward KPI as of the third quarter. The USDA Annual Performance Plan and Report, to be published in February 2022, will show the final FY 2021 results.



## Strategic Goal 5: Strengthen the Stewardship of Private Lands Through Technology and Research

The world population is expected to reach 9.6 billion by 2050. Feeding this population will require the adoption of new science and technologies and the implementation of science-based conservation plans to increase agricultural production sustainability. To ensure U.S. private working lands and public agricultural landscapes are conserved, the Department will provide technical and financial assistance using the latest technology and research available. New and improved practices result from fundamental and applied research to understand the complex interactions between human systems and the environment and transferring the resulting knowledge into the hands of producers and land managers through information, tools, and decision support.

### STRATEGIC OBJECTIVES

#### Objective 5.1

Enhance Conservation Planning with Science-Based Tools and Information

#### Objective 5.2

Promote Productive Working Lands

#### Objective 5.3

Enhance Productive Agricultural Landscapes

### Performance Summary

- **Conservation Technical Assistance (CTA) Program:** The CTA program is the backbone of the Natural Resources Conservation Service’s (NRCS) conservation delivery system. Many customers begin their relationship with NRCS through requests for assistance that later evolve into a conservation plan that may include cost-share assistance through mandatory programs. At the end of the third quarter (Q3) for FY 2021, approximately 102,000 Conservation Assessment Ranking Tool (CART) assessments and more than 121,000 ranked assessments were completed, evaluating nearly 11 million resource concerns on more than 744,000 land units (53 million program acres).
- **Environmental Quality Incentives Program (EQIP):** EQIP conducted outreach activities and published program information including: announcement of application cut-off dates, evaluation and ranking of applications, and selections for funding. By the end Q3 for FY 2021, 86,949 total applications and 21,796 contracts had been submitted in the system for \$704,821,350 on 6,346,359 acres.
- **Agricultural Conservation Easement Program (ACEP):** ACEP consists of two components: (1) an agricultural land easement (ALE) component under which NRCS assists eligible entities to protect agricultural land by limiting non-agricultural uses of that land through the purchase of agricultural land easements; and (2) a wetland reserve easement (WRE) component under which NRCS provides financial and technical assistance directly to

landowners to restore, protect, and enhance wetlands through the purchase of wetlands reserve easements. Through the ALE component, ACEP helps farmers and ranchers keep their land in agriculture. In Q3 (April 1 to June 30, 2021) of FY 2021, NRCS reviewed and closed 39 new WRE easements. ACEP-WRE provides technical and financial assistance directly to private landowners and Indian Tribes to restore, protect, and enhance wetlands through the purchase of wetland easements. WRE enrollment options include permanent easements, 30-year easements, term easements, and 30-year contracts (for acreage owned by an Indian Tribe). As of Q3 of FY 2021, NRCS closed on 140 new WRE easements. This number is the cumulative WRE easements that were closed in FY 2021

- **Regional Conservation Partnership Program (RCPP):** RCPP promotes the implementation of conservation activities through agreements between partners and producers. RCPP, through agreements with partners and conservation programs, contracts directly with producers, helps implement conservation projects that may focus on water quality and quantity, soil erosion, wildlife habitat, drought mitigation, flood control, or other regional priorities. Successful RCPP projects provide innovative conservation solutions, leverage partner contributions, offer impactful and measurable outcomes, and are implemented by capable partners. In Q3, there are currently 68 active Farm Bill 2018 RCPP projects with a combined budget of more than \$270 million that will be further amplified by more than \$350 million in partner contributions. Another 106 awards, whose combined budgets exceed \$400 million, are currently being negotiated by NRCS State Offices.
  - RCPP is an ideal mechanism for helping Native American Nations address challenging resource concerns while improving agricultural output on their reservations. Two such success stories were recently highlighted on farmers.gov.
    - The Hoonah Native Forest Partnership helps protect, conserve, and maintain stream and forest habitats integral to the Hoonah way of life.
    - The Duck Valley Shoshone-Paiute Tribes were the first Native American Tribes in the Nation to receive an RCPP contract. They plan to create a more efficient irrigation system while still providing the water needed by cattle every summer by replacing ditches, repairing rusted pipes, and adding 25 nose pumps and solar livestock watering systems. This plan will increase the number of acres under production from 12,600 acres to more than 21,000 acres.
- **Conservation Reserve Program (CRP):** CRP is a land conservation program administered by the Farm Service Agency. In exchange for a yearly rental payment, farmers enrolled in the program agree to remove environmentally sensitive land from agricultural production and plant species to improve environmental health and quality. Contracts for land enrolled in CRP are 10–15 years in length. The program’s long-term goal is to re-establish valuable land cover to help improve water quality, prevent soil erosion, and reduce the loss of wildlife habitat.
  - The 2018 Farm Bill extended enrollment authority to September 30, 2023, and incrementally increased overall enrollment caps from 24 million acres in FY 2019,

24.5 million acres in FY 2020, 25 million acres in FY 2021, 25.5 million acres in FY 2022, and 27 million acres in FY 2023. Changes to incentives and rental rates have been made to encourage increased enrollment.

- FSA administratively removed state acreage allocation caps for buffers and wetlands enrollment, allowing additional acres to be enrolled.
- FSA increased outreach and partner collaboration to encourage enrollment and highlight improvements to the program.

#### Exhibit 5: Strategic Goal 5 Key Performance Indicators (KPI)

KPI	Historic Actuals			Strategic Targets		FY 21 Results as of Q3
	FY 18	FY 19	FY 20	FY 21	FY 22	
Acreage enrolled in CRP riparian and grass buffers (Cumulative, Million Acres)	1.53	1.43	1.36	1.46	1.56	1.42
Cropland with conservation applied to improve soil quality (Million Acres)—Environmental Quality Incentives Program (EQIP)	3.1	3.4	3.9	3.4	3.4	<i>Annual Measure update provided in APPR</i>
Cropland with conservation applied to improve soil quality (Million Acres)—Conservation Technical Assistance (CTA)	6.0	5.7	6.4	6.0	6.0	<i>Annual Measure update provided in APPR</i>
Tons of sediment prevented from leaving cropland and entering water bodies (Million Tons)	5.3	6.3	8.2	6.0	6.0	<i>Annual Measure update provided in APPR</i>
Working land protected by conservation easements (Thousand Acres)	163	178	167	163	163	<i>Annual Measure update provided in APPR</i>
Contract Implementation Ratio (CIR, %)	87	87	87	87	87	<i>Annual Measure update provided in APPR</i>
Annual Practice Implementation Rate (PIR, %)	51	55	43	52	52	<i>Annual Measure update provided in APPR</i>
Restored wetland acreage CRP (Million Acres)	2.30	2.34	2.35	2.34	2.64	2.36

CRP = Conservation Reserve Program; FY = fiscal year; Q = quarter.

Notes: Preliminary status is based on progress toward KPI as of the third quarter. The USDA Annual Performance Plan and Report (APPR), to be published in February 2022, will show the final FY 2021 results.

## Strategic Goal 6:

### Ensure Productive and Sustainable Use of the National Forest System Lands

The Nation’s forests and grasslands are a fundamental part of the American landscape and are a legacy that the USDA Forest Service holds in trust for present and future generations. Forests provide clean air and water, forest and rangeland products, mineral and energy resources, jobs, quality habitat for fish and wildlife, recreational opportunities, and memorable experiences. The National Forest Service (NFS) plays a critical role in making America’s forests and grasslands resilient to threats and disturbances while mitigating wildfire risk. The Department also manages the national forests and grasslands to ensure that they are healthy and sustainable while allowing rural communities to access and benefit from the Nation’s forests’ economic opportunities. This work is complemented with USDA’s research in forestry, ecology, and economics to ensure world-class science guides effective policies and management practices.

#### STRATEGIC OBJECTIVES

##### Objective 6.1

Contribute to the Economic Health of Rural Communities Through Use and Access Opportunities

##### Objective 6.2

Ensure Lands and Watersheds Are Sustainable, Healthy, and Productive

##### Objective 6.3

Mitigate Wildfire Risk

#### Performance Summary

- **Forest Innovation:** Forest Products Laboratory, in collaboration with the U.S. Endowment for Forests and Communities (U.S. Endowment), is awarding \$2.4 million in grants to accelerate the use of nanocellulosic materials (CNM) for use in a wide range of applications. The goal is to develop sustainable and environmentally friendly forest products that can be used in a variety of industries and commercial goods, including those where forest products have not always been considered a material of choice.
- **Investment in New Technologies and Markets:** USDA Forest Service State and Private Forestry awarded more than \$11 million in funds through the Wood Innovations Program and Community Wood grant programs to develop and expand the use of wood products and strengthen emerging wood energy markets.
- **Community Forest Grants:** Forest Service Community Forest Program awards for FY 2021 include \$4 million to support 10 projects across nine states (Iowa, Maine, Michigan, New York, New Hampshire, Vermont, Washington, West Virginia, and Wisconsin). This year’s grants include financial assistance to local governments and qualified nonprofit organizations

to create, expand, and enhance community-owned and community-managed forests. Project work will help communities acquire and conserve forests that provide public access and recreational opportunities, protect vital water supplies and wildlife habitat, serve as demonstration sites for private forest landowners, and provide economic benefits from timber and non-timber products.

- **Visitor Satisfaction in National Forests:** Visitor satisfaction is expected to be rated at 95 percent, even with an increase in demand at the forests during the Covid-19 Pandemic. Satisfaction of visitors is attributed to the continued efforts to provide access to quality landscapes, offer a variety of recreation opportunities and settings, and maintain recreation facilities to acceptable standards. (This measure is not reported by quarter; the Forest Service will provide a final FY 2021 value at the end of the fiscal year.)
- **Timber Sales:** Recovery efforts after large fires, including stabilization work and hazard tree removal, necessitates the involvement of staff who would typically work on preparing and administering timber sales. As a result, Forest Service worked with industry to re-organize salvage and green sales in 2021 in an effort to keep from flooding the timber markets. Work continues to be challenged by the COVID-19 pandemic. The field crews must work within tight restrictions, hiring is limited, and travel is restricted to only mission-critical work to various locations. The Chief of the Forest Service issued a letter requesting resources be released to be engaged in the wildfire system, which operates for the Nation's forests and grasslands.
- **Wildfire Activity:** Increased wildfire activity in the Western States has shifted regional resources to suppression activities, reducing opportunities for prescribed fire. Regions continue to take advantage of favorable burning conditions where possible while providing for public and firefighter safety.
- **Drought Conditions:** In the west, the continued drought coupled with hot, dry weather has increased wildfire activity, which increases the need for suppression resources and pausing prescribed burning until conditions are favorable. Regions have switched to contracting mechanical and hand treatments to reduce hazardous fuels. Drought conditions and hot, dry weather slow this progress as operators are restricted to working in the morning and conducting fire patrol of the work area in the afternoon as an added safety precaution. Monsoonal moisture has been moving into the Southwest, increasing the chance of resuming prescribed burning later in the year.
- **Deferred Maintenance:** USDA Forest Service National Forest system (NFS), Procurement and Property Services (PPS) and the Office of Grants and Agreements (OG&A) efforts lead to awarding more than \$200 million in funds through the Great American Outdoors Act (GAOA) to deliver benefits to the American public by increasing public land access and conservation. The funding provided through GAOA will be a catalyst for rural economic development and employment opportunities. GAOA will also expand public-private partnerships and become part of the Shared Stewardship framework.

## Exhibit 6: Strategic Goal 6 Key Performance Indicators (KPI)

KPI	Historic Actuals			Strategic Targets		FY 21 Results as of Q3
	FY 18	FY 19	FY 20	FY 21	FY 22	
Percent of customers satisfied with recreation facilities, services, and settings in National Forests	95	95	95	95	95	<i>Annual Measure update provided in APPR</i>
Timber volume sold (Billion Board Feet)	3.2	3.3	3.2	4.0	3.4	1.58
Percent of NFS landscape ecosystems improved, maintained, or recovering due to management actions, Terrestrial Condition Assessment (TCA)	New in FY 2021	New in FY 2021	-	42	32	<i>Annual Measure update provided in APPR</i>
Number of watersheds moved to improved condition class or sustained in Condition Class 1 <sup>2</sup>	16	8	9	N/A	15	N/A
Annual acreage of NFS lands where final treatment effectively mitigates wildfire risk (Million Acres, Annually)	1.0	.9	.8	1.1	1.4	.938
Annual acreage treated to reduce or maintain fuel conditions on NFS and non-Federal lands (Million Acres, Annually)	3.4	2.9	2.7	3.5	3.7	2.16
Number of high priority areas where treatments have occurred to reduce wildfire risk to communities (number of fire sheds) <sup>3</sup>	N/A	N/A	N/A	N/A	3	N/A

FY =fiscal year; N/A = not available; NFS = National Forest Service; Q = quarter.

Notes: Preliminary status is based on progress toward KPI as of the third quarter. The USDA Annual Performance Plan and Report (APPR), to be published in February 2022, will show the final FY 2021 results.

<sup>2</sup> Watershed KPI was developed in 2010 as the agency's first nationally consistent outcome performance measure to demonstrate accomplishments in watershed restoration. KPI is new for FY 22. For FY 2021, watershed restoration was not an agency priority and no target was established.

<sup>3</sup> Fireshed is a term similar to watershed. It refers to a geographic region with a similar risk of wildfire to adjacent communities. Reducing hazardous fuels within parts of the fireshed may reduce the overall risk to the adjacent community. Number of fire sheds is a new KPI to move to outcome-based measures on reducing wildfire risk at a scale that will make a difference on transmission of wildfire to communities.

## Strategic Goal 7:

### Provide All Americans Access to a Safe, Nutritious, and Secure Food Supply

USDA has critical roles in preventing foodborne illness and protecting public health while also ensuring Americans have access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires public confidence. The Department will take several actions to achieve this goal. First, to ensure the food supply is safe, the Department will continue to prevent contamination and limit foodborne illness by expanding its modernization of food inspection systems. USDA's research, education, and extension programs will continue to provide information, tools, and technologies about the causes of foodborne illness and its prevention. Second, USDA will continue to develop partnerships that support best practices in implementing effective programs to ensure that eligible populations have access to programs that support their food needs. These collaborations include research on the nutritional quality of American food and diets, as well as continuing to discover the drivers of poor diets and nutritional choices. Lastly, USDA will collaborate with partners and stakeholders on strategies to reduce foodborne illness and childhood obesity and improve diets. USDA ensures agriculture production incorporates the best available science into its modernization efforts to produce safer, more nutritious, and secure food.

#### STRATEGIC OBJECTIVES

##### Objective 7.1

Prevent Foodborne Illness and Protect Public Health

##### Objective 7.2

Provide Access to Safe and Nutritious Food for Low-Income People While Supporting a Pathway to Self-Sufficiency

##### Objective 7.3

Support and Encourage Healthy Dietary Choices Through Data-Driven, Flexible, Customer-Focused Approaches

#### Performance Summary

- **Meat and Poultry Inspection Operations:** In an effort to increase capacity and expand access in the Meat and Poultry Inspection Operations, \$55.2 million in competitive grant funding was available through the new Meat and Poultry Inspection Readiness Grant (MPIRG) program. The new program is funded by the Consolidated Appropriations Act of 2021.
- **Pathogen Reduction Standards:** The Food Safety and Inspection Service (FSIS) continued to send alerts to establishments with increasing *Salmonella* levels and assessed subsequent data to determine compliance with the performance standard. For establishments that do not

meet the performance standard, FSIS continues to provide Inspection Program Personnel (IPP) with alerts that summarize recent sampling results to provide information on whether subsequent establishment pathogen results are improving.

- **Resources for our Customers:** The Food and Nutrition Service (FNS) Office of Food Safety, in cooperation with the Institute of Child Nutrition (ICN), released several COVID-19 resources: The Food Safety COVID Tip Card Series, Food Safety During Alternate Meal Services fact sheet, and Keeping School Meals Safe at Home infographic.
- **Nutrition Benefits for Low-Income Families.** As directed by the 2018 Farm Bill, for the first time in more than 15 years, USDA re-evaluated the Thrifty Food Plan (TFP) based on current food prices, consumption data, the nutrients in food, and the latest dietary guidance. The updated TFP reflects the price of a practical, cost-effective, nutritious diet in today's current conditions and is used to calculate benefits for SNAP recipients. The updated Plan better represents the practical cost of a nutritious diet for low-income households in today's current circumstances. Adjusting benefits to reflect the practical impacts of current economic and marketplace considerations will improve SNAP participants' ability to provide a nutritious, cost-effective diet for themselves and their families. Average SNAP benefits – excluding additional funds provided as part of pandemic relief – will increase by about \$36 per person, per month for fiscal year 2022. This reflects a 21% increase in the value of the Thrifty Food Plan.
- **Support for Children in Schools and Child Care:** In support of President Biden's call to action on hunger and with authorities provided by Congress, in January 2021, USDA announced an increase in benefits for the Pandemic Electronic Benefits Transfer (P-EBT) of approximately 15 percent, providing more money for low-income families and millions of children missing meals due to school closures. As of mid-September 2021, FNS approved school year 2020-2021 plans for school age children in all eligible states and territories and 49- State childcare plans to provide more than \$30.6 billion in P-EBT benefits to 33.8 million children. In addition, FNS approved 47 Summer 2021 plans to provide \$12.6 billion in P-EBT benefits to 33.2 million children.
- **Supplemental Nutrition Assistance Program (SNAP):**
  - Implemented the American Rescue Plan provision to extend the 15 percent increase in the maximum benefit through September 2021, and
  - Extended Emergency Allotment benefits to increase benefits to the neediest households who had not received Emergency Allotment payments and those whose payments were less than \$95 per month.
  - Provided hundreds of adjustments and flexibilities requested by States to ensure access to nutrition benefits during the pandemic.
  - Expanded online purchasing by approving additional retailers to offer this service in 47 States and the District of Columbia, covering 97 percent of SNAP households.

- Released an updated and revised SNAP Employment & Training Toolkit. This version, the first major revision since 2013, includes, among other things, the changes made by the final rule published in January 2021, such as the newly allowable skills-based activities.
- Issued a request for proposals for up to five nonprofit organizations to build functionality and provide assistance to farmers and markets to accept SNAP benefits through online transactions.
- Issued guidance encouraging States to focus FY 2022 State outreach plans on vulnerable food insecure populations such as students, veterans, and non-citizen households.
- Provided SNAP State agencies with additional State administrative expense funds to support pandemic response as provided for by the Consolidated Appropriations Act and the American Rescue Plan.
- **Support for Food Banks:** USDA’s FNS provided approximately \$1 billion to States to order nutritious, domestically produced food to support food banks through The Emergency Food Assistance Program (TEFAP), using regular TEFAP entitlement and COVID supplemental funding.
  - In partnership with the Agricultural Marketing Service (AMS), FNS was able to offer for the first time a pre-packaged mixed fresh produce box in the TEFAP catalog for TEFAP State agencies to order. Deliveries began in June 2021.
- **Support for Mothers and Children:** The American Rescue Plan provided an option for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) State agencies to temporarily increase the Cash-Value Voucher/Benefit (CVV/B) for Fruit and Vegetable Purchases. Specific WIC food packages were increased to an amount that was less than or equal to \$35 per month for a period of up to 4 months in FY 2021.
- **Supporting Tribal Food Sovereignty:** Under new demonstration projects, Indian Tribal Organizations (ITOs) in the Food Distribution Program on Indian Reservations (FDPIR) may purchase agricultural commodities for their FDPIR participants. The project allows selected ITOs to supplant FDPIR food package items with local, regional, and/or tribal foods of their choosing that have similar or higher nutritional value. Funding for the project was made available via self-determination contracts, thereby fostering food sovereignty and self-determination in the FDPIR sphere.
- **Support for Territories.** As part of the pandemic response, FNS provided targeted technical assistance to support nutrition assistance in Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands. These Territories utilized more than \$1 billion in funds provided through the American Rescue Plan and other COVID relief bills to enhance benefit allotments to low-income households and modernize benefit delivery methods from paper coupon to EBT. In addition, with FNS support, they developed and administered their own P-EBT Plans to cover meals missed by school-aged children.

- **Nutrition Guidance for All Americans:** On December 29, 2020, USDA, in partnership with the U.S. Department of Health and Human Services (HHS), released the Dietary Guidelines for Americans, 2020–2025 after a multi-year process involving an external, independent review of current science by the 2020 Dietary Guidelines Advisory Committee and four phases of public comment during a 15-month period. This new edition of the DGA marks the first time the Dietary Guidelines have provided recommendations by every life stage, from birth through older adulthood.

Concurrently with the release of the Dietary Guidelines, the Center for Nutrition Policy and Promotion (CNPP) released a robust, consumer-tested suite of consumer resources that translate guidance from the new Dietary Guidelines into messages and actionable tools that people can personalize to help them make healthy food and beverage choices. The tools include an online consumer quiz that can be synced with the Start Simple with MyPlate consumer app and updated consumer MyPlate Plan calculator, as well as a wide variety of content, tip sheets, and recipes at the newly designed MyPlate.gov. As of April 2021, the consumer quiz had been completed approximately 500,000 times, there were more than 166,000 net downloads of the consumer app, the MyPlate Plan calculator had been used nearly 6 million times, and MyPlate.gov had more than 27 million pageviews.

- **Support for Students and Schools:** Facing continued uncertainty, FNS issued numerous nationwide waivers, State waivers, and related guidance documents providing child nutrition program (CNP) operators the flexibility needed to continue providing nutritious meals to children in a safe manner during the COVID-19 public health emergency for the 2020–2021 school year, summer 2021, and in preparation for the 2021–2022 school year. These waivers included:
  - Allowing schools to operate the Summer Food Service Program (SFSP) or National School Lunch Program (NSLP) Seamless Summer Option for the 2020–2021 school year (in place of the NSLP/School Breakfast Program) and the Seamless Summer Option for the 2021–2022 school year, providing flexibility in program requirements and increased resources for school meals;
  - Extending the deadlines for schools to elect the Community Eligibility Provision (CEP). CEP is a highly successful option that allows schools with a significant share of very low-income students to serve school meals at no cost to all students; and
  - Approving 63 State CNP oversight waivers, which provide flexibility to States and local CNP operators during the pandemic while maintaining program integrity.

In addition, USDA took steps to help alleviate supply chain concerns for schools offering schools flexibilities such as:

- Allowing operators to enter into emergency noncompetitive one-year procurement contracts for school year 2021-2022.

- Waiver to Allow Specific School Meal Pattern Flexibility for School Year 2021-2022, which allows flexibility in the meal standards and makes it easier for school lunch staff to prepare meals when there are shortages of certain food items.
- Ensuring schools are not penalized for any meal pattern shortcomings that occur as a result of supply chain issues.
- Allowing for higher reimbursement rates to make contracting easier when needing to resort to emergency procurement options.

USDA understands it has been a challenging time for food distribution companies that serve schools as they face obstacles including labor shortages and transportation difficulties. USDA worked across the federal government to help ease pressures on our food supply chain and build back better.

- As of early September, through a cooperative agreement between CNP Team Nutrition and the Institute of Child Nutrition (ICN), the ICN conducted 316 training opportunities in various formats, reaching over 21,150 CNP operators, administrators, and stakeholders. Altogether, in FY 2021, CNP-Team Nutrition and the ICN conducted a combined total of 333 training events in various formats, reaching nearly 39,200 CNP operators, administrators, and stakeholders. FNS also released several key resources and training opportunities to support Child and Adult Care Food Program (CACFP) and school meal pattern implementation, as well as the provision of safe and flexible meal service during the COVID-19 pandemic.
- To address financial losses experienced during the COVID-19 public health emergency, FNS implemented the CNP Emergency Operational Cost Reimbursement Programs as of July 2, 2021 approving 80 State/tribal/territory plans to provide nearly \$1.3 billion in resources to school meal and CACFP operators.
- **Connecting the School and Farm:** FY 2021 included a historic level of Farm to School Grants of \$12.1 million to 159 organizations and more than 120 grant modification and extension requests processed to support COVID-related adaptations to Farm to School projects. This was part of providing more than \$100 million in grant funding to States and local entities supporting CNP program operations with technology investments, school equipment, breakfast expansion, and recipe development.

### Exhibit 7: Strategic Goal 7 Key Performance Indicators (KPI)

KPI	Historic Actuals			Strategic Targets		FY 21 Results as of Q3
	FY 18	FY 19	FY 20	FY 21	FY 22	
Percentage of establishments that meet pathogen reduction performance standards	71	84	86	88	88	86
Percentage of establishments whose Public Health Regulation (PHR) noncompliance rate decreases below the early warning cut point 120 days after receiving an Early Warning Alert (EWA)	74	74	74	74	74	74
Percentage of American households with consistent, dependable access to food	88.9	89.5	N/A	89.2	89	<i>Annual Measure update provided in APPR</i>
Percentage of Supplemental Nutrition Assistance Program (SNAP) Employment & Training participants engaged in education and skills-based training	25.2	34.7	38.4	31.5	31.5	<i>Annual Measure update provided in APPR</i>
Annual percentage of eligible children participating in the National School Lunch Program (NSLP)	58	57	43	59	59	<i>Annual Measure update provided in APPR</i>
Annual percentage of eligible children participating in the School Breakfast Program (SBP)	30	30	24	31	31	<i>Annual Measure update provided in APPR</i>

FY = fiscal year; N/A = not available; Q =quarter.

Notes: Preliminary status is based on progress toward KPI as of the third quarter. The USDA Annual Performance Plan and Report (APPR), to be published in February 2022, will show the final FY 2021 results.

# Future Demands, Risks, Uncertainties, Events, Conditions, and Trends

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Farmers and ranchers operate in highly competitive markets, both domestically and internationally. Rapid shifts in consumer demands associated with quality, convenience, taste, and nutrition dictate that farming, ranching, and marketing infrastructures become more fluid and responsive. National security is a significant, ongoing priority for the U.S. Department of Agriculture (USDA or the Department). The Department's science research, education, and extension services will continue to be the foundation for understanding developments and making advances in solving agricultural and societal challenges. USDA is working with the U.S. Department of Homeland Security to help protect agriculture from intentional and accidental acts that may impact America's food supply or natural resources.

## External Factors that Challenge USDA's Ability to Achieve its Goals Include the Following:

- The COVID-19 public health emergency presented workplace complications such as ensuring employee safety, hiring challenges, and remote work for staff both domestically and internationally;
- Record-breaking wildfires and other weather-related hardships, including disasters related to the increasing intensity and duration of extreme weather and climate change, both domestically and internationally;
- The risk of catastrophic fire, depending on weather, drought conditions, and the expanding number of communities in the wildland-urban interface;
- Non-weather-related hardships and other uncontrollable events, both domestically and internationally;
- Domestic and international macroeconomic factors, including consumer purchasing power, the strength of the U.S. dollar, and political changes abroad that could impact domestic and global markets significantly at any time;
- Sharp fluctuations in farm prices, interest rates, and unemployment that could impact the ability of farmers, other rural residents, communities, and businesses to qualify for credit and manage debt;
- The impact of future economic conditions and actions by a variety of Federal, State, and local governments that could influence the sustainability of rural infrastructure;
- The increased movement of people and goods, which provides the opportunity for crop and animal pests and diseases to move quickly across domestic and international boundaries;

- Potential exposure to hazardous substances, which may threaten human health as well as the environment; and
- The ability of the public and private sectors to collaborate effectively on food safety, security, and related emergency preparedness efforts.

## Mitigation Strategies:

USDA has made great strides during fiscal year (FY) 2021 toward its mitigation strategies under the auspices of its Enterprise Risk Management (ERM) program. Specifically, the Department leads a large-scale effort across mission areas to identify the top 10 enterprise risks, risk drivers, mitigation strategies, and key risk indicators. In FY 2022, USDA will update the department-wide risk profile, including risk drivers and risk mitigation strategies. USDA will continue to advance the strategies in FY 2022, with periodic updates to the Deputy Secretary during Quarterly Strategic Reviews.



# Analysis of Financial Statements and Stewardship Information

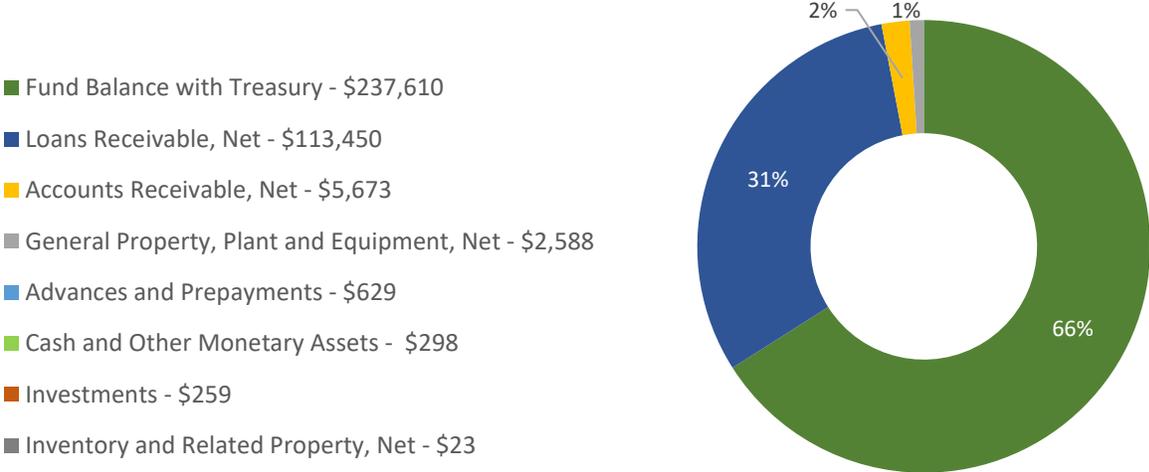
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## Consolidated Balance Sheets

### Total Assets

Total assets for FY 2021 were \$360,530 million, compared to \$313,894 million for FY 2020, an increase of \$46,636 million, or 15 percent. The following exhibit presents FY 2021 total assets.

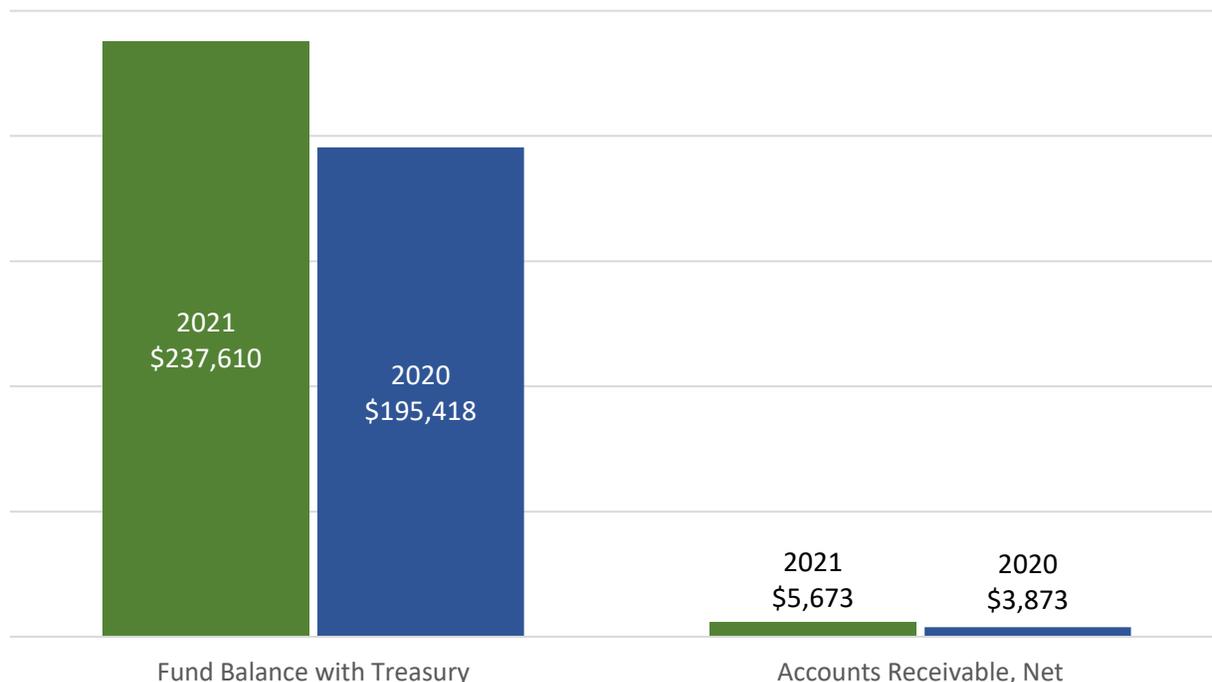
Exhibit 8: Total Assets (\$ millions)



Direct Loan and Loan Guarantees, Net, is one of the largest assets on the USDA Balance Sheet. RD offers both direct and guaranteed loan products for rural housing and rural business infrastructure. These products represent 85 percent of the total Department loan programs. Loan programs administered by FSA represent 13 percent of the total. FSA supports farmers who are temporarily unable to obtain private, commercial credit. The remaining 2 percent represents commodity loans and credit programs administered by the CCC. These loans are used to improve economic stability and provide an adequate supply of agricultural commodities. CCC credit programs provide international food assistance, expand international markets, and provide domestic low cost financing to protect farm income and prices.

The following exhibit presents significant changes in total assets.

Exhibit 9: Significant Changes in Total Assets (\$ millions)



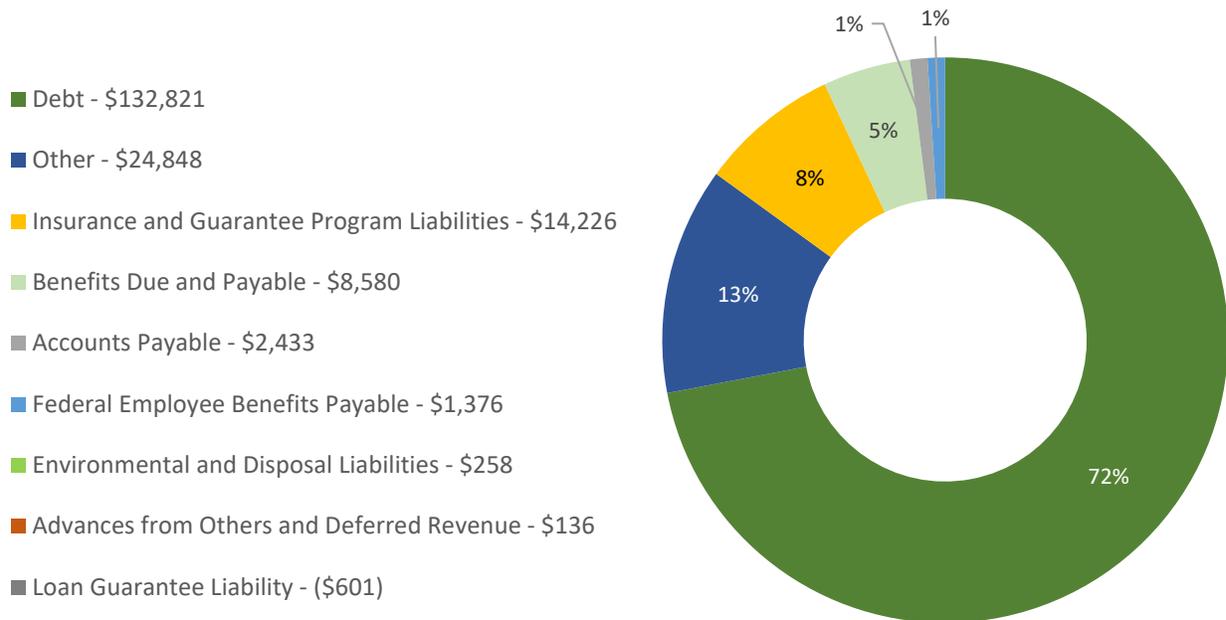
Increase in Fund Balance with Treasury of \$42,192 million mainly due to FNS supplemental funding for COVID-19 of \$40,606 million; Office of the Secretary supplemental funding for COVID-19 of \$5,634 million; RMA underwriting gain of \$1,121 million; APHIS response to the African Swine Fever (ASF) outbreak in the Dominican Republic and Haiti of \$496 million, and supplemental funding for COVID-19 of \$402 million; CCC additional commodity purchases and international food aid for COVID-19 of \$800 million; FSA supplemental funding for COVID-19 of \$1,927 million, pandemic assistance for producers of \$1,309 million, farm loans of \$780 million, Coronavirus Food Assistance for agricultural producers who continue to face market disruptions and associated costs because of COVID-19 of (\$15,328) million, and Wildfire and Hurricane Indemnity of (\$1,190) million.

Increase in Accounts Receivable, Net of \$1,800 million mainly due to RMA higher reported premiums for certain crops of \$1,392 million; and Forest Service Great American Outdoors Act of \$250 million.

## Total Liabilities

Total liabilities for FY 2021 were \$184,077 million, compared to \$196,854 million for FY 2020, a decrease of \$12,777 million, or 6 percent. The following exhibit presents FY 2021 total liabilities.

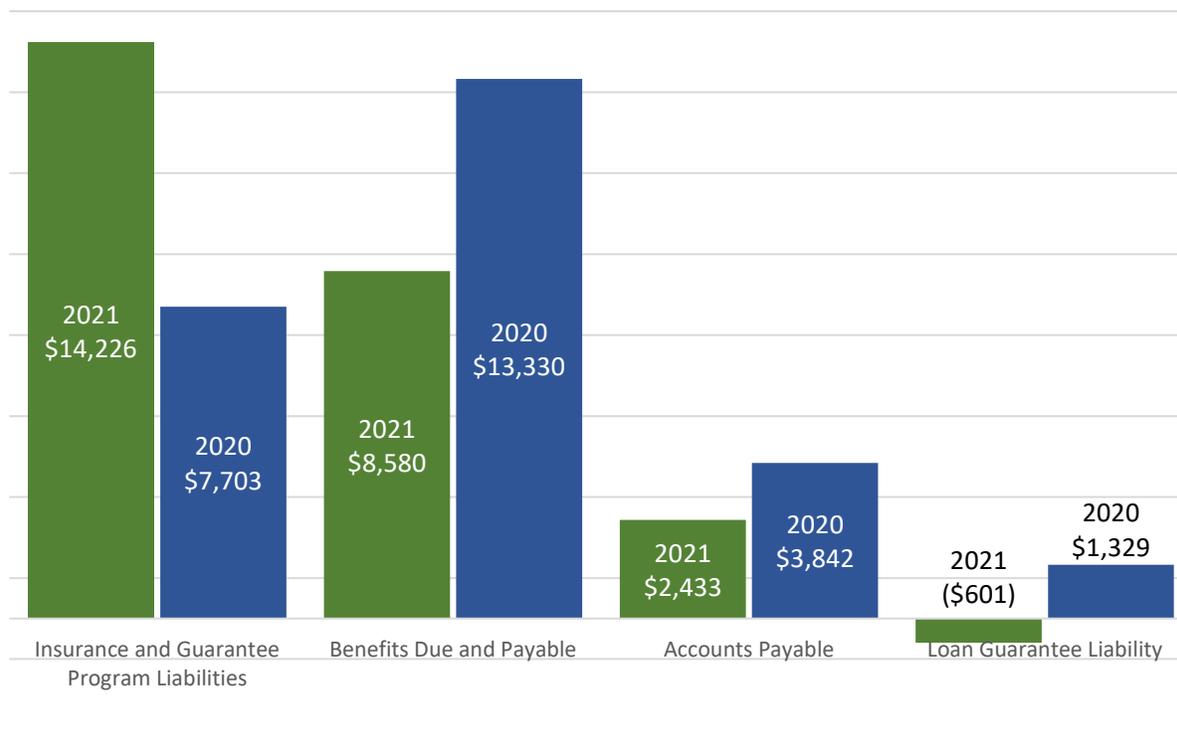
Exhibit 10: Total Liabilities (\$millions)



Debt is the single largest liability on USDA's balance sheet. It represents amounts owed primarily to Treasury by CCC, FSA and RD. For RD, the debt primarily represents financing to support electric and housing loan programs which represent 76 percent of the total debt. For CCC, the debt primarily represents financing for price support, export credit guarantees, disaster programs and loans related to farm storage facilities which represent 12 percent of the total debt. For FSA, the debt primarily represents financing to support direct and guaranteed loan programs, with the majority supporting operating, ownership, and emergency loans which represent 12 percent of the total debt.

The following exhibit presents significant changes in total liabilities.

Exhibit 11: Significant Changes in Total Liabilities (\$ millions)



Increase in Insurance and Guarantee Program Liabilities of \$6,523 million mainly due to RMA higher coverage amount, loss ratio, underwriting gain, and unearned premium.

Decrease in Benefits Due and Payable of \$4,750 million mainly due to FNS State partners in Child Nutrition (CN) and Supplemental Nutrition Assistance Program (SNAP) more fully utilizing available resources.

Decrease in Accounts Payable of \$1,409 million mainly due to FSA Coronavirus Food Assistance with no new funding available.

Decrease in Loan Guarantee Liability of \$1,930 million mainly due to RD reestimates.

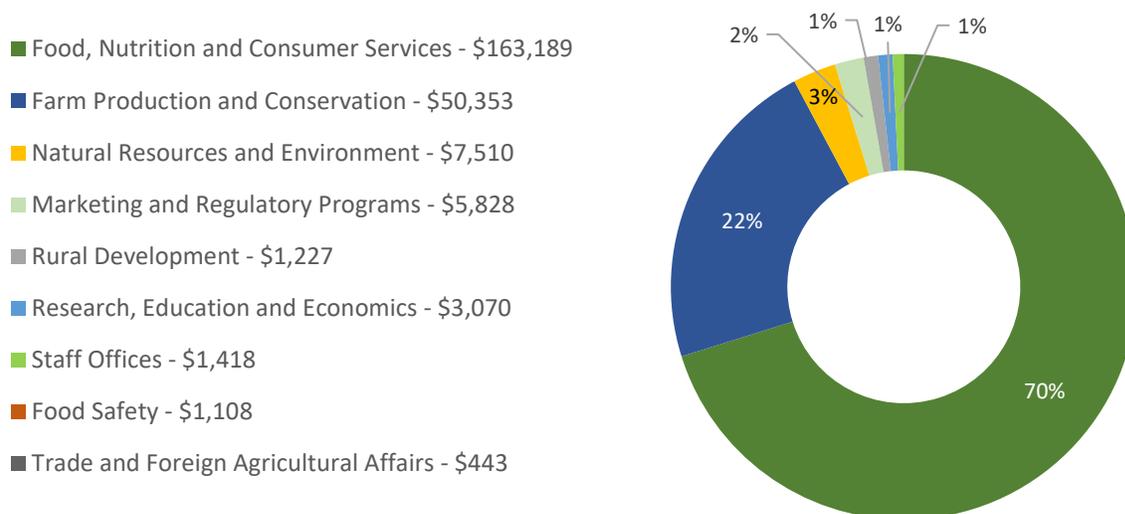
# Consolidated Statements of Net Cost

## Net Cost of Operations

Net cost of operations for FY 2021 was \$234,146 million, compared to \$191,679 million for FY 2020, an increase of \$42,467 million, or 22 percent.

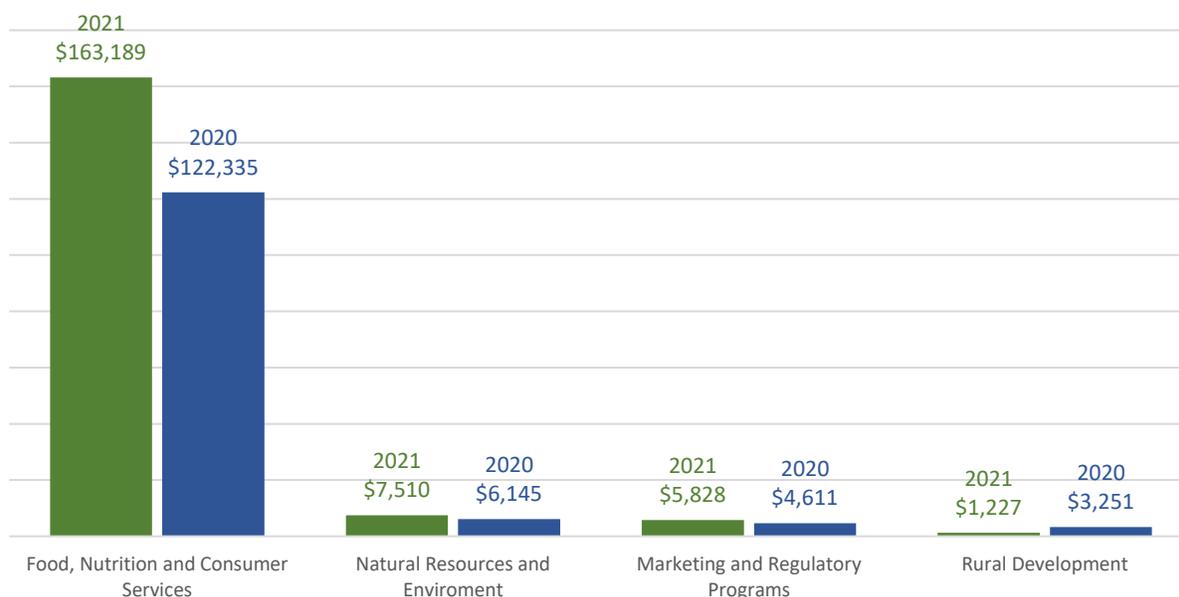
The following exhibit presents FY 2021 net cost of operations by mission area.

Exhibit 12: Net Cost of Operations by Mission Area (\$millions)



The following exhibit presents significant changes in net cost of operations.

Exhibit 13: Significant Changes in Net Cost of Operations (\$ millions)



Increase in Food, Nutrition and Consumer Services of \$40,854 million mainly due to SNAP for COVID-19.

Increase in Natural Resources and Environment of \$1,365 million mainly due to the severe fire season.

Increase in Marketing and Regulatory Programs of \$1,217 million mainly due to COVID-19.

Decrease in Rural Development of \$2,024 million mainly due to reestimates for Loan Grant programs.

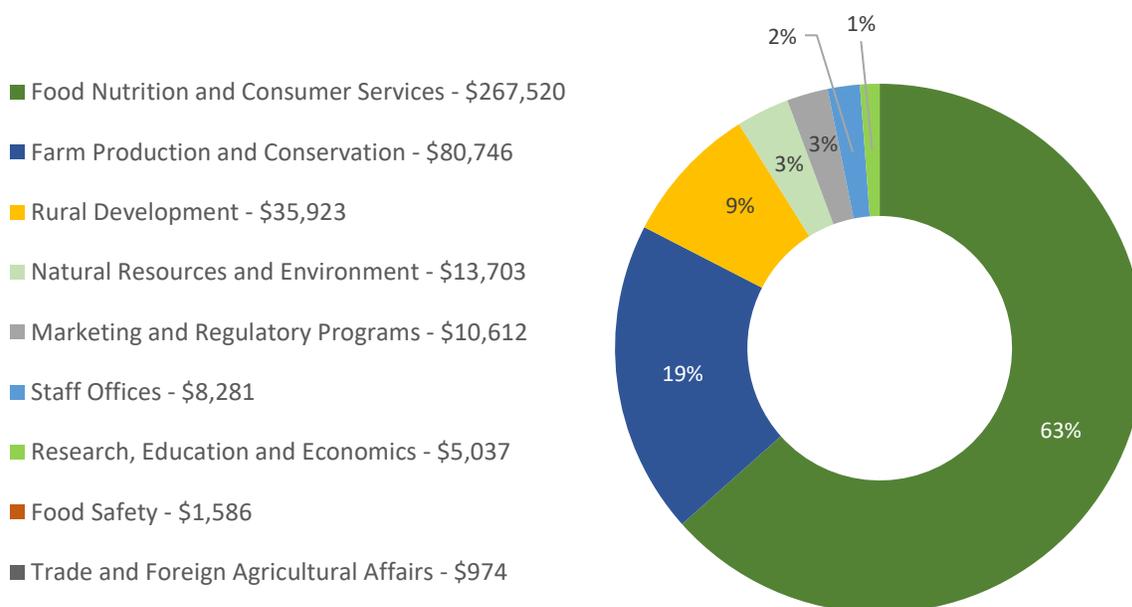
## Combined Statements of Budgetary Resources

### Budgetary Resources

USDA receives most of its funding from appropriations authorized by Congress and administered by the U.S. Department of the Treasury. Total budgetary resources consist of the balance at the beginning of the year, appropriations received during the year, spending authority from offsetting collections, and other budgetary resources.

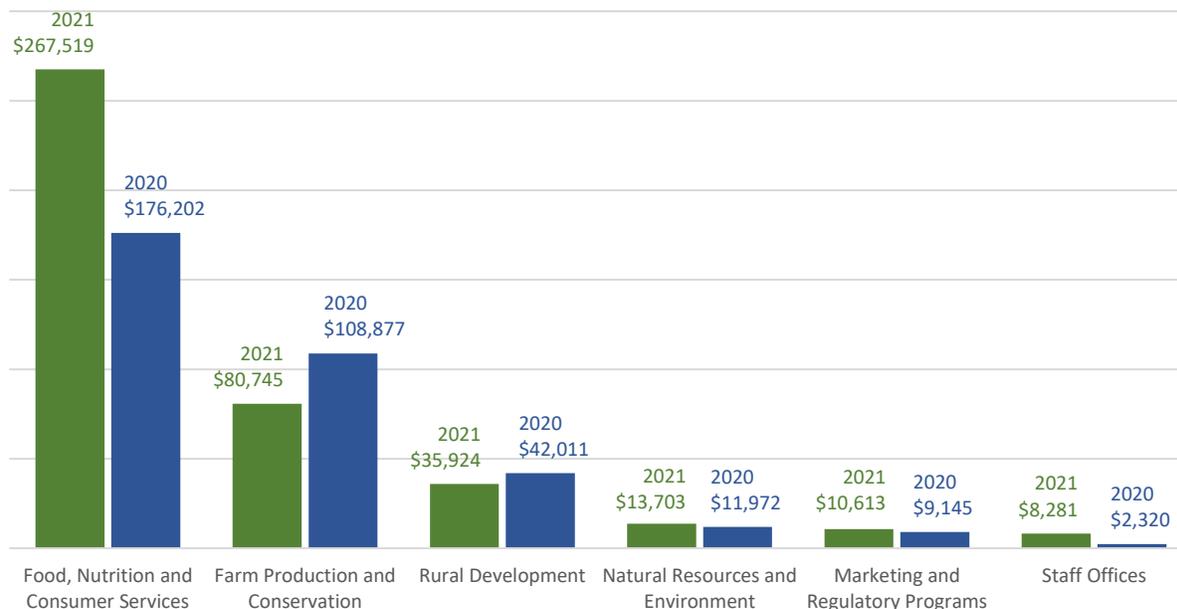
Total budgetary resources were \$424,382 million for FY 2021 compared to \$358,184 million in FY 2020, an increase of \$66,198 million, or 18 percent. The following exhibit presents FY 2021 total budgetary resources by mission area.

Exhibit 14: Total Budgetary Resources by Mission Area (\$ millions)



The following exhibit presents significant changes in total budgetary resources.

Exhibit 15: Significant Changes in Total Budgetary Resources (\$ millions)



Increase in Food, Nutrition and Consumer Services of \$91,317 million mainly due to SNAP.

Decrease in Farm Production and Conservation of \$28,132 million mainly due to FSA Coronavirus Food Assistance and CCC Agriculture Risk Coverage/Price Loss Coverage and Trade Mitigation programs.

Decrease in Rural Development of \$6,087 million mainly due to unobligated balance from prior year budget authority.

Increase in Natural Resources and Environment of \$1,731 million mainly due to the severe fire season.

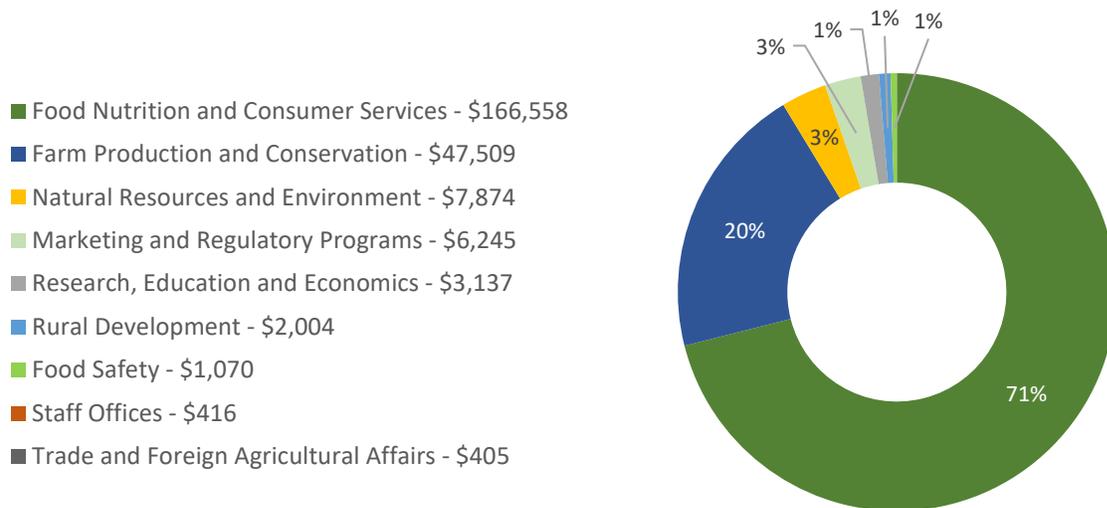
Increase in Marketing and Regulatory Programs of \$1,468 million mainly due to APHIS response to the ASF outbreak in the Dominican Republic and Haiti, supplemental funding for COVID-19, and Agricultural Quarantine Inspection.

Increase in Staff Offices of \$5,961 million mainly due to Office of the Secretary supplemental funding for COVID-19.

## Net Outlays

Net Outlays were \$235,218 million for FY 2021, compared to \$184,248 million in FY 2020, an increase of \$50,970 million or 28 percent. The following exhibit presents FY 2021 net outlays by mission area.

Exhibit 16: Net Outlays by Mission Area (\$ millions)



The following exhibit presents significant changes in net outlays by mission area.

Exhibit 17: Significant Changes in Net Outlays (\$ millions)



Increase in Food Nutrition and Consumer Services of \$52,339 million mainly due to SNAP and CN for COVID-19.

Increase in Natural Resources and Environment of \$2,024 million mainly due to the severe fire season.

Increase in Marketing and Regulatory Programs of \$1,228 million mainly due to Food Box Distribution program and Section 32.

Decrease in Rural Development of \$4,423 million mainly due to Rural Electric and Telephone liquidating account and Rural Water and Waste program account.

## COVID-19

USDA received \$86,662 million of FY 2021 supplemental appropriations to prevent, prepare for, or respond to COVID-19 (i.e., coronavirus disease 2019) through the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021.

The Consolidated Appropriations Act, 2021 provided funding for, extended, and set out policies for various programs and activities, including COVID-19 economic relief measures. It extended modifications to federal nutrition assistance programs for children, pregnant women, and older adults and provided funding for programs to support agricultural producers, growers, and processors.

The American Rescue Plan Act of 2021 provided additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses.

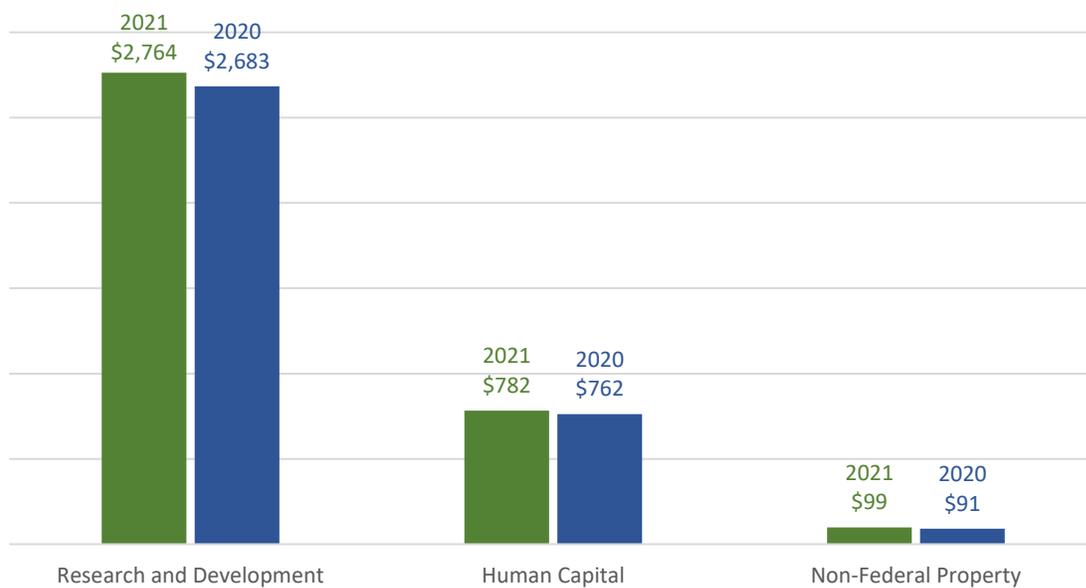
This funding was in addition to funding received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and Families First Coronavirus Response Act in FY 2020. The unobligated balances from prior year and total supplemental current year, including recoveries and adjustments was \$111,550 million. Total obligations and outlays were \$81,049 million and \$78,476 million, respectively. Total amount remaining to be obligated is \$30,501 million.

See Note 30, COVID-19 Activity for financial impact of supplemental appropriations.

## Stewardship Investments

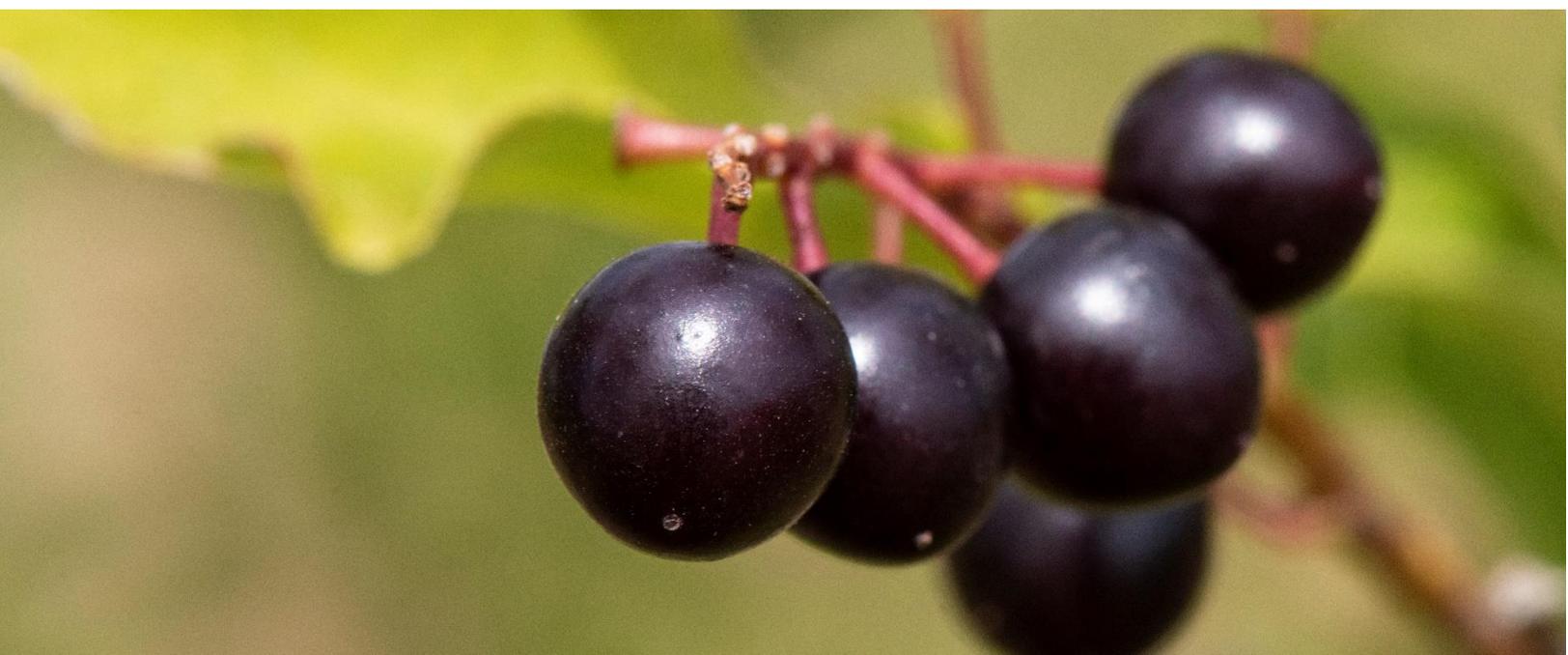
Stewardship investments are substantial investments made by the Federal Government for the benefit of the Nation but are not physical assets owned by the Federal Government. When incurred, they are treated as expenses in determining the net cost of operations. However, these items merit special treatment so that users of Federal financial reports know the extent of investments that are made for long-term benefit. Such investments are measured in terms of expenses incurred for non-Federal physical property, human capital, and research and development. The following exhibit presents a comparison of stewardship investments.

Exhibit 18: Comparison of Stewardship Investments (\$ millions)



## Limitations of Financial Statements

The principal financial statements are prepared to report the financial position, financial condition, and results of operations, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.



# Statement of Assurance

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The United States Department of Agriculture (USDA) is providing a modified statement of assurance that the overall adequacy and effectiveness of internal control within the agency complies with Federal requirements.

USDA's management recognizes its responsibility for establishing and maintaining effective internal controls and financial management systems that comply with the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

The Department assessed the effectiveness of internal controls over financial reporting in accordance with FMFIA, Section 2 and OMB Circular No. A-123, Appendix A, and provides reasonable assurance that USDA's systems of internal control meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA), except for two material weaknesses in internal control related to: (1) information technology (IT) and (2) financial management. There was also one instance of financial system non-conformance, which is also a non-compliance with FFMIA. USDA continues to make progress in the remediation of controls to support improved efficiency and effectiveness related to these areas of weakness.

USDA assessed the effectiveness of internal controls over operations and compliance with applicable laws and regulations in accordance with the FMFIA Section 2 and the Office of Management and Budget (OMB) Circular No. A-123 and provides reasonable assurance that the internal controls over operations are effective. However, USDA continues to report instances of non-compliance with the laws governing improper payments and anti-deficiency violations.

We also assessed the compliance of USDA's financial management systems with federal financial management systems requirements in accordance with FMFIA Section 4; FFMIA Section 803(a); and OMB Circular No. A-123, Appendix D. They require federal agencies to implement and maintain financial management systems that comply with federal financial management system requirements, applicable federal accounting standards, and the U.S. Standard General Ledger at the transaction-level. As a result of the assessments conducted, we are reporting a financial system non-conformance, and non-compliance with FFMIA.

The details of the exceptions are provided in the FMFIA, FFMIA, and Summary of Financial Statement Audit and Management Assurances sections of this report. No other material weaknesses were found in the design of the internal control over (1) the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2021, and (2) internal control over reporting as of September 30, 2021.

USDA remains committed to operating its programs and operations in an effective and efficient manner and its financial management systems in compliance with Federal requirements; and therefore, is executing plans to improve deficient internal controls and areas of non-compliance.



Thomas J. Vilsack  
Secretary of Agriculture

November 12, 2021

# Federal Managers' Financial Integrity Act Report on Management Control

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## Background

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires ongoing evaluations of internal controls and financial management systems. These evaluations lead to an annual statement of assurance that:

- Obligations and costs comply with applicable laws and regulations;
- Federal assets are safeguarded against fraud, waste, abuse, and mismanagement;
- Transactions are accounted for and properly recorded; and
- Financial management systems conform to standards, principles, and other requirements to ensure that Federal managers have timely, relevant, and consistent financial information for decision-making purposes.

The U.S. Department of Agriculture evaluated its internal controls in accordance with the Office of Management and Budget (OMB) Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.

The Department operates a comprehensive internal control program. This program ensures compliance with the requirements of FMFIA, the Federal Financial Management Improvement Act of 1996 (FFMIA), other laws, OMB Circular No. A-123 and its Appendices A through D. USDA managers must ensure their programs operate efficiently and effectively and comply with relevant laws. They must also ensure that financial management systems conform to applicable laws, standards, principles, and related requirements. In conjunction with the Office of Inspector General and the Government Accountability Office (GAO), USDA's management works decisively to determine the root causes of its material weaknesses so that it can direct resources to focus on their remediation.

USDA remains committed to reducing and eliminating the risks associated with its deficiencies. It also strives to operate its programs efficiently and effectively in compliance with FMFIA and other applicable laws and regulations.

## Fiscal Year 2021 Results

The Department has two existing material weaknesses in internal control over reporting: (1) Information Technology (IT) and (2) financial management. The material weakness for financial management is due to needed improvements in accounting and internal controls related to the Natural Resources Conservation Service (NRCS), Farm Service Agency (FSA), and Commodity Credit Corporation (CCC). The Risk Management Agency (RMA) prior year deficiency related to estimated losses on insurance claims has been corrected and is no longer a material weakness. USDA also has one existing system non-conformance related to Funds Control Management within the CCC, which will be resolved by the end of fiscal year (FY) 2025.

The Food and Nutrition Service (FNS) and the Farm Service Agency (FSA) are non-compliant with laws and regulations related to the Payment Integrity Information Act of 2019.

USDA has identified violations or potential violations with the Anti-Deficiency Act (ADA). One ADA violation was reported to the President and Congress during the fiscal year. The Office of the General Counsel (OGC) determined that three potential instances were not ADA violations; however, two of these instances have been referred to GAO for a determination. Two newly identified potential violations were referred to OGC. Two instances are pending submission to the President and Congress. A detailed description and summary of the Department's ADAs can be found in the Compliance with Laws and Regulations section of this report.

The Secretary's Statement of Assurance provides modified assurance that the USDA's internal control system complies with FMFIA objectives. For additional details on the results reported in USDA's Consolidated Financial Statements Audit Report, see the Summary of Financial Statement Audit and Management Assurances section of this report.



# Summary of Outstanding Material Weaknesses

Exhibit 19 provides FY 2021 accomplishments and FY 2022 planned actions toward resolving the outstanding material weaknesses.

## Exhibit 19: Summary of Outstanding Material Weaknesses

1. USDA Information Technology (IT)	
<b>Material Weaknesses Existing</b>	The Department needs to continue its efforts to improve IT security and overall IT maturity to an effective level. Additionally, the Department needs to continue remediation of its remaining outstanding audit recommendations.
<b>Overall Estimated Completion Date</b>	FY 2023

### FY 2021 Accomplishments:

During FY 2021, the Office of the Chief Information Officer (OCIO):

- Assessed the USDA enterprise;
- Developed a Cybersecurity Risk Management Strategy, Cybersecurity Supply Chain Risk Management Strategy, Cybersecurity Supply Chain Risk Management Contract Language, and Vulnerability Disclosure Policy;
- Improved the Risk Management Assessment risk rating for privileged centralized management from High Risk in FY 2020 to At Risk in FY 2021;
- Achieved 8 of 10 Cross-Agency Priority Goals in the third quarter of FY 2021;
- Implemented a total of 15 audit recommendations from FY 2018, FY 2019, and FY 2020 that were issued by the Office of the Inspector General and the Government Accountability Office; and
- Achieved a B+ on the Federal Information Technology Reform Act (FITARA) Dashboard, with scores above the average of other Agencies in the categories of Data Center Optimization Initiative, Modernizing Government Technology, and Transition Off Network.

### FY 2022 Planned Actions:

During FY 2022, OCIO plans to:

- Deploy Cybersecurity Diagnostic & Migration (CDM) tools and refine the alignment of operational processes;
- Complete implementation of the End User Consolidation program;
- Continue the implementation of audit recommendations;
- Continue to align Cybersecurity Risk Management with Enterprise Risk Management;
- Publish five Departmental Directives that address Awareness and Training, Contingency Planning, Log Retention, Personnel Security, and Updates from Authoritative References;
- Automate the generation of System Security Plans and incorporate Open Security Control Assessment Language (OSCAL); and
- Continue to track, monitor, and enforce security configuration baselines for USDA servers.

## 2. Financial Management—Natural Resources Conservation Service (NRCS)

<b>Material Weaknesses Existing</b>	NRCS needs improved (1) controls over obligations and unfilled customer orders, (2) controls over expenses, and (3) entity-level controls.
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<b>Overall Estimated Completion Date</b>	FY 2022
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### **FY 2021 Accomplishments:**

#### **NRCS**

- Implemented process improvements to maintain, monitor, and certify unliquidated obligations (ULOs) by the period of performance to ensure ULOs are being closed out timely to prevent a backlog of aged obligations from developing in the future;
- Provided additional guidance and/or training to employees over the recording of transactions with future economic benefits;
- Provided guidance and/or training to personnel relating to the accrual policy;
- Designed, implemented, and documented policies and procedures to properly analyze and record internal use software expenditures and capitalized costs; and
- Evaluated the FY 2020 financial audit results and the lessons learned to ensure the proper controls are in place.

### **FY 2022 Planned Actions:**

#### **NRCS will:**

- Continue implementing policies and procedures to perform a quarterly analysis over open obligations marked for review that received no responses from responsible parties to determine if a material amount is being omitted from accrued expenses;
- Evaluate the results of the FY 2021 financial audit and the lessons learned to ensure the proper controls are in place; and
- Continue to provide guidance and/or training to employees over the recording of expense accruals.

## 3. Financial Management—Commodity Credit Corporation (CCC)

<b>Material Weaknesses Existing</b>	CCC needs to address material weaknesses related to Accounting for Budgetary Transactions.
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<b>Overall Estimated Completion Date</b>	FY 2025
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### **FY 2021 Accomplishments:**

#### **CCC**

Implemented effective undelivered orders monitoring controls at the program level throughout the organization; and

Implemented effective processes, procedures, and controls over the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) (ARC/PLC) year-end accrual.

### **FY 2022 Planned Actions:**

#### **CCC will:**

Continue to implement effective processes, procedures, and controls over the ARC/PLC year-end accrual.

Continue to implement effective undelivered orders monitoring controls at the program level throughout the organization.

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#### 4. Financial Management - Farm Service Agency (FSA)

Material Weaknesses Existing	FSA needs to improve Fund Balance with Treasury (FBwT) reconciliation process to ensure new program activity is included in the reconciliations and reconciling differences are resolved timely.
Overall Estimated Completion Date	9/30/2022

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#### FY 2021 Accomplishments:

- Implemented reconciliations for new programs; and
- Updated standard operating procedures.

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#### FY 2022 Planned Actions:

- Implement a roll-up FBwT reconciliation for the FBwT amounts reported in its financial statements to ensure effective monitoring of the completeness of all reconciliations;
- Implement the updates to the standard operating procedures; and
- Improve process narratives to capture organizational roles and responsibilities.



# Summary of Outstanding System Non-Conformance

Funds Control Management non-conformance is also reported as a system non-compliance and is included in the FFMIA Report on Financial Management Systems. The weakness involves component agency-specific deficiencies for CCC.

Exhibit 20 provides FY 2021 accomplishments and FY 2022 planned actions toward resolving the Department’s outstanding system non-conformance.

## Exhibit 20: Summary of Outstanding System Non-Conformance

<b>1. Funds Control Management— Commodity Credit Corporation (CCC)</b>	
<b>System Non-conformance Existing</b>	CCC system improvements that are needed in recording obligations at the transactional level.
<b>Overall Estimated Completion Date</b>	FY 2025
<b>FY 2021 Accomplishments:</b>	<b>FY 2022 Planned Actions:</b>
<p><b>CCC</b></p> <ul style="list-style-type: none"> <li>• Evaluated all budgetary general and subsidiary ledgers to ensure they reflect the appropriate accounting and reporting guidance provided by the Office of Management and Budget (OMB) and the U.S. Treasury;</li> <li>• Partnered with Deputy Administrator Farm Programs and the Information Technology Services Division (ITSD) toward completing software modifications to ensure all program applications were in full compliance with the Funds Control/Obligation Requirements (such as business events, establishments, liquidations, adjustments downward and upward) related to obligations at the transaction level in order to prepare for Financial Management Modernization Initiative (FMMI) conversion; and</li> <li>• Implemented the Farm Service Agency (FSA)/CCC Financial Improvement Program multi-phased, multi-year project; moved some financial management processes from Farm Production and Conservation (FPAC) and its affiliated agencies’ accounting and feeder systems to FMMI.</li> </ul>	<p><b>CCC will:</b></p> <ul style="list-style-type: none"> <li>• Continue to evaluate all budgetary general and subsidiary ledgers to ensure they reflect the appropriate accounting and reporting guidance provided by OMB and the U.S. Treasury;</li> <li>• Continue to partner with Deputy Administrator Farm Programs and ITSD toward completing software modifications to ensure all program applications were in full compliance with the Funds Control/Obligation Requirements (such as business events, establishments, liquidations, adjustments downward and upward) related to obligations at the transaction level in order to prepare for FMMI conversion; and</li> <li>• Continue to implement the FSA/CCC Financial Improvement Program multi-phased, multi-year project; move all financial management processes from FPAC and its affiliated agencies’ accounting and feeder systems to FMMI.</li> </ul>

# Compliance with Laws and Regulations

The U.S. Department of Agriculture remains non-compliant or potentially non-compliant with the Anti-Deficiency Act (ADA) as identified in the following table. For additional information on non-compliance with laws, refer to the Payment Integrity Information Act of 2019 and the Federal Financial Management Improvement Act sections of this report.

The Department has developed strategies to reduce and/or mitigate confirmed violations during fiscal year (FY) 2021. The following tables provide further details of each violation.

## Anti-Deficiency Act (ADA)

### Exhibit 21: One ADA Violation was Reported to the President and Congress During 2021

Agency: Commodity Credit Corporation (CCC)	Year Identified
<b>Violation:</b> FY 2020 Export Credit Guarantees (GSM) is a mandatory program authorized under 7 U.S. Code (U.S.C) 5622 (program authority overall) and 7 U.S.C 5641(b) (funding level). GSM had an approved apportionment in FY 2017 with sufficient budgetary resources to cover obligations during FY 2017. The budgetary resources included both the unobligated balance carried forward and a new mandatory appropriation. The unobligated balance carried forward consisted of indefinite budget authority, however, which cannot be carried forward per the A-11. The current appropriation for that year was insufficient to cover the total obligations by \$1,139,395.58.	FY 2020

### Exhibit 22: ADA Violation Pending Submission to the President and Congress

Two additional ADA violations are pending the issuance of letters.

Agency	Description of Violation	Status
OCIO	FY 2021 (NEW): Funding for an IT Modernization Center of Excellence initiative in FY 2018 was obligated in the amount of \$7,000,000 without first obtaining E-Board concurrence.	OGC determined an ADA violation occurred.
Office of the Secretary	FY 2017: Two provisions in the Consolidated Appropriations Act, 2017, were violated. USDA obligated and expended funds appropriated by the act to prepare and deliver the Secretary's statements and develop and publish the Associated Press release. USDA's obligation and expenditure of appropriated amounts for this prohibited purpose also violated the ADA, 31 U.S.C. § 1341(a)(1)(A). The cost associated with the violation is pending.	The Government Accountability Office (GAO) determined an ADA violation had occurred.

Potential ADA Violations—Three prior year and two new potential violations were identified during FY 2021. No violation was determined for one potential occurrence, two were referred to OGC and two are pending a determination by the Government Accountability Office (GAO). This table provides a description and the status of each violation.

**Exhibit 23: Prior Year and Newly Identified Potential ADA Violations**

<b>Agency</b>	<b>Description of Violation</b>	<b>Status</b>
CCC	FY 2017: The prior year accounting treatment for obligations related to the Conservation Reserve Program—Annual Rental contracts were determined to be in error with an ADA total of \$9,921,859,680. Only the annual portion of the contract values was recorded as an obligation.	OGC determined that the error was not an ADA violation; however, the incident has been referred to GAO for additional investigation and determination.
CCC	FY 2018: Emergency Forestry Conservation Reserve Program—CCC failed to record the obligation for the total value of the long-term contract when the contract was signed. The ADA violation amount was \$2,200,000.	OGC determined that the error was not an ADA violation; however, the incident has been referred to GAO for additional investigation and determination.
FPAC-BC	FY 2021 (NEW): FPAC-BC did not receive Investment Review Board approval or obtain an approved Information Technology Acquisition Approval Request before obligating \$352,800 for contractor support to create an Unliquidated Obligations Analysis and Certification tool.	Referred to OGC.
NRCS	FY 2021 (NEW): USDA's Office of the Chief Information Officer, using NRCS funds, renewed a contract for \$516,824 to obtain needed software licenses. It was discovered that NRCS had been historically using more licenses than they had purchased. Efforts are under-way to determine the extent of the over-usage from 2013-2021.	Referred to OGC.
The Office of the Chief Information Officer (OCIO)	FY 2020: OCIO potentially used more than \$22.5 million for consulting services that had been mandated for the acquisition of capital investments.	OGC determined no violation occurred.

# Federal Financial Management Improvement Act Report on Financial Management Systems

## Background

The Federal Financial Management Improvement Act of 1996 (FFMIA) is designed to improve financial and program managers’ accountability, provide better information for decision-making, and improve the efficiency and effectiveness of Federal programs. FFMIA requires that financial management systems provide reliable, consistent disclosure of financial data in accordance with generally accepted accounting principles and standards. These systems must also comply with (1) Federal Financial Management System (FFMS) requirements, (2) applicable Federal accounting standards, and (3) the U.S. Standard General Ledger (USSGL) at the transaction level.

Failure to resolve prior-year recommendations identified by the U.S. Department of Agriculture’s Office of Inspector General has prevented the Department from mitigating repeated deficiencies and receiving a quality rating on the five Cybersecurity Framework security functions. More detailed information on the status of corrective actions planned and to be completed to comply with the Federal Information Security Modernization Act (FISMA) is provided in the Federal Managers’ Financial Integrity Act Report on Management Control section of this report.

Exhibit 24 contains the outstanding initiatives to achieve compliance.

### Exhibit 24: Initiatives to be Completed

#### Outstanding Initiatives to Achieve Federal Financial Management Improvement Act (FFMIA) Compliance

Initiative	Section of Non-Compliance	Agency	Target Completion Date
<b>Information Technology</b>	Federal Financial Management System requirements and information security policies, procedures, and/or practices.	Multiple	9/30/2022
<b>Financial Management</b>	Federal accounting standards and the U.S. Standard General Ledger (USSGL) at the transaction level.	Natural Resources Conservation Service	9/30/2022
	Federal accounting standards and USSGL at the transaction level.	Commodity Credit Corporation	12/31/2024

## Fiscal Year 2021 Results

During fiscal year (FY) 2021, the USDA evaluated its financial management systems to assess compliance with FFMIA. In assessing FFMIA compliance, USDA considered auditors' opinions on component agencies' financial statements and progress in addressing the material weaknesses identified in the FY 2020 Agency Financial Report. USDA is not compliant with Federal accounting standards and the USSGL at the transaction level due to deficiencies identified for the Commodity Credit Corporation (CCC) and the National Resources Conservation Service (NRCS). Additionally, as reported in the FFMIA section of this report, USDA continues to have weaknesses in the information technology controls and FFMS requirements that resulted in non-compliance with the FISMA requirement. USDA agencies will continue working to meet FFMIA and FISMA objectives as part of its financial systems strategy.

### Commodity Credit Corporation (CCC)

CCC's non-compliance with Federal accounting standards and USSGL at the transaction level was noted for the weakness in the accounting for budgetary transactions. The financial management systems did not record certain accounting events at the transaction level in accordance with the USSGL. CCC continues to make significant progress in performing compensating controls over the accounting for obligation activity. CCC will continue implementing its program obligation activity into the Financial Management Modernization Initiative in a phased approach.

### Natural Resources Conservation Service (NRCS)

NRCS's non-compliance with Federal accounting standards and USSGL at the transaction level was noted for weaknesses in NRCS's systems that do not transmit complete and accurate information for certain types of budgetary transactions to facilitate the proper recording of those transactions.

# Financial Management Systems Strategy

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The U.S. Department of Agriculture (USDA) Financial Management Services (FMS) component of the Office of the Chief Financial Officer (OCFO) provides timely, accurate, and complete financial information to USDA agencies to execute their mission. Specifically, FMS provides cloud-based, commercial off-the-shelf enterprise resource planning (ERP) software that equips USDA staff offices and agencies with the functionality necessary to distribute, obligate, expend, and report on the funds entrusted to them by the U.S. Congress.

FMS operates as an internal Shared Services Provider (SSP) to USDA staff offices and agencies. FMS offers proactive, cost-effective services providing value-added management services, expertise, and consultation to Federal Agencies to generate efficiencies and support through the consolidation and standardization of functions, standard processing, and repeatable processes.

The OCFO leverages financial system successes to deliver future programs and tools to deliver efficient, cost-effective, mission-focused, collaboratively developed, and strategically aligned programs and tools. OCFO's systems' objectives in FY (fiscal year) 2021 are to:

- Build Financial System agility and visibility through integrated ERP systems capability and deploying emerging technology.
- Expand capabilities of the OCFO systems to share, reuse, and integrate business capabilities, technology, and data across the Department and with external partners and stakeholders.
- Increase application and system efficiencies by collaborating in Department-wide application rationalization efforts.

The OCFO will continue to advance its financial systems by implementing emerging ERP technology platforms, improving connectivity, reducing the marginal costs of accessing information, and providing new ways to aggregate and analyze information.

## Financial Management Lines of Business

FMS's mission as an internal SSP is to provide reliable, cost-effective, employee-centric systems and services to USDA organizations, thus enabling customers to focus on serving this great Nation through their mission delivery. FMS's goal is to provide the necessary activities for executing the Financial Management Lines of Business vision. The three central components of this vision are (1) communication, (2) governance, and (3) operations.

FMS's key activities include:

- Budget execution.
- General ledger accounting.
- Financial reporting.
- Audit support.
- Payroll accounting.
- Investment accounting.
- Commercial vendor payments.
- Temporary duty travel payments.
- Permanent change of station employee relocation payments.
- Grant payments.
- Purchase card payments.
- Lease accounting.
- Intragovernmental payments.
- Intragovernmental collections.
- Receivable management.
- Property accounting.
- Grants management.

FMS's primary objectives are to:

- Enhance the enterprise financial management services to provide faster, less expensive, and low-risk solutions to customers.
- Integrate with the National Finance Center (NFC) payroll processing services.
- Provide an enterprise grants management service that features a full life cycle management tool for grants administration to provide visibility to the government and the grant recipient.
- Maintain a complete audit-compliant financial solution with full documentation meeting financial requirements.
- Pursue continuous process, operational, and organizational improvements for shared services retained in the future state portfolio.
- Provide powerful and flexible financial management and reporting.
- Process administrative payments, collections, and certifications timely and accurately.

## Successes During Fiscal Year 2021

### Robotics Process Automation

Since the transition of the Robotics Process Automation (RPA) and Services Management Office to the Office of Chief Information Officer (OCIO) Digital Infrastructure Services Center (DISC), the OCFO RPA team continues to maintain, support, and enhance enterprise financial RPAs and collaborate with USDA Mission Areas such as Food Safety and Farm Production and Conservation. Working with these Mission Areas, OCFO has enhanced the Enterprise Budget Bot (EBB) by adding additional forms the bot can access and edit to minimize the work of the analyst. The OCFO completed User Acceptance Testing and migrate new code to production in the fourth quarter of FY 2021. The OCFO will migrate new code to other Mission Areas following the initial deployment of the EBB.

The OCFO RPA project team worked with key OCFO stakeholders and partner organizations on the following efforts in FY 2021:

- Completing cohort bots, enhancing RPA training, and migrating into production for additional labor savings.
- Facilitating Operations and Maintenance in support of all bots running on the OCFO RPA DISC tenant environment.
- Teaming with industry leaders to develop an artificial intelligence prototype that represents the next progression of automation beyond bot technology.

### Farm Service Agency/Commodity Credit Corporation Financial Improvement Program

The Farm Service Agency's (FSA) financial accounting, including the Commodity Credit Corporation, whose programs are operated primarily by FSA, is not integrated with the rest of USDA in the Financial Management Modernization Initiative (FMMI) system, creating reconciliation and other issues which include additional costs to maintain a separate set of systems.

This project is a multi-phased, multi-year agile development project that will ultimately move all financial management processes from FSA accounting and feeder systems to FMMI.

Simultaneously, FSA will be required to align its feeder systems to produce auditable financial data to integrate with FMMI. In FY 2021, the Financial Improvement Program project:

- Continued the FMMI interface development that supported four agile development planning increments, which included (1) the completion of interface functionality for fund management, (2) payments and disbursements, (3) debt management and collection, and (4) FMMI crosswalk.

- Conducted performance stress testing in a stress lab environment in the 4th Quarter of FY 2021.

## Grants Management

The ezFedGrants (eFG) System is an online system used for managing a grant's entire life cycle. Members of grant-seeking organizations use the eFG External Portal to view and apply for grant award opportunities, view grant award package documents, and submit claims and reports, among other actions. The eFG program is designed for servicing grants to organizations such as educational institutions and research organizations.

OCFO's FMS is the eFG system owner whose mission is to provide guidance and leadership in program management, governance, grants and agreements policy, and information technology (IT) related to the eFG community. The enterprise grants and agreements management solution encompasses six USDA agencies and includes more than 50 Financial Assistance Listings while transforming USDA's grants and agreements capabilities. The eFG system supports various Federal initiatives, such as homeownership opportunities to low-and moderate-income rural Americans, organic agriculture, and numerous other grant and agreement-related programs to serve the American public better.

In FY 2021, eFG's initiatives:

- Migrated the Agricultural Marketing Service grant agreements from eFG to the U.S. Department of Health and Human Services (HHS) GrantSolutions grants systems. Although not expected to be completed until October 2021, this effort enables other USDA agencies to migrate to HHS GrantSolutions.
- Started the National Institute of Food and Agriculture project to improve the overall user experience and system reconciliation process related to the Automated Standard Application for Payments.
- Provided system training to 1,531 internal and external users on eFG. The eFG system has 6,837 users (5,204 external users and 1,633 internal users) to date in FY 2021.
- Continued to maintain a robust user education site, WikiGrants, as an internal repository of eFG related materials, such as user guides, training modules, and frequently asked questions that received 972 unique visitors in FY 2021.
- Deployed 2,081 new FY 2021 agreements. During the life of the eFG system, 18,199 agreements have been deployed, and 8,393 are active or in draft status.
- Resolved 3,719 Tier 0 through Tier 1 (2,950 Tier 0 and 769 Tier 1) tickets through the OCFO Grants Helpdesk as a first responder to customer inquiries.

- Resolved 109 eFG system incidents (39 system defects and 70 enhancements) in FY 2021 via the eFG Post-Production Support Team. Additionally, 866 priority one-time system fixes were also resolved in FY 2021.

### Agriculture Conference Management System

The Agriculture Conference Management System (AgCMS) has replaced the Conference Transparency and Accountability Tool (CTAT). Agencies used the custom-built CTAT to comply with Conference Reporting requirements outlined in the 2018 Farm Bill, the Office of Management and Budget (OMB) Memorandum 17-08, and the Consolidated Appropriations Act, 2020 (Public Law [PL] 116-93). AgCMS now offers users a powerful tool that is easily configurable to comply with new regulatory mandates and user-friendly features, including the ability to access the application on a mobile device and more transparency via a robust, drill-in dashboard.

The scope of the project also included migrating all data from CTAT and ensuring the new system (built on the USDA Salesforce platform) can provide mobile capability, eAuthentication access, and up to 20 additional reports in addition to the same functionality as CTAT.

In FY 2021, the AgCMS project team:

- Delivered multiple iterations (sprints) of design, development, and testing.
- Migrated the existing conference data to the new system and set up user accounts.
- Deployed the new system and trained its user community.
- Retired the CTAT.

### USDA Budget Object Class Initiative

The purpose of this project is to support the USDA Budget Modernization effort. OCFO's role in this effort is to ensure Budget Object Classification (BOC) code compliance with OMB Circular A-11, Section 83. USDA is now in the discovery phase of the BOC initiative, which is scheduled to be completed by October 31, 2021.

The BOC initiative ensures that the use of BOC's in FMMI complies with Section 83 of OMB Circular A-11. This effort includes:

- Continuing analysis of all BOC Series.
- Updating the BOC Manual.
- Performing analysis to ensure data quality.

- Gathering requirements on the impact of the BOC changes on the USDA interface systems, adobe forms, and internal processes within FMMI to determine solutions.
- Adding BOC standards to policy and process flows to maintain compliance with OMB Circular A-11.

The BOC initiative will possibly extend into FY 2024.

### Enterprise Architecture Program

The OCFO Enterprise Architecture (EA) Program delivers cost-effective, mission-focused, collaboratively developed, and strategically aligned programs and services to its many stakeholders and the Nation. This ground-up effort achieved numerous focused objectives during FY 2021, including the following:

- Implemented maturity upgrades to the OCFO EA Program through significantly increased skills and capabilities of the OCFO EA team and maturation of program procedures and governance. The program increased one entire maturity level on the U.S. Government Accountability Office (GAO) EA Maturity Scale. The increased program maturity has helped the program to continue meeting numerous Federal Legal Authorities and Regulatory Drivers, including the Clinger-Cohen Act of 1996 (CCA), the E-Government Act of 2002, OMB Circular A-11, OMB Circular A-130, OMB policy memorandum M-07-11, the House of Representatives (H.R.) 1232—Federal Information Technology Acquisition Reform Act (FITARA), Capital Planning and Investment Control (CPIC), and the Federal Enterprise Architecture Framework.
- Implemented new procedures and EA governance standards to facilitate the responsible acquisition and management of IT throughout the Federal government.
- Fully implemented the revised and integrated system development life cycle within the OCFO by establishing clear EA oversight and accountability into decisions and governance of the OCFO IT infrastructure.
- Provided senior leadership with increased transparency and visibility regarding IT Management and Spend-Management as well as a line of sight from strategic goals to business processes and continuing into the technology architecture (for example, data, software, hardware, and technology infrastructure).

Building on its successes in FY 2021, the EA team has identified the following goals in FY 2022:

- Continue integrating EA with Capital Planning, Enterprise IT Governance, Data Management, Performance Management, Enterprise Risk Management, FITARA and Acquisition Management, Program Management, Strategic Planning, and Strategic Human

Capital Management. This integration will ensure the continued achievement of coordinated decision making throughout the OCFO and in coordination with the OCIO.

- Continue to review and advise on all Acquisition Approval Requests (AARs) for the office and Department that pertain to financial management systems acquisitions and spending.
- Further develop and mature the IT Portfolio, programs, and financial resources of the OCFO to align with long-term mission requirements and strategic plans required by mandates and laws.
- Take action to advance the OCFO EA Program to the next level of maturity on the GAO EA Maturity Model scale.

### Capital Planning and Investment Control Program

The Capital Planning and Investment Control Program (CPIC) is a systematic approach to selecting, managing, and evaluating IT investments. CPIC is mandated by the CCA, which requires Federal agencies to focus on the results produced by IT investments. The OCFO CPIC Program identifies the processes and activities necessary to ensure that OCFO's IT investments are well-planned, cost-effective, and support the missions and business goals of the agency and the Department.

The CPIC team continually monitors OCFO's IT portfolio, mitigating risks and ensuring the overall health of investments. Accomplished in FY 2021 were the following:

- Improved the health of 90 percent of OCFO's Major and Non-Major Investments, achieving Chief Information Officer (CIO) rating scores of 4 (Green) or higher.
- Maintained Investment Support Plans to monitor required artifacts for reporting purposes and eliminate identified weaknesses.
- Alongside EA, provided guidance to the OCFO Project Management Office in the development of its Product Development Life Cycle.
- Delineated Internal and External transfer cost within the IT Portfolio.

Building on its successes in FY 2021, the CPIC team will achieve the following in FY 2022:

- Identify systems-specific costs within the OCFO IT Portfolio.
- Establish the Financial Systems AAR review process to evaluate cost savings opportunities across the Department.
- Achieve CIO rating scores of 4 (Green) or higher for 100 percent of OCFO's Major and Non-Major Investments.
- Incorporate the NFC Retirement Processing System into OCFO's IT Portfolio as a Major Investment.

## Other Initiatives

**The Systems, Applications, and Products (SAP) G-Invoicing:** OCFO is working to implement USDA Agencies into Treasury’s G-Invoicing initiative by June 30, 2022. This system will address current Buy/Sell activity by implementing a Federal intra-governmental transaction Buy/Sell Data Standard and provide transparent access to a shared data repository for brokered transactions in accordance with 31 U.S. Code (U.S.C.) 3512(b) and 3515.

**SAP S/4 High-Performance Analytic Appliance (HANA):** OCFO looks to SAP’s S/4 HANA as the evolution of the USDA financial management solution beyond the outdated FMMI construct. The current FMMI solution utilizes siloed data storage that is near real-time. The current FMMI construct is outdated, and SAP has stated that it will no longer support the platform as early as 2027.

SAP S/4HANA is an ERP financial software that operates on SAP HANA’s in-memory platform and allows users to run real-time reports on operational and financial data. The data is stored and processed so that in-memory users can analyze data quickly with few constraints. As part of the ERP package, financial data and operational data are pulled from one centralized location, which allows decision makers to examine problems from an organizational view rather than a limited department view. FMS is currently in the preparatory phase of the multi-year initiative of transforming the FMMI platform into the S4 HANA intelligent enterprise platform. FMS conducted market research to complete its information-gathering exercise and deliver its enterprise architecture roadmap for S4 HANA.

**System for Award Management (SAM) Unique Entity Identifier (UEI):** At the direction of the General Services Administration, USDA is migrating to the use of the SAM UEI as a replacement for the DUNS® number to verify Federal contractors. This change will impact all USDA systems, including FMMI. FMMI completed system updates in FY 2021 in preparation of a full UEI implementation by April 2022.



# Section II

## Financial Information

### Message from the Office of the Chief Financial Officer

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It is my honor to present the fiscal year (FY) 2021 Financial Statements on behalf of the U.S. Department of Agriculture.

USDA received an unmodified audit opinion on the financial statements from the Department’s Office of the Inspector General for the sixth consecutive fiscal year. This result reflects an important measure of the integrity and reliability of USDA’s overall focus and compliance with regards to financial management. The Office of the Chief Financial Officer (OCFO) recognizes the importance of accurate and timely financial information in making properly informed decisions. It remains committed to sound financial stewardship in maintaining or, when necessary, improving upon current systems to ensure that funds are appropriately accounted for and used to promote Departmental goals and objectives in the service of you, the American public.

As the country continues to grapple with the “new normal” forced upon each of us from COVID-19, the OCFO staff has been steadfastly vigilant in ensuring continuity of operations in a primarily remote or telework environment, never wavering from a commitment to their varying roles in support of the financial management systems and activities of USDA. The following highlights are only a few of their more noteworthy accomplishments from the fiscal year.

#### Budget Division

The Budget Division’s staff successfully managed the apportionment, allocation, tracking, and internal controls of \$31.4 billion in USDA supplemental funding for the Coronavirus Aid, Relief, and Economic Security Act; the Coronavirus Food Assistance Program; and the American Rescue Plan. Additionally, USDA agencies were advised on the development and monitoring of process controls and accounting on supplemental funding and contributed to the Department’s COVID dashboard for financial reporting to the Office of Management and Budget. The division also completed Data Quality compliance reviews and reporting related to the supplemental funding received.

## Fiscal Policy Division

The Fiscal Policy Division had a very productive fiscal year. During FY 2021, the average number of Do Not Pay (DNP) matches per quarter increased by 19 percent from FY 2020 (from 5.087 million to 6.053 million). Additionally, there was an 85 percent increase in the potential monetary savings (\$8.9 million to \$16.1 million) to USDA and the Federal Government due to the increase in matching behavior. The USDA has nearly 1,600 active users spanning five agencies and multiple program areas. In addition, the USDA DNP Authorizing Official, in tandem with the Primary Local Security Administrator, provided administrative support to programs currently using DNP during the pre-award, pre-payment, and post-payment phases of the payment life cycle. The users conducted more than 134,000 online pre-award/pre-payment searches, which is an 8 percent increase from FY 2020.

## Financial Management Division

The Financial Management Division spearheaded the interagency reimbursement process between USDA and the Department of Health and Human Services Unoccupied Children's Program in support of the President's Executive Order on the Establishment of the Interagency Task Force on the Reunification of Families. A workflow was established, and a process was created that coordinated the execution of USDA Agencies' interagency agreements approaching \$105 million in anticipated authority. This division directed the fund's execution for the Office of Partnerships and Public Engagement (OPPE) grants program of approximately \$58 million for the Policy Center, Outreach Assistance for Socially Disadvantaged Farmers & Ranchers Veterans, and the Farmers Opportunity Training and Outreach Programs in support of the Department's grants administration.

## Internal Control Division

The Internal Controls Division had a banner year. The review and follow-up of the Office of Inspector General's (OIG) audit recommendations were enhanced to exceed the number of audit closures despite the current pandemic. The Department's inventory of open audits decreased in FY 2021 by 6 percent from 88 to 82 percent. Based on current effort and closure rates, OCFO has surpassed the reported numbers of FY 2020 (19 OIG audits and 149 recommendations closed) as compared with FY 2021 (33 OIG audits and 231 recommendations) or an increase of 74 percent for OIG audits and 55 percent for open audit recommendations. Efforts to closely communicate and partner with OIG on the implementation and corrective actions of findings within the Department continue to help reduce deficiencies. Several long-standing audit recommendations issued by the U.S. Government Accountability Office have been reviewed, and continued actions are being taken to mitigate and address all weaknesses identified.

## Working Capital Fund Division

Our Working Capital Fund (WCF) Division continued to build on its reputation as a leader in financial management and administration of revolving funds. Its mission is to provide an effective financing mechanism to support services provided on a centralized basis. Centrally managed operations provide efficiency, reduce, or eliminate redundancies, and achieve economies of scale through extensive management reviews. The WCF provided its customers with a wide variety of services, totaling more than \$1.2 billion annually to 100 distinct USDA and non-USDA entities, supporting 15 Activity Centers across seven Departmental organizations. These services include Administration, Communication, Financial Management, Information Technology, and Correspondence Management. Executing these day-to-day business activities saved resources and met the needs of USDA Agencies at competitive prices, which allows our customers to concentrate on mission-critical functions. The WCF's strength lies in its extraordinary team of professionals at the heart of the USDA mission and who continue to work tirelessly on every task.

Although I am proud of the accomplishments achieved during this fiscal year, I also recognize there is still work to be done. The OCFO will continue to work across the Department on remediating material weaknesses and Digital Accountability and Transparency Act submission improvements, making this an area of increased focus in the coming year. We will also continue to diligently manage taxpayer dollars wisely and build upon the successes demonstrated by the achievements described previously. We are proud to serve our fellow Americans and pledge to persist in delivering superior financial stewardship and management.



Lynn M. Moaney  
Deputy Chief Financial Officer

November 12, 2021

# Independent Auditors Report

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*Pending Content*

# Agency Response to Auditors Report

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*Pending Content*

# Financial Statements

## Consolidated Balance Sheets

As of September 30, 2021 and 2020 (\$ in millions)

	<u>2021</u>	<u>2020</u>
<b>ASSETS (NOTE 2):</b>		
<b>Intragovernmental:</b>		
Fund Balance with Treasury (Note 3)	\$ 237,610	\$ 195,418
Investments, Net (Note 5)	256	245
Accounts Receivable, Net (Note 6)	320	61
Advances and Prepayments	42	27
<b>Total Intragovernmental</b>	<u>238,228</u>	<u>195,751</u>
<b>With the Public:</b>		
Cash and Other Monetary Assets (Note 4)	298	381
Accounts Receivable, Net (Note 6)	5,353	3,812
Loans Receivable, Net (Note 7)	113,450	110,235
Inventory and Related Property, Net (Note 8)	23	18
General Property, Plant, and Equipment, Net (Note 9)	2,588	2,399
Advances and Prepayments	587	1,295
Investments, Net (Note 5)	3	3
<b>Total With the Public</b>	<u>122,302</u>	<u>118,143</u>
<b>Total Assets</b>	<u>360,530</u>	<u>313,894</u>
Stewardship PP&E (Note 10)		
<b>LIABILITIES (NOTE 11):</b>		
<b>Intragovernmental:</b>		
Accounts Payable (Note 14)	80	105
Debt (Note 12)	132,821	143,129
Advances from Others and Deferred Revenue	14	9
Other Liabilities (Note 14)	11,871	12,719
<b>Total Intragovernmental</b>	<u>144,786</u>	<u>155,962</u>
<b>With the Public:</b>		
Accounts Payable	2,353	3,737
Federal Employee Benefits Payable	1,376	1,382
Environmental and Disposal Liabilities (Note 13)	258	239
Benefits Due and Payable	8,580	13,330
Loan Guarantee Liabilities (Note 7)	(601)	1,329
Insurance and Guarantee Program Liabilities	14,226	7,703
Advances from Others and Deferred Revenue	122	(515)
Other Liabilities (Notes 14, 15 & 16)	12,977	13,687
<b>Total With the Public</b>	<u>39,291</u>	<u>40,892</u>
<b>Total Liabilities</b>	<u>184,077</u>	<u>196,854</u>
Commitments and Contingencies (Note 16)		
<b>Net Position:</b>		
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	468	191
Unexpended Appropriations - Funds from Other Than Dedicated Collections	127,658	82,751
<b>Total Unexpended Appropriations (Combined)</b>	<u>128,126</u>	<u>82,942</u>
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	3,473	3,283
Cumulative Results of Operations - Funds from Other Than Dedicated Collections	44,854	30,815
<b>Total Cumulative Results of Operations (Combined)</b>	<u>48,327</u>	<u>34,098</u>
<b>Total Net Position</b>	<u>176,453</u>	<u>117,040</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 360,530</u>	<u>\$ 313,894</u>

*The accompanying notes are an integral part of these statements.*

# Consolidated Statements of Net Cost

For the Year Ended September 30, 2021 and 2020 (\$ in millions)

	2021	2020
<b>Farm Production and Conservation:</b>		
Gross Costs	\$ 54,802	\$ 54,824
Less: Earned Revenue	4,449	5,159
Net Costs	<u>50,353</u>	<u>49,665</u>
<b>Food, Nutrition, and Consumer Services:</b>		
Gross Costs	163,254	122,391
Less: Earned Revenue	65	56
Net Costs	<u>163,189</u>	<u>122,335</u>
<b>Food Safety:</b>		
Gross Costs	1,370	1,321
Less: Earned Revenue	262	260
Net Costs	<u>1,108</u>	<u>1,061</u>
<b>Marketing and Regulatory Programs:</b>		
Gross Costs	6,640	5,627
Less: Earned Revenue	812	1,016
Net Costs	<u>5,828</u>	<u>4,611</u>
<b>Natural Resources and Environment:</b>		
Gross Costs	8,278	7,033
Less: Earned Revenue	768	888
Net Costs	<u>7,510</u>	<u>6,145</u>
<b>Rural Development:</b>		
Gross Costs	4,517	6,842
Less: Earned Revenue	3,290	3,591
Net Costs	<u>1,227</u>	<u>3,251</u>
<b>Research, Education, and Economics:</b>		
Gross Costs	3,175	3,059
Less: Earned Revenue	105	103
Net Costs	<u>3,070</u>	<u>2,956</u>
<b>Trade and Foreign Agricultural Affairs:</b>		
Gross Costs	475	475
Less: Earned Revenue	32	72
Net Costs	<u>443</u>	<u>403</u>
<b>Staff Offices:</b>		
Gross Costs	1,661	1,493
Less: Earned Revenue	243	241
Net Costs	<u>1,418</u>	<u>1,252</u>
<b>Total Gross Costs</b>	244,172	203,065
<b>Less: Total Earned Revenue</b>	<u>10,026</u>	<u>11,386</u>
<b>Net Cost of Operations (Note 18)</b>	<u>\$ 234,146</u>	<u>\$ 191,679</u>

*The accompanying notes are an integral part of these statements.*

# Consolidated Statement of Changes in Net Position

For the Year Ended September 30, 2021 (\$ in millions)

	Funds from Dedicated Collections (Combined Totals) (Note 17)	Funds from Other Than Dedicated Collections (Combined Totals)	Eliminations	Consolidated Total
<b>Unexpended Appropriations:</b>				
Beginning Balances	\$ 191	\$ 82,751	\$ -	\$ 82,942
Appropriations Received	12	285,680	-	285,692
Appropriations Transferred In (Out)	285	(537)	-	(252)
Other Adjustments	-	(15,268)	-	(15,268)
Appropriations Used	(20)	(224,968)	-	(224,988)
Net Change in Unexpended Appropriations	277	44,907	-	45,184
<b>Total Unexpended Appropriations: Ending Balance</b>	<b>468</b>	<b>127,658</b>	<b>-</b>	<b>128,126</b>
<b>Cumulative Results of Operations:</b>				
Beginning Balances	3,283	30,815	-	34,098
Other Adjustments	-	(233)	-	(233)
Appropriations Used	20	224,968	-	224,988
Non-exchange Revenue	230	25,688	-	25,918
Donations and Forfeitures of Cash and Cash Equivalents	1	-	-	1
Transfers In (Out) without Reimbursement	1,345	(1,373)	-	(28)
Imputed Financing	63	3,404	(2,501)	966
Other	(99)	(3,138)	-	(3,237)
Net Cost of Operations	(1,370)	(235,277)	2,501	(234,146)
Net Change in Cumulative Results of Operations	190	14,039	-	14,229
<b>Cumulative Results of Operations: Ending Balance</b>	<b>3,473</b>	<b>44,854</b>	<b>-</b>	<b>48,327</b>
<b>Net Position</b>	<b>\$ 3,941</b>	<b>\$ 172,512</b>	<b>\$ -</b>	<b>\$ 176,453</b>

*The accompanying notes are an integral part of these statements.*

# Consolidated Statement of Changes in Net Position

For the Year Ended September 30, 2020 (\$ in millions)

	Funds from Dedicated Collections (Combined Totals) (Note 17)	Funds from Other Than Dedicated Collections (Combined Totals)	Eliminations	Consolidated Total
<b>Unexpended Appropriations:</b>				
Beginning Balances	\$ 180	\$ 71,271	\$ -	\$ 71,451
Appropriations Received	11	212,782	-	212,793
Appropriations Transferred In (Out)	-	(50)	-	(50)
Other Adjustments	-	(8,931)	-	(8,931)
Appropriations Used	-	(192,321)	-	(192,321)
Net Change in Unexpended Appropriations	11	11,480	-	11,491
<b>Total Unexpended Appropriations: Ending Balance</b>	<b>191</b>	<b>82,751</b>	<b>-</b>	<b>82,942</b>
<b>Cumulative Results of Operations:</b>				
Beginning Balances	3,331	11,332	-	14,663
Other Adjustments	-	(340)	-	(340)
Appropriations Used	-	192,321	-	192,321
Non-exchange Revenue	134	22,279	-	22,413
Donations and Forfeitures of Cash and Cash Equivalents	1	1	-	2
Transfers In (Out) without Reimbursement	748	(1,312)	-	(564)
Imputed Financing	68	2,916	(2,129)	855
Other	(182)	(3,391)	-	(3,573)
Net Cost of Operations	(817)	(192,991)	2,129	(191,679)
Net Change in Cumulative Results of Operations	(48)	19,483	-	19,435
<b>Cumulative Results of Operations: Ending Balance</b>	<b>3,283</b>	<b>30,815</b>	<b>-</b>	<b>34,098</b>
<b>Net Position</b>	<b>\$ 3,474</b>	<b>\$ 113,566</b>	<b>\$ -</b>	<b>\$ 117,040</b>

*The accompanying notes are an integral part of these statements.*

# Combined Statements of Budgetary Resources

For the Years Ended September 30, 2021 and 2020 (\$ in millions)

	2021		2020	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Non-Budgetary Credit Reform Financing Accounts
<b>Budgetary Resources:</b>				
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 97,027	\$ 4,725	\$ 69,378	\$ 5,958
Appropriations (Discretionary and Mandatory)	273,612	6	211,126	1
Borrowing Authority (Discretionary and Mandatory)	13,207	14,904	35,525	15,654
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	8,536	12,365	8,293	12,249
<b>Total Budgetary Resources</b>	<b>392,382</b>	<b>32,000</b>	<b>324,322</b>	<b>33,862</b>
<b>Status of Budgetary Resources:</b>				
New Obligations and Upward Adjustments (Total)	277,308	20,631	239,782	21,913
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts	73,017	10,675	47,873	11,257
Exempt from Apportionment, Unexpired Accounts	85	-	7	-
Unapportioned, Unexpired Accounts	8,241	694	4,437	692
Unexpired Unobligated Balance, End of Year	81,343	11,369	52,317	11,949
Expired Unobligated Balance, End of Year	33,731	-	32,223	-
Unobligated Balance, End of Year (Total)	115,074	11,369	84,540	11,949
<b>Total Budgetary Resources</b>	<b>392,382</b>	<b>32,000</b>	<b>324,322</b>	<b>33,862</b>
<b>Outlays, Net, and Disbursements, Net:</b>				
Outlays, Net (Total) (Discretionary and Mandatory)	239,467		187,111	
Distributed Offsetting Receipts (-)	(4,249)		(2,863)	
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 235,218</b>		<b>\$ 184,248</b>	
<b>Disbursements, Net (Total) (Mandatory)</b>		<b>\$ 4,025</b>		<b>\$ 2,547</b>

The accompanying notes are an integral part of these statements.

# Notes to the Financial Statements

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As of September 30, 2021, and 2020 (\$ in millions)

## NOTE 1: Summary of Significant Accounting Policies

### Reporting Entity

USDA provides a wide variety of services in the United States and around the world. USDA is organized into eight distinct mission areas and their agencies that execute these missions, including staff offices for reporting listed below:

#### **Farm Production and Conservation**

- FPAC Business Center
- Farm Service Agency
- Commodity Credit Corporation
- Risk Management Agency
- Natural Resources Conservation Service

#### **Food, Nutrition, and Consumer Services**

- Food and Nutrition Service

#### **Food Safety**

- Food Safety and Inspection Service

#### **Marketing and Regulatory Programs**

- Agricultural Marketing Service
- Animal and Plant Health Inspection Service

#### **Natural Resources and Environment**

- Forest Service

#### **Rural Development**

#### **Research, Education, and Economics**

- Agricultural Research Service
- National Agricultural Statistics Service
- National Institute of Food and Agriculture
- Economic Research Service

#### **Trade and Foreign Agricultural Affairs**

- Foreign Agricultural Service

#### **Staff Offices**

The reporting entity is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government. See Note 28 for Disclosure Entities and Related Parties that are not part of consolidation.

### Consolidation

The financial statements consolidate results of all agencies and staff offices. The effects of intradepartmental activity and balances are eliminated, except for the Statement of Budgetary Resources (SBR) which is presented on a combined basis. The financial statements are prepared in accordance with generally accepted accounting principles for the Federal Government.

### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Fund Balance with Treasury (FBWT) and Funds from Dedicated Collections

FBWT is an asset of a reporting entity and a liability of the General Fund. Similarly, investments in Federal Government securities that are held by Dedicated Collections accounts are assets of the reporting entity responsible for the Dedicated Collections and liabilities of the General Fund. In both cases, the amounts represent commitments by the Government to provide resources for particular programs, but they do not represent net assets to the Government as a whole.

When the reporting entity seeks to use FBWT or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

### Revenue and Other Financing Sources

As a component of the Government-wide reporting entity, the entity is subject to the Federal budget process, which involves appropriations that are provided annually and appropriations that are provided on a permanent basis. The financial transactions that are supported by budgetary resources, which include appropriations, are generally the same transactions reflected in entity and the Government-wide financial reports.

The reporting entity's budgetary resources reflect past congressional action and enable the entity to incur budgetary obligations, but they do not reflect assets to the Government as a whole.

Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory provisions (e.g., Social Security benefits). After budgetary obligations are incurred, Treasury will make disbursements to liquidate the budgetary obligations and finance those disbursements in the same way it finances all disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

Revenue from exchange transactions is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, sales price is fixed or determinable, and collection is reasonably assured. In certain cases, the prices charged by the Department are set by law or regulation, which for program and other reasons may not represent full cost. Prices set for products and services offered through the Department's working capital funds are intended to recover the full costs incurred by these activities. Revenue from non-exchange transactions is recognized when a specifically identifiable, legally enforceable claim to resources arises, to the extent that collection is probable and the amount is reasonably estimable. Appropriations are recognized as a financing source when used. An imputed financing source is recognized for costs subsidized by other Government entities.

### Investments

The Department is authorized to invest certain funds in excess of its immediate needs in Treasury securities. Investments in non-marketable par value Treasury securities are classified as held to maturity and are carried at cost. Investments in market-based Treasury securities are classified as held to maturity and are carried at amortized cost. The amortized cost of securities is based on the purchase price adjusted for amortization of premiums and accretion of discounts using the straight-line method over the term of the securities.

### Accounts Receivable

Accounts receivable are reduced to net realizable value by an allowance for uncollectible accounts. The adequacy of the allowance is determined based on past experience and age of outstanding balances.

### Direct Loans and Loan Guarantees

Direct loans obligated and loan guarantees committed after FY 1991 are reported based on the present value of the net cash-flows estimated over the life of the loan or guarantee. The difference between the outstanding principal of the loans and the present value of their net cash inflows is recognized as a subsidy cost allowance; the present value of estimated net cash outflows of the loan guarantees is recognized as a liability for loan guarantees. The subsidy expense for direct or guaranteed loans disbursed during the year is the present value of estimated net cash outflows for those loans or guarantees. A subsidy expense also is recognized for modifications made during the year to loans and guarantees outstanding and for reestimates made as of the end of the year to the subsidy allowances or loan guarantee liability for loans and guarantees outstanding.

Direct loans obligated and loan guarantees committed before FY 1992 are valued using either the present-value or net realizable methods. Under the present-value method, the outstanding principal of direct loans is reduced by an allowance equal to the difference between the outstanding principal and the present value of the expected net cash flows. The liability for loan guarantees is the present value of expected net cash outflows due to the loan guarantees. Under the net realizable value method, the average rate of the last five years of write-offs is used.

### Inventories and Related Property

Inventories to be consumed in the production of goods for sale or in the provision of services for a fee are valued on the basis of historical cost using a first-in, first-out method.

Commodity inventory, referred to as goods held under price support and stabilization programs in SFFAS No. 3, Accounting for Inventory and Related Property, issued by the FASAB, represent commodities acquired by CCC for donation or price support purposes. Commodities are eventually sold or otherwise disposed of to help satisfy economic goals. Acquisition is generally made through commodity loan forfeitures, use of Commodity Certificate Exchange (CCE), or by purchase of commodities on the open market.

Inventory purchases are initially recorded at acquisition cost, including transportation, plus processing and packaging costs incurred after acquisition. Acquisition cost for loan forfeitures is the amount of the loan settlement, excluding interest. The commodity is revalued at the lower of cost or the net realizable value in accordance with SFFAS No. 3.

Commodity inventory is not held in reserve for future sale. All commodity inventory on hand at year-end is anticipated to be donated or transferred during the next fiscal year. CCC has no excess, obsolete or unserviceable inventory.

### Property, Plant and Equipment

Property, Plant and Equipment (PP&E) are stated at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the estimated useful lives of the assets. Useful lives for PP&E are disclosed in Note 9. Capitalization thresholds for personal property and real property are \$25,000; and \$100,000 for internal use software. There are no restrictions on the use or convertibility of PP&E.

### Pension and Other Retirement Benefits

Pension and other retirement benefits (primarily retirement health care benefits) expense is recognized at the time the employees' services are rendered. The expense is equal to the actuarial present value of benefits attributed by the pension plan's benefit formula, less the amount contributed by the employees. An imputed cost is recognized for the difference between the expense and contributions made by and for employees.

## Workers' Compensation Benefits

The Federal Employees' Compensation Act (FECA) provides wage replacement and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and subsequently seeks reimbursement from the Federal agencies employing the claimants. DOL provides the actuarial liability for claims outstanding at the end of each fiscal year. This liability includes the estimated future costs of death benefits, workers' wage replacement, medical, and miscellaneous costs for approved compensation cases.

## Funds from Dedicated Collections

In accordance with Statement of Federal Financial Accounting Standards (SFFAS) 43, Funds from Dedicated Collections, USDA has reported the funds from dedicated collections for which it has program management responsibility when the following three criteria are met: 1) a statute committing the Federal Government to use specifically identified revenues and/or other financing sources that are originally provided to the Federal Government by a non-Federal source only for designated activities, benefits or purposes; 2) explicit authority for the fund to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and 3) a requirement to account for and report on the receipt, use, and retention of the revenues and/or other financing sources that distinguishes the fund from the Federal Government's general revenues.

## Contingencies

Contingent liabilities are recognized when a past event or exchange transaction has occurred, a future outflow or other sacrifice of resources is probable, and the future outflow or sacrifice of resources is measurable.

## Allocation Transfers

USDA is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority 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 charged to this allocation account as they execute the delegated activity on behalf of the parent entity.

USDA allocates funds, as the parent, to a number of U.S. Government agencies, including: Department of the Interior, Department of Defense, Department of Housing and Urban

Development, Agency for International Development, and the Small Business Administration. USDA receives allocation transfers, as the child, from the Department of Labor, Department of Transportation, Department of the Interior, Agency for International Development, Economic Development Administration, Appalachian Regional Commission, and the Delta Regional Authority.

### Inter-Entity Costs

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by the Department are recognized as imputed cost [in the Statement of Net Cost] and are offset by imputed revenue [in the Statement of Changes in Net Position]. Such imputed costs and revenues relate to business-type activities (if applicable), employee benefits, and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

### Fiduciary Activities

Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment, and disposition by the Federal Government of cash or other assets in which non-Federal individuals or entities have an ownership interest that the Federal Government must uphold. Fiduciary assets are not assets of the Federal Government and are not recognized on the balance sheet.

### Asbestos-Related Cleanup Costs

Effective October 1, 2012, Technical Bulletin (TB) 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs, as amended, requires an estimate of both friable and non-friable asbestos-related cleanup costs; recognition of a liability and related expense for those costs that are both probable and reasonably estimable; and disclosure of information related to friable and non-friable asbestos-related cleanup costs that are probable but not reasonably estimable in a note to the financial statements.

### Deferred Maintenance and Repairs

Deferred maintenance and repairs are such that were not performed when they should have been or were scheduled to be and which are put off or delayed for a future period. Maintenance and repairs are activities directed toward keeping fixed assets in an acceptable condition. Activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain the asset. Maintenance and repairs, as distinguished from capital improvements, exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its

current use. SFFAS 42, Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29 and 32, became effective October 1, 2014. Estimates for deferred maintenance and repairs are disclosed in required supplementary information.

### Reconciliation of Net Cost to Net Outlays

SFFAS 53, Budget and Accrual Reconciliation (BAR) amends requirements for a reconciliation between budgetary and financial accounting information established by SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting. The BAR explains the relationship between the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period.

### Insurance Programs

The Federal Crop Insurance Program is considered a short-duration exchange transaction insurance program. The crop insurance policies insure against unexpected declines in yield and/or price due to natural causes. The insurance policies are structured as a contract between Approved Insurance Providers (AIPs) and producers, with the FCIC providing reinsurance to AIPs. Crop insurance policies automatically renew each year, unless producers cancel them by a published annual deadline. Under the reinsurance agreements, AIPs agree to deliver insurance products to eligible entities under certain terms and conditions. The Administrative and Operating (A&O) subsidy compensates the AIPs for selling and servicing crop insurance policies, including the direct settling of claims. Producers pay a portion of premium and fees to participate in the insurance program benefit payments. FCIC and AIPs share in underwriting gains or losses. The underwriting risk for the crop insurance program is shared by FCIC and the AIPs. The AIPs generally retain approximately 80 to 85 percent of the premium, and the risk associated with the premium. FCIC provides AIPs stop-loss reinsurance for the risk associated with their retained premium.

### Classified Activities

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.

### Reclassifications

The Balance Sheet, Statement of Changes in Net Position and notes on Investments, Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees), General Property, Plant and Equipment (PP&E), Net, Liabilities Not Covered by Budgetary Resources, Other Liabilities and Funds from Dedicated Collections were reclassified to conform to OMB Circular A-136, Financial Reporting Requirements. The Federal Debt and Interest Payable note was reclassified to present other debt as other liabilities.

## NOTE 2: Non-Entity Assets

Non-entity assets include proceeds from the sale of timber payable to the U.S. Treasury, timber contract performance bonds, employer contributions and payroll taxes withheld for agencies serviced by the National Finance Center, rural housing escrow, interest, fines, and penalties.

	<u>FY 2021</u>	<u>FY 2020</u>
<b>Intragovernmental:</b>		
Fund Balance with Treasury	\$ 379	\$ 319
Accounts Receivable	529	296
Total Intragovernmental	<u>908</u>	<u>615</u>
Cash and Other Monetary Assets	51	46
Accounts Receivable	<u>267</u>	<u>205</u>
Total Non-Entity Assets	1,226	866
Total Entity Assets	359,304	313,028
<b>Total Assets</b>	<u>\$ 360,530</u>	<u>\$ 313,894</u>

## NOTE 3: Fund Balance with Treasury

Borrowing Authority not yet Converted to Fund Balance represents unobligated and obligated amounts recorded at year-end that will be funded by future borrowings. Non-Budgetary Fund Balance with Treasury includes special fund receipt accounts, and clearing and suspense account balances awaiting disposition or reclassification.

	<u>FY 2021</u>	<u>FY 2020</u>
<b>Status of Fund Balance with Treasury</b>		
Unobligated Balance		
Available	\$ 83,777	\$ 59,138
Unavailable	42,751	37,446
Obligated Balance Not Yet Disbursed	110,799	110,813
Borrowing Authority Not Yet Converted to Fund Balance	(44,412)	(53,640)
Authority Granted Prior to Credit Reform for Rental Assistance Grants	(18)	(23)
Non-Budgetary Fund Balance with Treasury	<u>44,713</u>	<u>41,684</u>
<b>Total</b>	<u>\$ 237,610</u>	<u>\$ 195,418</u>

## NOTE 4: Cash and Other Monetary Assets

For FY 2021 and FY 2020, cash and other monetary assets consists of Federal crop insurance escrow of \$217 million and \$299 million, deposits in transit of \$30 million and \$36 million, and single-family housing escrow of \$51 million and \$46 million, respectively.

	<u>FY 2021</u>	<u>FY 2020</u>
<b>Cash</b>	<u>\$ 298</u>	<u>\$ 381</u>

## NOTE 5: Investments

FY 2021	Cost/ Acquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Net Investments	Unrealized Gain/(Loss)	Market/Fair Value
<b>Intragovernmental Securities and Investments:</b>							
Non-marketable - Market-based	\$ 254	Straight Line	\$ 1	\$ 1	\$ 256	\$ -	\$ 256
<b>Total Intragovernmental Securities and Investments</b>	<u>254</u>		<u>1</u>	<u>1</u>	<u>256</u>	<u>-</u>	<u>256</u>
<b>Other Securities and Investments:</b>							
Available for Sale:							
Equity Securities	3		-	-	3	-	3
<b>Total Other Securities and Investments</b>	<u>3</u>		<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
<b>Fair Value Measurement of Securities and Investments</b>							<b>Other</b>
Non-Federal Securities Listed by Investment Type							3
<b>Total Fair Value Measurements</b>							<u>3</u>
<b>Reconciliation of Investment Activity for Non-Federal Securities:</b>							
Beginning Balance							3
<b>Ending Balance</b>							<u>\$ 3</u>
<b>FY 2020</b>							
<b>Intragovernmental Securities and Investments:</b>							
Non-marketable - Market-based	\$ 243	Straight Line	\$ 1	\$ 1	\$ 245	\$ -	\$ 245
<b>Total Intragovernmental Securities and Investments</b>	<u>243</u>		<u>1</u>	<u>1</u>	<u>245</u>	<u>-</u>	<u>245</u>
<b>Other Securities and Investments:</b>							
Available for Sale:							
Equity Securities	3		-	-	3	-	3
<b>Total Other Securities and Investments</b>	<u>3</u>		<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
<b>Fair Value Measurement of Securities and Investments</b>							<b>Other</b>
Non-Federal Securities Listed by Investment Type							3
<b>Total Fair Value Measurements</b>							<u>\$ 3</u>

Other securities and investments include equity securities held by the Alternative Agricultural Research and Commercialization Corporation (AARCC). These securities represent shares the AARCC program purchased as part of the original investment into non-publicly traded companies. The program along with the investments is currently going through a review process with regards to the viability of the remaining investments and their value.

The U. S. Treasury does not set aside assets to pay future expenditures associated with funds from dedicated collections; instead the cash generated from funds from dedicated Treasury securities are issued to the funds from dedicated collections as evidence of the dedicated receipts; Treasury securities held by the funds for dedicated collections are an asset of the fund(s) and a liability of the U. S. Treasury, and will be eliminated by consolidation in the U. S. Government-wide financial statements; and when the funds from dedicated collections redeems their Treasury securities to make expenditures, the U. S. Treasury will finance those expenditures in the same manner that it finances all other expenditures.

## NOTE 6: Accounts Receivable, Net

<b>FY 2021</b>	<b>Accounts Receivable, Gross</b>	<b>Allowance for Uncollectible Accounts</b>	<b>Accounts Receivable, Net</b>
Intragovernmental	\$ 320	\$ -	\$ 320
With the Public	5,409	(56)	5,353
<b>Total</b>	<b>\$ 5,729</b>	<b>\$ (56)</b>	<b>\$ 5,673</b>
<b>Criminal Restitution</b>	<b>\$ 5</b>	<b>\$ (5)</b>	<b>\$ -</b>

<b>FY 2020</b>	<b>Accounts Receivable, Gross</b>	<b>Allowance for Uncollectible Accounts</b>	<b>Accounts Receivable, Net</b>
Intragovernmental	\$ 61	\$ -	\$ 61
With the Public	3,872	(60)	3,812
<b>Total</b>	<b>\$ 3,933</b>	<b>\$ (60)</b>	<b>\$ 3,873</b>
<b>Criminal Restitution</b>	<b>\$ 7</b>	<b>\$ (7)</b>	<b>\$ -</b>

## NOTE 7: Loans Receivable, Net and Loan Guarantee Liabilities

Direct loan obligations and loan guarantee commitments made after fiscal year 1991, and the resulting direct loans or loan guarantees, are governed by the Federal Credit Reform Act of 1990, as amended.

Direct loan obligations or loan guarantee commitments made pre-1992 are reported at either net present-value or net realizable value.

The net present value of Direct Loan and Loan Guarantees, Net is not necessarily representative of the proceeds that might be expected if these loans were sold on the open market.

The Department offers direct and guaranteed loans through credit programs in the FPAC mission area through the FSA and the CCC, and in the RD mission area.

## Farm Production and Conservation (FPAC) Mission Area

The FPAC mission area helps keep America's farmers and ranchers in business as they face the uncertainties of weather and markets. FPAC delivers commodity, credit, conservation, disaster, and emergency assistance programs that help strengthen and stabilize the agricultural economy. FPAC contributes to the vitality of the farm sector with programs that encourage the expansion of export markets for U.S. agriculture.

FSA offers direct and guaranteed loans to farmers who are temporarily unable to obtain private, commercial credit, and nonprofit entities that are engaged in the improvement of the nation's agricultural community. Often, FSA borrowers are beginning farmers who cannot qualify for conventional loans due to insufficient financial resources. Additionally, the agency helps established farmers who have suffered financial setbacks from natural disasters or have limited resources to maintain profitable farming operations. FSA officials also provide borrowers with supervision and credit counseling.

FSA's mission is to provide supervised credit. FSA works with each borrower to identify specific strengths and weaknesses in farm production and management, and provides alternatives to address weaknesses. FSA is able to provide certain loan servicing options to assist borrowers whose accounts are distressed or delinquent. These options include reamortization, restructuring, loan deferral, lowering interest rates, acceptance of easements, and debt write-downs. The eventual goal of FSA's farm credit programs is to graduate its borrowers to commercial credit.

CCC's foreign programs provide economic stimulus to both the U.S. and foreign markets, while giving humanitarian assistance to the most disadvantaged people throughout the world. CCC offers both credit guarantee and direct credit programs for buyers of U.S. exports, suppliers, and sovereign countries in need of food assistance.

CCC permits debtor nations to reschedule debt under the aegis of the Paris Club. The Paris Club is an informal group of official creditors whose role is to facilitate debt treatments based on an internationally recognized set of rules and principles, facilitated by the senior officials of the French Treasury. Its sole purpose is to assess, on a case-by-case basis, liquidity problems faced by economically disadvantaged countries. The general premise of Paris Club is to provide disadvantaged nations short-term liquidity relief to enable them to reestablish their credit worthiness. The U.S. Departments of State and Treasury lead the U.S. Delegation and negotiations for all U.S. Agencies.

CCC also provides loans for Farm and Sugar Storage Facilities (FSFL). FSFL provides low interest financing for producers to build or upgrade farm storage and handling facilities. FSFL program regulations were amended during FY 2017 to add eligibility for portable storage structures, portable equipment, and storage and handling trucks, and to reduce the down payment and documentation requirements for a "microloan" category of FSFLs up to \$50,000.

## Exhibit 25: Farm Production and Conservation List of Direct Loan and Loan Guarantee Programs

Farm Service Agency	Commodity Credit Corporation
Direct Farm Ownership	General Sales Manager Export Credit Guarantee Program
Direct Farm Operating	Facility Program Guarantee
Direct Emergency Loans	P.L. 480 Title 1 Program
Direct Indian Land Acquisition	Direct Farm Storage Facility
Direct Boll Weevil Eradication	Direct Sugar Storage Facilities
Direct Seed Loans to Producers	
Direct Conservation	
Guaranteed Farm Operating Subsidized/Unsubsidized	
Guaranteed Farm Ownership Unsubsidized	
Guaranteed Conservation	
American Recovery and Reinvestment Fund	

### Rural Development (RD) Mission Area

RD offers both direct and guaranteed loans administered through three agencies with unique missions to bring prosperity and opportunity to rural areas. Each year, RD programs create or preserve tens of thousands of rural jobs and provide or improve the quality of rural housing, business, and utilities. To leverage the impact of its programs, RD is working with state, local, and Indian tribal governments, as well as private and nonprofit organizations and user-owned cooperatives. RD is able to provide certain loan servicing options to borrowers whose accounts are distressed or delinquent. These options include reamortization, restructuring, loan deferral, lowering interest rate, acceptance of easements, and debt write-downs. The choice of servicing options depends on the loan program and the individual borrower.

Rural Housing programs provide affordable, safe, and sanitary housing and essential community facilities to rural communities. They also help finance new or improved housing for moderate, low, and very low-income families each year. Other programs help rural communities to finance, construct, enlarge or improve fire stations, libraries, hospitals and medical clinics, industrial parks, and other community facilities.

Rural Business programs promote a dynamic business environment in rural America. These programs work in partnership with the private sector and community-based organizations to provide financial assistance and business planning. They also provide technical assistance to rural businesses and cooperatives, conduct research into rural economic issues, and provide cooperative educational materials to the public.

Rural Utilities programs help to improve the quality of life in rural America through a variety of loan programs for electric energy, telecommunications, and water and environmental projects. These programs leverage scarce Federal funds with private capital for investing in rural infrastructure, technology, and development of water resources.

## Exhibit 26: Rural Development List of Direct Loan and Loan Guarantee Programs

Rural Housing Program	Rural Business Program	Rural Utilities Program
Single Family Housing Direct Loans (including Self-Help Loans)	Business and Industry Loan Guarantees	Water and Environmental Direct Loans, Loan Guarantees
Single Family Housing Loan Guarantees	Intermediary Relending Program Loans	Rural Broadband Direct Loans
Single Family Housing Repair Loans	Rural Microentrepreneur Assistance Program	Electric and Telecommunications Direct Loans and Loan Guarantees
Rural Rental Housing Direct Loan	Rural Economic Development Loans	
Rural Rental Housing Loan Guarantees	Rural Energy for America Program Loan Guarantees	
Farm Labor Housing Loans		
Community Facilities Direct Loans and Loan Guarantees	Biorefinery Renewable Chemical, and Bio-based Product Manufacturing Assistance Program Loan Guarantees	

### Loan Modifications

Multi-Family Housing direct loan modifications related to the revitalization program, which began in FY 2006, continued through FY 2021. In this program, Rural Development provides restructured loans and grants to development owners to revitalize multi-family housing development projects in order to extend the affordable use without displacing tenants due to the increased rent.

The Debt Reduction Fund is used to account for CCC’s “modified debt.” Debt is considered to be modified if the original debt has been reduced or the interest rate of the agreement changed. In contrast, when debt is “rescheduled,” only the date of payment is changed. Rescheduled debt is carried in the original fund until paid. With one exception, all outstanding CCC modified debt is carried in the Debt Reduction Fund and is governed by the Federal Credit Reform Act of 1990, as amended. CCC modified debt for several P.L. 480 loans to El Salvador during FY 2021 under the Tropical Forest and Coral Reef Conservation Act (TFCCA). The modification cost for these loans was \$15 million.

FSA executed a modification during FY 2021 under the American Rescue Plan (ARP). Under ARP, USDA would pay 120% of the outstanding loans to socially disadvantaged borrowers in the following categories: Agricultural Credit Insurance Fund (ACIF) direct loans (ownership, operating and emergency), ACIF guaranteed loans (ownership and operating) and Farm Storage Facility Loans. While the modification was executed, the loan repayments have not taken place due to ongoing litigation.

## Foreclosed Property

As of September 30, 2021 and 2020, foreclosed property consisted of 1,095 and 1,267 rural single family housing dwellings, with an average holding period of 16 months for both years, respectively. As of September 30, 2021 and 2020, FSA-Farm Loan Program properties consist primarily of 127 and 125 farms, respectively. The average holding period for these properties in inventory for FY 2021 and FY 2020 was 77 months. Certain properties can be leased to eligible individuals.

## Other Information

Non-performing loans are defined as receivables that are in arrears by 90 or more days or are on rescheduling agreements until such time two consecutive payments have been made following the rescheduling. When RD, FSA and CCC calculate loan interest income, however, the recognition of revenue is deferred. Late interest is accrued on arrears.

Approximately \$13,548 million and \$14,328 million of Rural Housing borrowers' unpaid loan principal as of September 30, 2021 and 2020 were receiving interest credit. If those loans receiving interest credit had accrued interest at the full-unreduced rate, interest income would have been approximately \$604 million and \$666 million higher for FY 2021 and FY 2020, respectively.

At the end of FY 2021 and FY 2020, the RD portfolio contained approximately 53,656 and 48,280 restructured loans with an outstanding unpaid principal balance of \$3,407 million and \$2,584 million, respectively. At the end of FY 2021 and FY 2020, the farm loan portfolio contained approximately 12,888 and 17,836 restructured loans with an outstanding unpaid principal balance of \$1,073 million and \$1,402 million, respectively. Direct credit and credit guarantee principal receivables in the food aid and export programs under rescheduling agreements as of September 30, 2021 and 2020, were \$829 million and \$642 million, respectively.

Beginning in FY 2012, advance payments surpassed the loans receivable balance in the Rural Utilities Liquidating Fund. This was due to an increased volume in advance payments and a normal reduction to the Liquidating Portfolio. The Omnibus Budget Act of 1987, section 313, authorized the accumulation of Cushion of Credit (CoC) in the Revolving Fund. Borrowers may make advance payments up to their liquidating and financing total Rural Utilities Service debt. To accurately represent the value of Electric and Telecommunication assets, RD reports the CoC amounts as a separate line item in Table 1.

Subsidy rates are used to compute each year's subsidy expenses. The subsidy rates pertain only to the FY 2021 cohorts. These rates cannot be applied to the direct and guaranteed loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both current year cohorts and prior-year cohorts. The subsidy expense reported in the current year also includes reestimates.

Table 1: Loans Receivable, Net

FY 2021 Direct Loans	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Present Value Allowance	Direct Loans, Net
<b>Obligated Pre-1992</b>					
Farm	\$ 134	\$ 96	\$ 7	\$ (98)	\$ 139
Food Aid	254	5	-	(53)	206
Housing	5,332	695	8	(627)	5,408
Community Facility	6	-	-	-	6
Electric	1,805	2	-	(1,427)	380
Telecommunications	28	-	-	-	28
Water and Environmental	167	2	-	-	169
Intermediary Relending	1	-	-	-	1
<b>Pre-1992 Total</b>	<b>7,727</b>	<b>800</b>	<b>15</b>	<b>(2,205)</b>	<b>6,337</b>
<b>Obligated Post-1991</b>					
Farm	15,155	330	10	(175)	15,320
Food Aid	420	8	-	(74)	354
Housing	17,509	433	63	(1,755)	16,250
Community Facility	11,151	106	-	(188)	11,069
Electric	49,235	30	-	(1,171)	48,094
Telecommunications	2,567	2	-	39	2,608
Water and Environmental	12,897	87	-	429	13,413
Intermediary Relending	321	2	-	(63)	260
Business and Industry	44	-	-	(6)	38
Economic Development	202	-	-	(17)	185
<b>Post-1991 Total</b>	<b>109,501</b>	<b>998</b>	<b>73</b>	<b>(2,981)</b>	<b>107,591</b>
Cushion of Credit	(1,268)	-	-	-	(1,268)
<b>Total Direct Loan Program Receivables</b>	<b>115,960</b>	<b>1,798</b>	<b>88</b>	<b>(5,186)</b>	<b>112,660</b>
<b>Defaulted Guarantee Loans</b>					
Pre-1992	396	18	-	(246)	168
Pre-1992 Total	396	18	-	(246)	168
Post-1991					
Farm	253	90	-	(323)	20
Housing	174	-	-	(137)	37
Community Facility	8	-	-	-	8
Business and Industry	217	-	-	(53)	164
Post-1991 Total	652	90	-	(513)	229
<b>Total Defaulted Guarantee Loans</b>	<b>1,048</b>	<b>108</b>	<b>-</b>	<b>(759)</b>	<b>397</b>
<b>Loans Exempt from Credit Reform Act:</b>					
Commodity Loans	391	2	-	-	393
<b>Total Loans Exempt</b>	<b>391</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>393</b>
<b>Total Loans Receivable, Net</b>					<b>\$ 113,450</b>

<b>FY 2020 Direct Loans</b>	<b>Loans Receivable, Gross</b>	<b>Interest Receivable</b>	<b>Foreclosed Property</b>	<b>Present Value Allowance</b>	<b>Direct Loans, Net</b>
<b>Obligated Pre-1992</b>					
Farm	\$ 161	\$ 97	\$ 7	\$ (96)	\$ 169
Food Aid	451	7	-	(72)	386
Housing	5,610	763	6	(613)	5,766
Community Facility	8	-	-	-	8
Electric	1,854	2	-	(1,427)	429
Telecommunications	40	-	-	-	40
Water and Environmental	203	2	-	-	205
Intermediary Relending	2	-	-	-	2
<b>Pre-1992 Total</b>	<b>8,329</b>	<b>871</b>	<b>13</b>	<b>(2,208)</b>	<b>7,005</b>
<b>Obligated Post-1991</b>					
Farm	14,026	309	10	(576)	13,769
Food Aid	479	9	-	(80)	408
Housing	17,803	465	77	(2,301)	16,044
Community Facility	10,536	72	-	(120)	10,488
Electric	47,011	27	-	(1,169)	45,869
Telecommunications	2,735	1	-	10	2,746
Water and Environmental	13,204	88	-	590	13,882
Intermediary Relending	342	2	-	(70)	274
Business and Industry	46	-	-	(6)	40
Economic Development	200	-	-	(16)	184
<b>Post-1991 Total</b>	<b>106,382</b>	<b>973</b>	<b>87</b>	<b>(3,738)</b>	<b>103,704</b>
Cushion of Credit	(1,798)	-	-	-	(1,798)
<b>Total Direct Loan Program Receivables</b>	<b>112,913</b>	<b>1,844</b>	<b>100</b>	<b>(5,946)</b>	<b>108,911</b>
<b>Defaulted Guarantee Loans</b>					
Post-1991					
Farm	226	76	-	(277)	25
Export	387	17	-	(238)	166
Housing	126	-	-	(94)	32
Community Facility	8	-	-	-	8
Business and Industry	227	-	-	(43)	184
Post-1991 Total	974	93	-	(652)	415
<b>Total Defaulted Guarantee Loans</b>	<b>974</b>	<b>93</b>	<b>-</b>	<b>(652)</b>	<b>415</b>
<b>Loans Exempt from Credit Reform Act:</b>					
Commodity Loans	902	11	-	(4)	909
<b>Total Loans Exempt</b>	<b>902</b>	<b>11</b>	<b>-</b>	<b>(4)</b>	<b>909</b>
<b>Total Loans Receivable, Net</b>					<b>\$ 110,235</b>

Table 2: Total Amount of Direct Loans Disbursed (Post-1991)

<b>Direct Loan Programs</b>	<b>FY 2021</b>	<b>FY 2020</b>
Farm	\$ 3,399	\$ 3,349
Housing	1,086	1,255
Community Facility	1,259	1,278
Electric	4,082	5,177
Telecommunications	206	150
Water and Environmental	1,022	1,271
Intermediary Relending	12	16
Business and Industry	2	5
Economic Development	40	39
<b>Total Direct Loans Disbursed</b>	<b>\$ 11,108</b>	<b>\$ 12,540</b>

Table 3: Subsidy Expense for Direct Loan Programs by Component

	Interest Differential	Defaults	Fees and Other Collections	Other	Subtotal Subsidy	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total Subsidy Expense
<b>FY 2021 Direct Loan Programs</b>										
Farm	\$ (28)	\$ 48	\$ (1)	\$ 4	\$ 23	\$ (28)	\$ (608)	\$ 327	\$ (281)	\$ (286)
Export	-	-	-	-	-	-	-	(6)	(6)	(6)
Food Aid	-	-	-	-	-	-	-	9	9	9
Housing	32	47	-	3	82	3	(92)	(110)	(202)	(117)
Community Facility	(138)	45	-	14	(79)	-	168	(44)	124	45
Electric	(147)	6	(18)	(17)	(176)	-	(348)	(278)	(626)	(802)
Telecommunications	1	9	-	(1)	9	-	(3)	(32)	(35)	(26)
Water and Environmental	53	1	-	(37)	17	-	27	198	225	242
Intermediary Relending	3	-	-	-	3	-	(2)	-	(2)	1
Business and Industry	-	-	-	-	-	-	-	-	-	-
Economic Development	6	-	-	-	6	-	(1)	(1)	(2)	4
<b>Total Direct Loan Subsidy Expense</b>	<b>\$ (218)</b>	<b>\$ 156</b>	<b>\$ (19)</b>	<b>\$ (34)</b>	<b>\$ (115)</b>	<b>\$ (25)</b>	<b>\$ (859)</b>	<b>\$ 63</b>	<b>\$ (796)</b>	<b>\$ (936)</b>

	Interest Differential	Defaults	Fees and Other Collections	Other	Subtotal Subsidy	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total Subsidy Expense
<b>FY 2020 Direct Loan Programs</b>										
Farm	\$ (39)	\$ 76	\$ (1)	\$ 7	\$ 43	\$ -	\$ (73)	\$ 187	\$ 114	\$ 157
Export	-	-	-	-	-	-	-	8	8	8
Food Aid	-	-	-	-	-	-	-	2	2	2
Housing	67	52	-	5	124	7	(71)	(67)	(138)	(7)
Community Facility	(134)	42	-	6	(86)	-	152	(275)	(123)	(209)
Electric	(172)	14	(49)	(25)	(232)	-	(126)	1,307	1,181	949
Telecommunications	-	2	-	(2)	-	-	(30)	10	(20)	(20)
Water and Environmental	70	1	-	(47)	24	-	50	(917)	(867)	(843)
Intermediary Relending	4	-	-	-	4	-	(2)	1	(1)	3
Business and Industry	-	-	-	-	-	-	-	1	1	1
Economic Development	6	-	-	-	6	-	-	-	-	6
<b>Total Direct Loan Subsidy Expense</b>	<b>\$ (198)</b>	<b>\$ 187</b>	<b>\$ (50)</b>	<b>\$ (56)</b>	<b>\$ (117)</b>	<b>\$ 7</b>	<b>\$ (100)</b>	<b>\$ 257</b>	<b>\$ 157</b>	<b>\$ 47</b>

The FY 2021 reestimate process resulted in a \$796 million decrease in the post-1991 estimated cost of the direct loan portfolio, primarily comprised of the following programs:

In the farm category, the total reestimate was (\$281) million. Of that amount, (\$261) million is attributable to the ACIF direct farm loans and (\$20) million is attributable to Farm Storage Facility Loans. The majority of the farm loan reestimate is in farm ownership, which had a net reestimate of (\$276) million ((\$306) million technical and \$30 million interest on the reestimate).

The downward technical reestimate was largely attributable to the 2020 cohort, which had a technical reestimate of (\$393) million. The single effective rate (SER) decreased by 2.06 percentage points, thereby increasing the present value of net cash inflows, and leading to this large downward reestimate.

This large downward reestimate was offset by a large technical upward reestimate for the FY 2021 cohort of \$74 million. The actual 2021 cohort borrower interest rate of 2.42% was 0.36 percentage points less than the borrower interest rate assumed in the President's Budget 2021 formulation estimate of 2.78%. Since the cohort SER of 2.28% remained unchanged from the 2021 budget formulation estimate, this creates an implied positive spread of 0.14% in the FY 2021 cohort reestimate, in contrast to the 0.50% spread assumed in the 2021 budget formulation estimate. As a result, total scheduled interest as a percentage of total disbursements decreased from 53.6% to 46.7%, thereby leading to a large upward reestimate.

The Direct Single-Family Housing program has a downward reestimate of \$(203) million. The key drivers of the downward impact were the updated recapture recoveries, lag on foreclosure, actual full payoff prepayments, and updated disbursements from FY 2020. The forecasted recapture recoveries and prepayments increased, which resulted in a downward impact on the total reestimate amount. The SER also decreased, causing the reestimate rate to decrease. As the SER decreases, the net present value of the cash flows increases as they are being discounted at a lower rate, thereby reducing the subsidy rate.

The Direct Community Facility program has an overall upward reestimate of \$124 million. The upward reestimate was primarily due to updated interest rates. For the majority of the years, the interest rate decreased which caused an overall increase in subsidy rates. When subsidy rates increase, the net present value of the cash flows decrease resulting in an upward reestimate.

The Direct Electric program had an overall downward reestimate of \$(626) million which is comprised of a \$(255.1) million downward reestimate in the FFB program, a \$(423.7) million in the FFB Underwriter program, and a \$45 million upward reestimate in the FFB Note Extension program. One of the main drivers of the downward reestimates in all Direct Electric programs was the increase in the undiscounted prepayments curves, which are based on actual prepayments and are used to project future cashflows. The downward reestimate was also caused by the updated SER, which primarily decreased. As the SER decreases, the cost of borrowing for

the agency decreases as well, causing a downward reestimate as the net present value of cash flows increases due to the lower discount rate.

The Direct Water and Waste Disposal program had an overall upward reestimate of \$226 million. The upward reestimate was primarily attributed to the Miscellaneous Inflows curves decreasing which are based on actual data and are used to project future cashflows from Miscellaneous Inflows. The Miscellaneous Inflows represent non-routine cash transactions such as consolidations. Another contributing factor to the overall upward reestimate was the decrease in interest rates that were lower than the rates the government uses when they borrow from Treasury.

**Table 4: Subsidy Rates for Direct Loans by Program and Component (percentage)**

<b>FY 2021</b>	<b>Interest Differential</b>	<b>Defaults</b>	<b>Fees and Other Collections</b>	<b>Other</b>	<b>Total</b>
<b>Direct Loan Programs</b>					
Farm Ownership	(6.33)	0.23	-	0.29	(5.81)
Farm Operating	(2.89)	4.84	-	0.42	2.37
Emergency Disaster	(11.79)	10.37	-	1.97	0.55
Indian Tribe Land Acquisition	(41.89)	-	-	-	(41.89)
Boll Weevil Eradication	(0.07)	-	-	(0.09)	(0.16)
Indian Highly Fractionated Land	16.14	0.08	-	(1.38)	14.84
Heirs Property Relending Program	16.14	0.08	-	(1.38)	14.84
Farm Storage Facility Loan	(0.54)	-	(0.27)	(0.04)	(0.85)
Sugar Storage Facility Loan Program	(2.06)	-	-	0.01	(2.05)
Multifamily Housing Revitalization Seconds	45.67	0.60	-	0.01	46.28
Multifamily Revitalization Zero	40.96	0.52	-	(0.22)	41.26
Community Facility Loans	(13.65)	4.92	-	2.17	(6.56)
Section 502 Single-Family Housing	0.53	5.16	-	(0.15)	5.54
Section 515 Multi-Family Housing	16.88	1.27	-	(1.43)	16.72
Section 504 Housing Repair	10.39	(0.02)	-	(2.46)	7.91
Section 514 Farm Labor Housing	18.33	0.23	-	(0.37)	18.19
Section 524 Site Development	0.43	5.92	-	0.75	7.10
Section 523 Self-Help Housing	0.46	4.84	-	0.08	5.38
Single-Family Housing Credit Sales	(7.38)	2.18	-	2.74	(2.46)
Rural Microenterprise Direct Loans	1.07	2.07	-	-	3.14
Intermediary Relending Program	15.17	1.64	-	(1.25)	15.56
Rural Economic Development Loans	9.84	0.01	-	(0.30)	9.55
Water and Environmental	0.66	0.12	-	(2.31)	(1.53)
FFB Electric Loans	(4.56)	0.01	-	(0.42)	(4.97)
Treasury Telecommunication Loans	0.02	0.71	-	(0.07)	0.66
FFB Telecommunications Loans	(1.12)	0.17	-	(2.24)	(3.19)
FFB Guaranteed Underwriting	-	1.38	(1.95)	-	(0.57)
Rural Energy Savings Program	9.42	1.23	-	(0.40)	10.25
Broadband Treasury Rate Loans	0.01	17.16	-	(0.32)	16.85
Reconnect Direct Loans	3.11	24.72	-	(0.36)	27.47
Reconnect Grant Assisted Loans	-	24.72	-	(0.09)	24.63

Table 5: Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991) Direct Loans

	<u>FY 2021</u>	<u>FY 2020</u>
<b>Beginning Balance of the Subsidy Cost Allowance</b>	\$ 4,391	\$ 4,611
Add: Total Subsidy Expense for Direct Loans Disbursed During the Year As Shown in Table 3	(115)	(117)
Adjustments		
Loan Modifications	(25)	7
Fees Received	76	78
Loans Written Off	(171)	(141)
Subsidy Allowance Amortization	(284)	146
Other	663	(350)
Total Subsidy Cost Allowance Before Reestimates	<u>4,535</u>	<u>4,234</u>
Add or Subtract Total Subsidy Reestimates As Shown in Table 3	(796)	157
<b>Ending Balance of the Subsidy Cost Allowance</b>	<u>\$ 3,739</u>	<u>\$ 4,391</u>

Table 6: Guaranteed Loans Outstanding

FY 2021	Post-1991			Post-1991		
	Pre-1992 Outstanding Principal, Face Value	Outstanding Principal, Face Value	Total Outstanding Principal, Face Value	Pre-1992 Outstanding Principal, Guaranteed	Outstanding Principal, Guaranteed	Total Outstanding Principal, Guaranteed
<b>Loan Guarantee Programs</b>						
Farm	\$ 1	\$ 18,957	\$ 18,958	\$ 1	\$ 17,169	\$ 17,170
Export	-	1,981	1,981	-	1,938	1,938
Housing	-	123,431	123,431	-	111,052	111,052
Community Facility	-	1,173	1,173	-	1,039	1,039
Electric	-	139	139	-	139	139
Water and Environmental	-	108	108	-	95	95
Business and Industry	-	9,276	9,276	-	6,876	6,876
<b>Total Guarantees Outstanding</b>	<b>\$ 1</b>	<b>\$ 155,065</b>	<b>\$ 155,066</b>	<b>\$ 1</b>	<b>\$ 138,308</b>	<b>\$ 138,309</b>

FY 2020	Post-1991			Post-1991		
	Pre-1992 Outstanding Principal, Face Value	Outstanding Principal, Face Value	Total Outstanding Principal, Face Value	Pre-1992 Outstanding Principal, Guaranteed	Outstanding Principal, Guaranteed	Total Outstanding Principal, Guaranteed
<b>Loan Guarantee Programs</b>						
Farm	\$ 1	\$ 18,738	\$ 18,739	\$ 1	\$ 16,933	\$ 16,934
Export	-	2,182	2,182	-	2,135	2,135
Housing	-	127,859	127,859	-	115,036	115,036
Community Facility	-	1,165	1,165	-	1,035	1,035
Electric	-	146	146	-	147	147
Water and Environmental	-	94	94	-	83	83
Business and Industry	-	8,114	8,114	-	5,900	5,900
<b>Total Guarantees Outstanding</b>	<b>\$ 1</b>	<b>\$ 158,298</b>	<b>\$ 158,299</b>	<b>\$ 1</b>	<b>\$ 141,269</b>	<b>\$ 141,270</b>

Table 7: Guaranteed Loans Disbursed

	FY 2021		FY 2020	
	Principal, Face Value Disbursed	Principal, Guaranteed Disbursed	Principal, Face Value Disbursed	Principal, Guaranteed Disbursed
<b>Loan Guarantee Programs</b>				
Farm	\$ 3,577	\$ 3,239	\$ 3,915	\$ 3,538
Export	2,004	1,960	2,232	2,184
Housing	23,875	21,488	22,102	19,892
Community Facility	105	93	53	47
Water and Environmental	20	18	20	17
Business and Industry	2,531	1,931	1,234	942
<b>Total Guaranteed Loans Disbursed</b>	<b>\$ 32,112</b>	<b>\$ 28,729</b>	<b>\$ 29,556</b>	<b>\$ 26,620</b>

Table 8: Liability for Loan Guarantees (Present Value Method For Pre-1992 Guarantees)

<b>FY 2021</b>	<b>Liabilities for Losses on Pre- 1992 Guarantees Present Value</b>	<b>Liabilities for Loan Guarantees on Post- 1991 Guarantees Present Value</b>	<b>Total Liabilities for Loan Guarantees</b>
<b>Loan Guarantee Programs</b>			
Farm	\$ -	\$ 177	\$ 177
Export	-	3	3
Housing	-	(1,144)	(1,144)
Community Facility	-	30	30
Water and Environmental	-	1	1
Business and Industry	-	332	332
<b>Total Liability for Loan Guarantees</b>	<b>\$ -</b>	<b>\$ (601)</b>	<b>\$ (601)</b>

<b>FY 2020</b>	<b>Liabilities for Losses on Pre- 1992 Guarantees Present Value</b>	<b>Liabilities for Loan Guarantees on Post- 1991 Guarantees Present Value</b>	<b>Total Liabilities for Loan Guarantees</b>
<b>Loan Guarantee Programs</b>			
Farm	\$ -	\$ 204	\$ 204
Export	-	7	7
Housing	-	679	679
Community Facility	-	43	43
Water and Environmental	-	1	1
Business and Industry	-	395	395
<b>Total Liability for Loan Guarantees</b>	<b>\$ -</b>	<b>\$ 1,329</b>	<b>\$ 1,329</b>

Table 9: Subsidy Expense for Loan Guarantees by Program and Component

<b>FY 2021 Loan Guarantee Programs</b>	<b>Interest Supplement</b>	<b>Defaults</b>	<b>Fees and Other Collections</b>	<b>Other</b>	<b>Subtotal</b>	<b>Total Modifications</b>	<b>Interest Rate Reestimates</b>	<b>Technical Reestimates</b>	<b>Total Reestimates</b>	<b>Total Subsidy Expense</b>
Farm	\$ -	\$ 19	\$ (10)	\$ -	\$ 9	\$ (13)	\$ 5	\$ (27)	\$ (22)	\$ (26)
Export	-	-	9	(5)	4	-	-	(3)	(3)	1
Housing	-	862	(1,033)	-	(171)	-	14	(2,124)	(2,110)	(2,281)
Community Facility	-	4	(3)	-	1	-	-	(12)	(12)	(11)
Business and Industry	-	184	(105)	-	79	-	-	(186)	(186)	(107)
<b>Total Loan Guarantee Subsidy Expense</b>	<b>\$ -</b>	<b>\$ 1,069</b>	<b>\$ (1,142)</b>	<b>\$ (5)</b>	<b>\$ (78)</b>	<b>\$ (13)</b>	<b>\$ 19</b>	<b>\$ (2,352)</b>	<b>\$ (2,333)</b>	<b>\$ (2,424)</b>

<b>FY 2020 Loan Guarantee Programs</b>	<b>Interest Supplement</b>	<b>Defaults</b>	<b>Fees and Other Collections</b>	<b>Other</b>	<b>Subtotal</b>	<b>Total Modifications</b>	<b>Interest Rate Reestimates</b>	<b>Technical Reestimates</b>	<b>Total Reestimates</b>	<b>Total Subsidy Expense</b>
Farm	\$ -	\$ 26	\$ (14)	\$ -	\$ 12	\$ -	\$ 1	\$ (36)	\$ (35)	\$ (23)
Export	-	-	10	(6)	4	-	(1)	2	1	5
Housing	-	726	(859)	-	(133)	-	(18)	827	809	676
Community Facility	-	2	(1)	-	1	-	-	(11)	(11)	(10)
Business and Industry	-	75	(45)	-	30	-	1	(18)	(17)	13
<b>Total Loan Guarantee Subsidy Expense</b>	<b>\$ -</b>	<b>\$ 829</b>	<b>\$ (909)</b>	<b>\$ (6)</b>	<b>\$ (86)</b>	<b>\$ -</b>	<b>\$ (17)</b>	<b>\$ 764</b>	<b>\$ 747</b>	<b>\$ 661</b>

The FY 2021 reestimate process resulted in a \$2,333 million decrease in the post-1991 estimated cost of the guaranteed loan portfolio, primarily comprised of the following programs:

The Guaranteed Single-Family Housing Section 502 program had an overall downward reestimate of \$(2,110) million. The total downward reestimate is the result of a downward reestimate of \$(1,955) million in the Blended component of the program and a downward reestimate of \$(140) million in the Purchase component. The majority of the total reestimate is explained by the Blended component's change, which is attributed to the downward reestimates for cohorts 2016 through 2021. The large downward reestimate for these years is attributed to a decrease in forecasted default claims. These changes were driven by the updated borrower source data which created an improved macroeconomic outlook. The improved outlook is a result of a decrease in loss settlements paid due to the moratoriums that have been given to borrowers during the COVID Pandemic.

The Guaranteed Business and Industry program had an overall downward reestimate of \$(185) million. The majority of this downward reestimate is attributed to the assumption changes related to the annual and upfront fees. The projected receipt of additional annual and upfront fees drives the decrease in reestimated subsidy rate and causes a downward reestimate. In addition, the reestimated subsidy rate decreased in FY 2018 due to the forecasted decrease in actual default claims.

**Table 10: Subsidy Rates for Loan Guarantees by Program and Component (percentage)**

FY 2021	Interest Differential	Defaults	Fees and Other Collections	Other	Total
<b>Guaranteed Loan Programs</b>					
Farm Ownership—Unsubsidized	-	0.93	(1.17)	-	(0.24)
Farm Operating—Unsubsidized	-	2.36	(1.24)	-	1.12
Conservation—Guaranteed	-	0.72	(1.13)	-	(0.41)
GSM 102	-	0.24	(0.48)	-	(0.24)
Export Guarantee Program—Facilities	-	1.45	(3.43)	-	(1.98)
Community Facility Loan Guarantees	-	3.79	(4.15)	-	(0.36)
Guaranteed 538 Multi-Family Housing	-	3.34	(8.29)	-	(4.95)
Guaranteed 502 Single-Family Housing	-	3.65	(4.35)	-	(0.70)
Business and Industry Loan Guarantees	-	5.96	(4.82)	-	1.14
Business and Industry CARES Act	-	6.29	(3.79)	-	2.50
Renewable Energy Loan Guarantees	-	4.35	(2.39)	-	1.96
Section 9003 Loan Guarantees	-	21.93	(5.83)	0.06	16.16
Water and Environmental	-	1.00	(0.88)	-	0.12

**Table 11: Schedule for Reconciling Loan Guarantee Liability Balances  
(Post -1991 Loan Guarantees)**

	<u>FY2021</u>	<u>FY2020</u>
<b>Beginning Balance of the Loan Guarantee Liabilities</b>	\$ 1,329	\$ 434
Less Claim Payments to Lenders	160	414
Add Fees Received	776	741
Less Interest Supplements Paid	8	8
Add Foreclosed Property and Loans Acquired	30	44
Add Subsidy Expense Reestimates	99	45
Less Negative Subsidy Payments	184	148
Add Upward Reestimate	15	830
Less Downward Reestimates	2,348	83
Loan Guarantee Modifications	(13)	-
Other	(137)	(112)
<b>Ending Balance of the Loan Guarantee Liabilities</b>	<u>\$ (601)</u>	<u>\$ 1,329</u>

**Table 12: Administrative Expenses**

	<u>FY 2021</u>	<u>FY 2020</u>
Direct Loan Programs	\$ 495	\$ 489
Guaranteed Loan Programs	465	450
<b>Total Administrative Expense</b>	<u>\$ 960</u>	<u>\$ 939</u>

## NOTE 8: Inventory and Related Property, Net

Commodity inventory is restricted for the purpose of alleviating distress caused by natural disasters, providing emergency food assistance in developing countries, and providing price support and stabilization

Commodities:	Unit of Measure	FY 2021 Beginning Inventory		Acquisitions		Collateral Acquired		Donations		Others		FY 2021 Ending Inventory	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Corn Meal	Pounds	-	\$ -	39	\$ 9	-	\$ -	(39)	\$ (9)	-	\$ -	-	\$ -
Blended Foods	Pounds	-	-	108	66	-	-	(104)	(62)	-	-	4	4
Dry Edible Beans	Cwt.	-	-	-	1	-	-	-	(1)	-	-	-	-
Dry Whole Peas	Cwt.	-	1	3	85	-	-	(3)	(81)	-	-	-	5
Grain Sorghum	Bushels	-	1	10	77	-	-	(10)	(78)	-	-	-	-
Lentils Dry	Cwt.	-	-	-	9	-	-	-	(6)	-	-	-	3
Nonfat Dry Milk	Pounds	-	-	24	27	-	-	(24)	(27)	-	-	-	-
Rice Products	Cwt., Pounds	-	1	4	91	-	-	(4)	(90)	-	-	-	2
Meat	Pounds	-	-	75	117	-	-	(75)	(117)	-	-	-	-
Vegetable Oil	Pounds	24	13	234	154	-	-	(250)	(159)	-	-	8	8
Wheat Products	Bushels, Pounds	-	-	34	428	-	-	(34)	(428)	-	-	-	-
Soybeans	Bushels, Pounds	-	-	214	65	-	-	(214)	(65)	-	-	-	-
Fruit and Nut Products	Pounds	-	-	130	108	-	-	(130)	(108)	-	-	-	-
Cotton	Bales	-	-	-	-	1	133	-	-	(1)	(133)	-	-
Other	Various	-	2	-	26	-	-	-	(35)	-	8	-	1
<b>Total Commodities</b>			\$ 18		\$ 1,263		\$ 133		\$ (1,266)		\$ (125)		\$ 23

Commodities:	Unit of Measure	FY 2020 Beginning Inventory		Acquisitions		Collateral Acquired		Donations		Others		FY 2020 Ending Inventory	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Corn Meal	Pounds	1	\$ -	102	\$ 22	-	\$ -	(103)	\$ (22)	-	\$ -	-	\$ -
Blended Foods	Pounds	14	4	104	63	-	-	(118)	(66)	-	(1)	-	-
Dry Edible Beans	Cwt.	-	1	-	22	-	-	-	(23)	-	-	-	-
Dry Whole Peas	Cwt.	-	2	3	65	-	-	(3)	(65)	-	(1)	-	1
Grain Sorghum	Bushels	-	-	22	118	-	-	(22)	(117)	-	-	-	1
Lentils Dry	Cwt.	-	-	1	25	-	-	(1)	(25)	-	-	-	-
Nonfat Dry Milk	Pounds	-	-	5	100	-	-	(5)	(100)	-	-	-	-
Rice Products	Cwt., Pounds	-	3	1	48	-	-	(1)	(50)	-	-	-	1
Meat	Pounds	-	-	11	731	-	-	(11)	(731)	-	-	-	-
Vegetable Oil	Pounds	4	2	396	186	-	-	(376)	(176)	-	1	24	13
Wheat Products	Bushels, Pounds	-	-	25	214	-	-	(25)	(214)	-	-	-	-
Peanuts	Pounds	26	5	-	-	98	17	-	-	(124)	(22)	-	-
Soybeans	Bushels, Pounds	-	-	137	22	-	-	(137)	(22)	-	-	-	-
Fruit and Nut Products	Pounds	-	-	13	378	-	-	(13)	(378)	-	-	-	-
Cotton	Bales	-	5	-	-	6	1,550	-	-	(6)	(1,555)	-	-
Other	Various	-	1	-	87	-	-	-	(113)	-	27	-	2
<b>Total Commodities</b>			\$ 23		\$ 2,081		\$ 1,567		\$ (2,102)		\$ (1,551)		\$ 18

## NOTE 9: General Property, Plant, and Equipment (PP&E), Net

### FY 2021

Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land and Land Rights		\$ 70	\$ -	\$ 70
Improvements to Land	10 – 50	759	(754)	5
Construction-in-Progress		324	-	324
Buildings, Improvements and Renovations	15 – 30	3,190	(2,226)	964
Other Structures and Facilities	15 – 50	1,877	(1,683)	194
Equipment	5 – 20	2,048	(1,375)	673
Assets Under Capital Lease	3 – 20	18	(16)	2
Leasehold Improvements	Varies	96	(69)	27
Internal-Use Software	5 – 8	1,500	(1,227)	273
Internal-Use Software in Development		56	-	56
<b>Total</b>		<b>\$ 9,938</b>	<b>\$ (7,350)</b>	<b>\$ 2,588</b>

Total PP&E and Accumulated Depreciation	Net PP&E
<b>Balance Beginning of Year</b>	\$ 2,399
Capitalized Acquisitions	555
Dispositions	3
Revaluations	(1)
Depreciation Expense	(368)
<b>Balance at End of Year</b>	<b>\$ 2,588</b>

### FY 2020

Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land and Land Rights		\$ 70	\$ -	\$ 70
Improvements to Land	10 – 50	759	(751)	8
Construction-in-Progress		235	-	235
Buildings, Improvements and Renovations	15 – 30	3,144	(2,148)	995
Other Structures and Facilities	15 – 50	1,868	(1,670)	197
Equipment	5 – 20	1,933	(1,340)	593
Assets Under Capital Lease	3 – 20	22	(19)	3
Leasehold Improvements	Varies	91	(81)	9
Internal-Use Software	5 – 8	1,305	(1,098)	207
Internal-Use Software in Development		82	-	82
<b>Total</b>		<b>\$ 9,509</b>	<b>\$ (7,107)</b>	<b>\$ 2,399</b>

Total PP&E and Accumulated Depreciation	Net PP&E
<b>Balance Beginning of Year</b>	\$ 2,249
Capitalized Acquisitions	424
Dispositions	(1)
Transfers in/out w/o Reimbursement	3
Revaluations	1
Depreciation Expense	(277)
<b>Balance at End of Year</b>	<b>\$ 2,399</b>

## NOTE 10: Stewardship PP&E

Stewardship PP&E consist of assets whose physical properties resemble those of general PP&E that are traditionally capitalized in the financial statements. Due to the nature of these assets, valuation would be difficult and matching costs with specific periods would not be meaningful. Stewardship PP&E include heritage assets and stewardship land.

### Heritage Assets

Heritage assets are unique and are generally expected to be preserved indefinitely. Heritage assets may be unique because they have historical or natural significance, are of cultural, educational, or artistic importance, or have significant architectural characteristics. The assets are reported in terms of physical units rather than cost, fair value, or other monetary values. No amounts are shown on the Balance Sheet for heritage assets, except for multi-use heritage assets in which the predominant use of the asset is in general government operations. The costs of acquisition, betterment, or reconstruction of multi-use heritage assets is capitalized as general PP&E and depreciated. The costs of acquiring, constructing, improving, reconstructing, or renovating heritage assets, other than multi-use, is considered an expense in the period incurred when determining the net cost of operations. Heritage assets consist of collection type, such as objects gathered and maintained for exhibition, such as library collections, and non-collection type, such as memorials, monuments, and buildings.

### National Forests, National Grasslands and Other Sites

FS manages its heritage assets by site. Sites include national forests, national grasslands, other FS-managed sites, and non-FS-managed sites such as museums and university laboratories. The mission of the FS is to sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations. The FS strives to achieve quality land management under the sustainable multiple-use management concept, to deliver the necessary products and services that are essential for enhancing natural resource stewardship, and to meet the diverse needs of people.

Heritage Asset categories can include the following:

Priority Heritage Assets (PHA): Heritage assets of distinct public value that are, or should be, actively maintained, and meet one or more of the following criteria:

- The property is recognized through an official designation, such as a listing on the National Register of Historic Places, State register, etc.
- The property is recognized through prior investment in preservation, interpretation, and use. Any improvement to a PHA that meets real property designation criteria is considered real property.
- The property is recognized in an Agency-approved management plan.

- The property exhibits critical deferred maintenance needs, and those needs have been documented.

**Other Heritage Assets:** Assets that may have potential important historical or cultural significance but lack formal listing and the demonstrated need for active maintenance.

**Assemblage Assets:** Any grouping of artifacts or archival materials aggregated through donation, agency events, site-specific or other field collection, other acquisition method, or combination therein.

### Research Centers

The Agricultural Research Service (ARS) was established on November 2, 1953. Congress first authorized federally supported agricultural research in the Organic Act of 1862. The statute directed the Commissioner of Agriculture “to acquire and preserve in his department all information he can obtain by means of books and correspondence, and by practical and scientific experiments.” The scope of USDA’s agricultural research has been expanded and extended more than 60 times since the Department was created.

NRCS owns one heritage asset, the Tucson Plant Materials Center (TPMC), which is included in general PP&E as a multi-use asset. It was listed in the National Register of Historic Places (NRHP) on July 2, 1997. The TPMC develops and evaluates native plants and addresses an array of resource issues in the areas of rangeland, mined land, urban lands, cropland riparian areas, and desert lands. The TPMC provides technical assistance to NRCS field offices; Resource Conservation and Development (RC&D) groups; conservation districts; Federal, State, and Tribal agencies; and private landowners through the Southwest. Research centers are considered heritage assets because one or more buildings or structures at these centers is on (or eligible for inclusion on) the NRHP.

### Library Collections

The National Agricultural Library (NAL) supports agricultural research through the acquisition, curation, and dissemination of information needed to solve today’s agricultural challenges. NAL’s content ranges from special collections materials dating from the early 16th century to near-real time observational research data. The Library holds more than 3.5 million items. NAL was created as the departmental library for USDA in 1862 and became a national library in 1990. One of five national libraries of the U.S., it is also a key member of the Agriculture Network Information Collaborative (AgNIC) partnership. In its international role, NAL participates, as appropriate, in international agricultural information initiatives.

### Acquisition and Withdrawal of Heritage Assets

The FS generally does not construct heritage assets, although in some circumstances important site-structural components may be rehabilitated or reconstructed into viable historic properties to provide forest visitors with use and interpretation. Heritage assets may be acquired through the

procurement process, but this rarely occurs. Normally, heritage assets are part of the land acquisition and inventory process. Withdrawal occurs through land exchange or natural disasters. Most additions occur through inventory activities where previously undocumented sites are discovered and added to the total.

## Stewardship Land

Stewardship land is land and land rights not acquired for or in connection with items of general PP&E. Land is defined as the solid surface of the earth, excluding natural resources. Stewardship land is valued for its environmental resources, recreational and scenic value, cultural and paleontological resources, vast open spaces, and resource commodities and revenue provided to the Federal Government, States, and counties. These assets are reported in terms of physical units rather than cost, fair value, or other monetary values. No asset amount is shown on the balance sheet for stewardship land. The acquisition cost of stewardship land is considered an expense in the period acquired when determining the net cost of operations. Stewardship land consists primarily of the national forests and grasslands owned by the FS and conservation easements purchased by NRCS.

### National Forests

National forests are formally established and permanently set aside and reserved for national forest purposes, including National Wilderness, National Primitive, National Wild and Scenic River, National Recreation, National Scenic Research, National Game Refuges and Wildlife Preserve, and National Monument areas.

### National Grasslands

National grasslands are designated by the Secretary of Agriculture and permanently held by the USDA under Title III of the Bankhead-Jones Farm Tenant Act.

### Research and Experimental Areas

Research and experimental areas are reserved and dedicated by the Secretary of Agriculture for forest and range research experimentation. Areas reported are located outside the exterior boundaries of a national forest or national grassland.

### National Preserves and Other Areas

National preserves are established to protect and preserve scientific, scenic, geologic, watershed, fish, wildlife, historic, cultural, and recreational values; and provide for multiple use and sustained yield of renewable resources. Other areas include areas administered by the FS that are not included in one of the above groups.

### Conservation Easements

NRCS' mission objectives in administering the conservation easement programs are to provide landowners with financial and technical assistance in return for maintaining and improving high

quality productive soils, clean and abundant water, healthy plant and animal communities, clean air, an adequate energy supply, and working farm and ranch land.

NRCS' objectives in managing, monitoring, and enforcing the terms and conditions of easement deeds are to ensure that: 1) taxpayer investments are properly used in accordance with the intent of the program; 2) the agency is a good steward of the land; and 3) the land is properly maintained and managed compliant with agreed upon terms and conditions of the easement deed.

Stewardship resources involve substantial investment in order to gain long-term benefits for the American public and help the agency satisfy its mission. The purpose of purchasing easements is to restore or enhance wetlands, farmland, grasslands, forest ecosystems, and restore, protect, maintain, and enhance the functions of floodplains.

NRCS, on behalf of USDA, administers and owns conservation easements on private lands through a variety of programs. The specific uses for the land are identified under each program. Landowners are not allowed to withdraw from the program. However, termination or expiration may occur. For the purpose of reporting, all easements where NRCS (or a variant of the United States administered through NRCS authorities) is listed as a grantee of the easement are included in the agency's stewardship land count. The NRCS stewardship land easements include conservation easements enrolled through program authorities and other easements administered by NRCS.

### Acquisition and Withdrawal of Stewardship Lands

The Land and Water Conservation Fund (L&WCF) Land Acquisition Program acquires land for the FS National Forest System (NFS). The program coordinates with a variety of partners, including State, local, and Tribal governments, and private landowners through statewide planning for development of a land-adjustment strategy.

The Land Acquisition Program preserves, develops, and maintains access to NFS lands and waters for the public and provides permanent access to public lands for recreation, commodity production, resource management, public safety, and community economic viability.

The L&WCF statutory authority specifically defines the purpose to also include protecting the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, archeological values, as well as food and habitat for fish and wildlife, and managing the public lands for minerals, food, timber, and fiber.

From these several allowable uses of program funding, the program concentrates on protecting habitat for priority species identified in the national forest and grassland's Land Management Plans and enhancing recreational opportunities for areas with high demand for recreation. The program focuses acquisitions on inholdings and areas adjacent to existing NFS lands.

<b>FY 2021 (In Units)</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>Ending Balance</b>
<b>Heritage Assets</b>				
National Forests	154	-	-	154
National Grasslands	20	-	-	20
Other Sites	170	2	(1)	171
Research Centers	34	-	-	34
Library Collections	1	-	-	1
<b>Total</b>	<b>379</b>	<b>2</b>	<b>(1)</b>	<b>380</b>
<b>Stewardship Land</b>				
National Forests	154	-	-	154
National Grasslands	20	-	-	20
Research and Experimental Areas	3	-	-	3
National Preserves and Other Areas	2	-	-	2
Conservation Easements	18,949	259	(1)	19,207
<b>Total</b>	<b>19,128</b>	<b>259</b>	<b>(1)</b>	<b>19,386</b>
<b>FY 2020 (In Units)</b>				
<b>Heritage Assets</b>				
National Forests	154	-	-	154
National Grasslands	20	-	-	20
Other Sites	170	2	(2)	170
Research Centers	34	-	-	34
Library Collections	1	-	-	1
<b>Total</b>	<b>379</b>	<b>2</b>	<b>(2)</b>	<b>379</b>
<b>Stewardship Land</b>				
National Forests	154	-	-	154
National Grasslands	20	-	-	20
Research and Experimental Areas	3	-	-	3
National Preserves and Other Areas	2	-	-	2
Conservation Easements	18,641	308	-	18,949
<b>Total</b>	<b>18,820</b>	<b>308</b>	<b>-</b>	<b>19,128</b>

## NOTE 11: Liabilities Not Covered by Budgetary Resources

In FY 2021 and FY 2020, other intragovernmental liabilities not covered by budgetary resources included accruals for Federal Employees' Compensation Act (FECA) of \$74 million and \$131 million, contract disputes claims payable to Treasury's Judgment Fund of \$27 million and \$27 million, unemployment compensation of \$16 million and \$10 million, and Technology Modernization Fund of \$9 million and \$10 million, respectively.

In FY 2021 and FY 2020, other liabilities with the public not covered by budgetary resources included contingent liabilities of \$68 million and \$521 million, Payments to States of \$104 million and \$250 million, single family housing escrow of \$51 million and \$46 million, loans paid in advance for multi-family housing of \$25 million and \$25 million, and stewardship contracting product sales of \$5 million and \$5 million, respectively.

	<u>FY 2021</u>	<u>FY 2020</u>
<b>Intragovernmental</b>		
Accounts payable	51	
Other	\$ 126	\$ 178
<b>Total Intragovernmental</b>	<u>177</u>	<u>178</u>
<b>With the Public</b>		
Federal Employee Benefits Payable	1,376	1,382
Environmental and Disposal Liabilities	255	237
Insurance and Guarantee Program Liabilities	11,321	6,068
Other	253	847
<b>Total With the Public</b>	<u>13,205</u>	<u>8,534</u>
Total Liabilities Not Covered by Budgetary Resources	13,382	8,712
Total Liabilities Covered by Budgetary Resources	168,620	187,280
Total Liabilities Not Requiring Budgetary Resources	2,075	862
<b>Total Liabilities</b>	<u>\$ 184,077</u>	<u>\$ 196,854</u>

## NOTE 12: Federal Debt and Interest Payable

<b>FY 2021</b>	<u>Beginning Balance</u>	<u>Net Borrowing</u>	<u>Ending Balance</u>
<b>Other Debt</b>			
Debt to the Treasury	\$ 96,450	\$ (12,401)	\$ 84,049
Debt to the Federal Financing Bank	46,679	2,093	48,772
<b>Total Other Debt</b>	<u>\$ 143,129</u>	<u>\$ (10,308)</u>	<u>\$ 132,821</u>
<b>Classification of Debt:</b>			
<b>Intragovernmental Debt</b>			<u>\$ 132,821</u>
<b>FY 2020</b>	<u>Beginning Balance</u>	<u>Net Borrowing</u>	<u>Ending Balance</u>
<b>Other Debt</b>			
Debt to the Treasury	\$ 90,754	\$ 5,696	\$ 96,450
Debt to the Federal Financing Bank	46,314	365	46,679
<b>Total Other Debt</b>	<u>\$ 137,068</u>	<u>\$ 6,061</u>	<u>\$ 143,129</u>
<b>Classification of Debt:</b>			
<b>Intragovernmental Debt</b>			<u>\$ 143,129</u>

## NOTE 13: Environmental and Disposal Liabilities

USDA is subject to the Comprehensive Environmental Response, Compensation, and Liability Act, the Clean Water Act, and the Resource Conservation and Recovery Act for cleanup of hazardous waste. In FY 2021 and FY 2020, FS estimates the liability for total cleanup costs for sites known to contain hazardous waste to be \$2 million and \$2 million, respectively, based on actual cleanup costs at similar sites. In FY 2021 and FY 2020, CCC estimates the liability for total cleanup costs for sites known to contain hazardous waste to be \$48 million and \$47 million, respectively, based on actual cleanup costs at similar sites. CCC estimates the range of potential future losses due to remedial actions to be between \$48 million and \$458 million. These estimates will change as new sites are discovered, remedy standards change, and new technology is introduced.

In FY 2021 and FY 2020, ARS estimated the liability for cleanup of the Beltsville Agricultural Research Center (BARC) to be \$39 million and \$32 million, respectively. ARS is evaluating and remediating areas of concern on BARC that are contaminated or threaten to contaminate ground and surface water with pesticides, solvents, metals, and other hazardous substances.

USDA is also subject to Asbestos National Emissions Standards for Hazardous Air Pollutants. In FY 2021 and FY 2020, the Department estimated its liability for asbestos-related cleanup of real property to be \$169 million and \$158 million, respectively. The liability is calculated using total square footage of real property expected to contain asbestos times a cost factor based on historical actual cleanup costs, adjusted for inflation, including any other identifiable costs, e.g., survey cost. As additional information becomes available, key assumptions will be reevaluated, cost estimates will be revised, and necessary adjustments will be made to the liability recognition.

## NOTE 14: Other Liabilities

In FY 2021, other liabilities with related budgetary obligations with the public included Agricultural Risk Coverage of \$90 million; Price Loss Coverage of \$2,025 million; Grants, Subsidies, and Contributions of \$7,025 million; Conservation Reserve Program of \$1,713 million; and other accrued liabilities of \$765 million.

In FY 2020, other liabilities with related budgetary obligations with the public included Agricultural Risk Coverage of \$1,118 million; Price Loss Coverage of \$4,884 million; Grants, Subsidies, and Contributions of \$3,434 million; Conservation Reserve Program of \$1,796 million; Trade Mitigation Program of \$34 million; and other accrued liabilities of \$614 million.

In FY 2021, other liabilities without related budgetary obligations with the public included Payments to States of \$104 million, single family housing escrow of \$51 million, loans paid in advance for multi-family housing of \$25 million, and other accrued liabilities of \$5 million.

In FY 2020, other liabilities without related budgetary obligations with the public included Payments to States of \$250 million, single family housing escrow of \$46 million, loans paid in advance for multi-family housing of \$25 million, and other accrued liabilities of \$5 million.

<b>FY 2021</b>	<b>Non-Current</b>	<b>Current</b>	<b>Total</b>
<b>Intragovernmental:</b>			
Other Liabilities With Related Budgetary Obligations	\$ -	\$ 43	\$ 43
Employer Contributions and Payroll Taxes	-	142	142
Unfunded FECA Liability	29	95	124
Other Unfunded Employment Related Liability	-	18	18
Liability for Clearing Accounts	-	18	18
Other Debt	-	2,595	2,595
Custodial Liability	-	120	120
Liability for Non-Entity Assets not reported on the Statement of Custodial Activities	-	8,855	8,855
Other Liabilities Without Related Budgetary Obligations	27	9	36
<b>Total Intragovernmental</b>	<b>\$ 56</b>	<b>\$ 11,895</b>	<b>\$ 11,951</b>
<b>With the Public:</b>			
Other Liabilities With Related Budgetary Obligations	-	11,618	11,618
Accrued Funded Payroll and Leave	-	534	534
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	-	589	589
Liability for Clearing Accounts	-	(22)	(22)
Contingent Liabilities	-	69	69
Capital Lease Liability	2	1	3
Custodial Liability	-	1	1
Other Liabilities Without Related Budgetary Obligations	25	160	185
<b>Total With the Public</b>	<b>\$ 27</b>	<b>\$ 12,950</b>	<b>\$ 12,977</b>
<b>Total Other Liabilities</b>	<b>\$ 83</b>	<b>\$ 24,845</b>	<b>\$ 24,928</b>

<b>FY 2020</b>	<b>Non-Current</b>	<b>Current</b>	<b>Total</b>
<b>Intragovernmental:</b>			
Other Liabilities With Related Budgetary Obligations	\$ -	\$ 41	\$ 41
Employer Contributions and Payroll Taxes	-	123	123
Unfunded FECA Liability	70	61	131
Other Unfunded Employment Related Liability	-	10	10
Liability for Clearing Accounts	-	36	36
Other Debt	-	2,610	2,610
Custodial Liability	-	72	72
Liability for Non-Entity Assets not reported on the Statement of Custodial Activities	-	9,737	9,737
Other Liabilities Without Related Budgetary Obligations	27	10	37
<b>Total Intragovernmental</b>	<b>\$ 97</b>	<b>\$ 12,700</b>	<b>\$ 12,797</b>
<b>With the Public:</b>			
Other Liabilities With Related Budgetary Obligations	-	11,880	11,880
Accrued Funded Payroll and Leave	-	472	472
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	-	512	512
Liability for Clearing Accounts	-	(29)	(29)
Contingent Liabilities	-	521	521
Capital Lease Liability	3	1	4
Custodial Liability	-	1	1
Other Liabilities Without Related Budgetary Obligations	25	301	326
<b>Total With the Public</b>	<b>\$ 28</b>	<b>\$ 13,659</b>	<b>\$ 13,687</b>
<b>Total Other Liabilities</b>	<b>\$ 125</b>	<b>\$ 26,359</b>	<b>\$ 26,484</b>

## NOTE 15: Leases

### Capital Leases

USDA enters into leasing agreements through leasing authority delegated by the General Services Administration (GSA). USDA acquires use of various general facilities (buildings and plant material centers), equipment, and land with renewal options that range from 0 to 10 years and which are located mainly in urban areas. The portfolio includes leases with escalation clauses based on the Consumer Price Index (CPI), and amortization periods with a range of 8 to 25 years.

### Operating Leases

USDA enters into leasing agreements through leasing authority delegated by GSA. USDA leases various land, buildings, and equipment.

Major non-cancelable operating leases consists primarily of office space, most with renewal options that range from 1 to 25 years with escalation clauses based on the CPI, and lease periods with a range of 1 to 30 years.

The USDA Headquarters complex (Whitten Building and South Building) is a government owned facility, which is part of the GSA Federal Buildings Inventory. As the result of a 1998 agreement between GSA and USDA, a moratorium was placed on the rental billings for the Headquarters complex beginning in FY 1999. At current market rate, the estimated yearly rental payment for the above mentioned space would be \$69 million. This agreement is still in effect and as a result, USDA activities located in the Headquarters complex are not billed for rental costs.

**FY 2021**

*Capital Leases*

**Summary of Assets Under Capital Leases**

	Federal	Non-Federal	Total
Land and Building	\$ -	\$ 18	\$ 18
Accumulated Amortization	-	(16)	(16)
<b>Total</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ 2</b>

**Future Payments Due**

	Land & Buildings		Machinery & Equipment		Totals	
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal
Fiscal Year 2022	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 3
Fiscal Year 2023	-	2	-	-	-	2
Fiscal Year 2024	-	1	-	-	-	1
Fiscal Year 2025	-	-	-	-	-	-
Fiscal Year 2026	-	-	-	-	-	-
After 5 Years	-	1	-	-	-	1
Total Future Lease Payments	-	7	-	-	-	7
Less: Imputed Interest	-	3	-	-	-	3
Less: Executory Costs	-	1	-	-	-	1
Net Capital Lease Liability	-	3	-	-	-	3
Capital lease liabilities covered by budgetary resources	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 3

*Operating Leases*

**Future Payments Due for Non-Cancellable Operating Leases**

	Land & Buildings		Machinery & Equipment		Totals	
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal
Fiscal Year 2022	\$ 12	\$ 61	\$ -	\$ 1	\$ 12	\$ 62
Fiscal Year 2023	1	40	-	1	1	41
Fiscal Year 2024	1	33	-	-	1	33
Fiscal Year 2025	1	26	-	-	1	26
Fiscal Year 2026	1	22	-	-	1	22
After 5 Years	1	107	-	-	1	107
<b>Total Future Lease Payments</b>	<b>\$ 17</b>	<b>\$ 289</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ 17</b>	<b>\$ 291</b>

**FY 2020**

*Capital Leases*

**Summary of Assets Under Capital Leases**

	Federal	Non-Federal	Total
Land and Building	\$ -	\$ 22	\$ 22
Accumulated Amortization	-	(19)	(19)
<b>Total</b>	<b>\$ -</b>	<b>\$ 3</b>	<b>\$ 3</b>

**Future Payments Due**

	Land & Buildings		Machinery & Equipment		Totals	
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal
Fiscal Year 2021	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 3
Fiscal Year 2022	-	2	-	-	-	2
Fiscal Year 2023	-	2	-	-	-	2
Fiscal Year 2024	-	1	-	-	-	1
Fiscal Year 2025	-	-	-	-	-	-
After 5 Years	-	1	-	-	-	1
Total Future Lease Payments	-	9	-	-	-	9
Less: Imputed Interest	-	4	-	-	-	4
Less: Executory Costs	-	1	-	-	-	1
Net Capital Lease Liability	-	4	-	-	-	4
Capital lease liabilities covered by budgetary resources	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ 4

*Operating Leases*

**Future Payments Due for Non-Cancellable Operating Leases**

	Land & Buildings		Machinery & Equipment		Totals	
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal
Fiscal Year 2021	\$ 14	\$ 68	\$ -	\$ -	\$ 14	\$ 68
Fiscal Year 2022	1	47	-	1	1	48
Fiscal Year 2023	1	38	-	-	1	38
Fiscal Year 2024	1	32	-	-	1	32
Fiscal Year 2025	-	25	-	-	-	25
After 5 Years	2	110	-	-	2	110
<b>Total Future Lease Payments</b>	<b>\$ 19</b>	<b>\$ 320</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 19</b>	<b>\$ 321</b>

# NOTE 16: Commitments and Contingencies

The Department is subject to various contingencies related to legal and environmental claims as well as commitments under contractual and other commercial obligations.

No amounts have been accrued in the financial statements for claims where the amount is uncertain or where the probability of judgment is remote. See Note 13 for discussion of environmental contingencies.

	<u>Accrued Liabilities</u>	<u>Estimated Range of Loss</u>	
		<u>Lower End</u>	<u>Upper End</u>
<b>FY 2021</b>			
<b>Legal Contingencies:</b>			
Probable	\$ 69	\$ 69	\$ 799
Reasonably Possible		544	654
<b>Environmental Contingencies</b>			
Probable	258	258	258
Reasonably Possible		48	458

	<u>Accrued Liabilities</u>	<u>Estimated Range of Loss</u>	
		<u>Lower End</u>	<u>Upper End</u>
<b>FY 2020</b>			
<b>Legal Contingencies:</b>			
Probable	\$ 521	\$ 521	\$ 525
Reasonably Possible		130	161
<b>Environmental Contingencies</b>			
Probable	239	239	239
Reasonably Possible		47	380

Commitments to extend loan guarantees are estimated to be \$5,600 million and \$6,189 million in FY 2021 and FY 2020, respectively.

# NOTE 17: Funds from Dedicated Collections

Funds from dedicated collections are financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities or purposes and must be accounted for separately from the Government’s general revenues.

Financial information for all significant funds from dedicated collections follows the descriptions of each fund’s purpose shown below.

## Agricultural Marketing Service (AMS)

### Expenses and Refunds, Inspection and Grading of Farm Products

The commodity grading programs provide grading, examination, and certification services for a wide variety of fresh and processed food commodities using federally approved grade standards and purchase specifications. This fund is financed by the collection of fees charged to producers of various food commodities who request, on a voluntary basis, inspection and grading of agricultural food commodities. This program is authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627).

### Funds for Strengthening Markets, Income, and Supply

The funds for strengthening markets, income, and supply are used to purchase commodities for schools and elderly feeding programs, to provide goods and other necessities in emergencies and disasters, and to purchase agricultural commodities to stabilize markets. The fund is permanently financed by statutory transfer of an amount equal to 30 percent of customs receipts collected during each calendar year and is automatically appropriated for expanding outlets for perishable, non-price supported commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce's National Oceanic and Atmospheric Administration (NOAA). All remaining funding in excess of the amount made available under the 2008 Farm Bill to carry out Section 32 activities is transferred to the Food and Nutrition Service and is used to purchase commodities under section 6 of the National School Lunch Act and other authorities specified in the child nutrition appropriation. Funds are available under section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c).

## Animal and Plant Health Inspection Service (APHIS)

### Agricultural Quarantine Inspection User Fee Account

This fund is used to record and report expenditures and revenue associated with operating Agricultural Quarantine Inspection (AQI) activities at ports of entry. The Farm Bill of 1990, as amended by the Federal Agriculture Improvement and Reform Act of 1996, gave the Animal and Plant Health Inspection Service (APHIS) the authority to charge user fees for AQI services and to use the revenue to fund AQI activities. In March of 2003, a portion of the AQI program was transferred to the Department of Homeland Security (DHS); however, APHIS retained the authority to collect AQI revenue. APHIS transfers a portion of the revenue to DHS periodically throughout the year to fund its expenditures. The revenue in the fund is collected from airlines, air passengers, vessels, trucks, and railroad cars that are subject to AQI inspection at ports of entry. These user fees are an inflow of revenue from the public that is used to fund AQI inspections that are required by APHIS and DHS. The authority is codified in 21 U.S.C. 136(a).

## Forest Service (FS)

### Acquisition of Lands to Complete Land Exchanges

Land Exchange Acquisitions is authorized by the Act of December 4, 1967, as amended (16 U.S.C. 484a), commonly known as The Sisk Act. All deposits received during the previous fiscal year are made available by the annual appropriation act. The authorizing legislation provides for cash deposits of a portion or all of the value of the selected lands in exchange cases with States, local governments, and public school districts or other public school authority, to be used to purchase similar lands, or in cases of special legislation, for authorized expenditures from funds deposited by non-federal parties.

### Cooperative Work

Cooperative contributions are deposited for disbursement in compliance with the terms and provisions of the agreement between the cooperator and the FS. Cooperators include timber purchasers, not-for-profit organizations, and local hunting and fishing clubs. The governing authorities are the Cooperative Funds Act of July 31, 1914 (16 U.S.C. 498) and the Knutson Vandenberg Act.

### Land Acquisition

Funds are appropriated annually from Interior's Land and Water Conservation Fund, but are no-year appropriations to the Forest Service for acquisition of land pursuant to the Land and Water Conservation Act, as amended and other land acquisition authorities of the Forest Service (section 40.12).

### National Forest Fund Receipts

The Act of May 23, 1908, as amended (16 U.S.C. 500), requires (with a few exceptions) that all receipts from national forest activities be aggregated each fiscal year in order to calculate the portion which is paid to the States in which the national forests are located. The payments must be used for public schools and roads in the county or counties in which the national forests are situated. Originally, the States' portion of receipts was 25 percent, but past statutory amendments have changed the calculation factors from time to time. Receipts include revenues from the sale of timber and other forest products; fees for grazing, special-use permits, power and mineral leases; and recreation user fees.

### National Grasslands Receipts

Title III, Bankhead-Jones Farm Tenant Act (Act) of July 22, 1937, as amended (7 U.S.C. 1012) authorizes annual payments on a calendar year basis to counties, equal to 25 percent of revenues received during the year from sales activities and fees on lands designated as national grasslands or land utilization projects. Counties use these payments for public schools and roads.

The administrative process of aggregating the receipts on a calendar year basis (involving two fiscal years) and disbursing the payments requires an unavailable receipt account (National

Grasslands Receipts, Forest Service) and an available receipt account (Payments to Counties, National Grasslands, Forest Service).

### National Parks and Public Land Legacy Restoration Fund

The Great American Outdoors Act (GAOA) (P.L. 116-152) provides authority to establish the National Parks and Public Land Legacy Restoration Fund to address the maintenance backlog on public lands. The funds are allocated across GAOA specified Bureaus/Agencies including the USDA Forest Service for fiscal years 2021 through 2025.

### Payments to States, National Forest Fund

The Act of May 23, 1908, as amended (16 U.S.C. 500), commonly known as Payments to States, requires with a few exceptions, that 25 percent of all monies received from the national forests and deposited into the National Forest Fund during a fiscal year from timber, grazing, special-use permits, power and mineral leases, and admission and user fees be paid to the States in which the national forests are located, for public schools and public roads in the county or counties in which the national forests are situated.

### Recreation Fee Demonstration Program

The Recreation Fee Demonstration Program fund receives deposits of recreation fees collected from projects that are part of the Recreation Fee Demonstration Program. These monies are retained and used for backlog repair and maintenance of recreation areas, sites, or projects. These funds are also used for interpretation, signage, habitat or facility enhancement, resource preservation, annual operation, maintenance, and law enforcement related to public use of recreation areas and sites. The Recreation Fee Demonstration Program is authorized by 16 U.S.C. 4601-6(a).

### Restoration of Forest Lands and Improvements

The Restoration of Forest Lands and Improvements Acts (16 U.S.C. 579(c)) states any monies received by the United States with respect to lands under the administration of the Forest Service (a) as a result of the forfeiture of a bond or deposit by a permittee or timber purchaser for failure to complete performance of improvement, protection, or rehabilitation work required under the permit or timber sale contract or (b) as a result of a judgment, compromise, or settlement of any claim, involving present or potential damage to lands or improvements, shall be deposited into the Restoration of Forest Lands and Improvements Account. The monies are then made available until expended to cover the cost to the United States of any improvement, protection, or rehabilitation work on lands under the administration of the Forest Service rendered necessary by the action which led to the forfeiture, judgment, compromise, or settlement, provided that any portion of the monies received in excess of the amount expended in performing the work necessitated by the action which led to their receipt shall be transferred to miscellaneous receipts.

## State and Private Forestry

The FY 2004 Department of the Interior and Related Agencies Appropriation Act (Public Law 108-108) authorizes the Forest Service to receive a transfer of receipts from the Department of the Interior's Land and Water Conservation Fund to finance the existing Forest Legacy Program. Treasury established a new special fund, "State and Private Forestry" to accommodate for this program, and the funding is available until expended. The program expenditures include grants and an occasional land purchase, but no real property will be procured or constructed.

## Stewardship Contracting Product Sales

Stewardship End Result Contracting Projects (16 U.S.C. 6591c), amends the Healthy Forests Restoration Act of 2003, and states the Forest Service, via agreement or contract as appropriate, may enter into stewardship contracting projects with private persons or other public or private entities to perform services to achieve land management goals for the national forests and the public lands that meet local and rural community needs. The value of timber or other forest products removed may be applied as an offset against the cost of services received under the agreements or contracts. Monies earned from such agreements or contracts may be retained by the Forest Service and shall be available for expenditure without further appropriation at the project site from which the monies are collected or at another project site. In addition, if the offset value of the forest products exceeds the value of the resource improvement treatments, the Forest Service may collect any residual receipts under the Act of June 9, 1930 (commonly known as the Knutson-Vandenberg Act, 16 U.S.C. 576); and apply the excess to other authorized stewardship projects. Finally, the Forest Service is required to annually report to the Committee of Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on the status and accomplishments of these agreements and contracts.

## Timber Salvage Sales

The Salvage Sale Fund was established to facilitate the timely removal of timber damaged by fire, wind, insects, diseases, or other events. Amounts collected from the sale of salvaged timber are used on other qualifying salvage sales to cover the cost of preparing and administering the sales. The Timber Salvage Sales program is authorized by 16 U.S.C. 472(a).

## National Institute of Food and Agriculture (NIFA)

### Native American Institutions Endowment Fund

The Native American Institutions Endowment Fund was authorized by Public Law 103-382 and provided an initial installment to establish an endowment to benefit the 1994 land-grant institutions. The public law states that "This program will enhance educational opportunities for Native Americans by building educational capacity at these institutions in the areas of student recruitment and retention, curricula development, faculty preparation, instruction delivery systems, and scientific instrumentation for teaching." While the principal (corpus) of the fund cannot be used, the interest that is earned on the endowment fund investments in Treasury

instruments can be used for the purposes described above. After the close of a fiscal year, the income is distributed after making adjustments for the cost of administering the fund.

## Other

Financial information is summarized for all other funds from dedicated collections with total assets less than \$50 million listed below.

### Natural Resources Conservation Service

- Damage Assessment and Restoration Revolving Fund
- Miscellaneous Contributed Funds

### Food Safety and Inspection Service

- Expenses and Refunds, Inspection of Farm Products

### Agricultural Marketing Service

- Inspection and Weighing Services
- Perishable Agricultural Commodities Act
- Wool Research, Development and Promotion Trust Fund

### Animal Plant Health Inspection Service

- Gifts and Bequests
- Miscellaneous Contributed Funds

### Forest Service

- Acquisition of Lands for National Forests, Special Acts
- Administration of Rights-of-Way and Other Land Uses Fund
- Communications Site Administration
- Expenses, Brush Disposal
- Gifts and Bequests
- Gifts, Donations and Bequests for Forest and Rangeland Research
- Hardwood Technology Transfer and Applied Research Fund
- Land Between the Lakes Management Fund
- Land Between the Lakes Trust Fund
- Licensee Program
- MNP Rental Fee Account
- Operation and Maintenance of Forest Service Quarters
- Payment to Minnesota (Cook, Lake and Saint Louis Counties)
- Quinault Special Management Area
- Range Betterment Fund
- Receipts for Construction of Administrative Improvements- Arizona and Taos, New Mexico Land Conveyance

- Reforestation Trust Fund
- Roads and Trails for States, National Forest Fund
- Timber Roads, Purchaser Elections
- Timber Sales Pipeline Restoration Fund

#### Rural Development

- Alternative Agricultural Research and Commercialization Revolving Fund

#### Agricultural Research Service

- Concessions Fees and Volunteer Services
- Gifts and Bequests
- Miscellaneous Contributed Funds

#### National Agricultural Statistics Service

- Miscellaneous Contributed Funds

#### Economic Research Service

- Miscellaneous Contributed Funds

#### Foreign Agricultural Service

- Foreign Service National Separation Liability Trust Fund
- Gifts and Bequests
- Miscellaneous Contributed Funds

#### Office of the Secretary

- Gifts and Bequests

#### Office of Partnerships and Public Engagement

- Gifts and Bequests

#### Office of Communications

- Gifts and Bequests

#### Office of General Counsel

- Gifts and Bequests

#### Office of the Inspector General

- Inspector General Assets Forfeiture, Department of Justice
- Inspector General Assets Forfeiture, Department of Treasury

FY 2021

	AMS	AMS	APHIS	FS					
	Expenses and Refunds, Inspection and Grading of Farm Products	Funds for Strengthening Markets, Income, and Supply	Agricultural Quarantine Inspection User Fee Account	Acquisition of Lands to Complete Land Exchanges	Cooperative Work	Land Acquisition	National Grasslands Receipts	National Forest Fund Receipts	National Parks and Public Land Legacy Restoration Fund
<b>Funds from Dedicated Collections</b>									
<b>BALANCE SHEET</b>									
<b>Intragovernmental</b>									
Fund Balance with Treasury	\$ 127	\$ 943	\$ 247	\$ 45	\$ 380	\$ 185	\$ 169	\$ 174	\$ 17
Investments, Net	-	-	-	-	-	-	-	-	-
Accounts Receivable, Net	-	1	-	-	-	-	-	-	250
<b>Total Intragovernmental Assets</b>	<b>127</b>	<b>944</b>	<b>247</b>	<b>45</b>	<b>380</b>	<b>185</b>	<b>169</b>	<b>174</b>	<b>267</b>
<b>With the Public</b>									
Accounts Receivable, Net	21	-	20	1	-	-	-	8	-
General Property, Plant, and Equipment, Net	-	-	3	48	9	42	-	-	-
Advances and Prepayments	-	-	-	-	-	-	-	-	-
Investments, Net	-	-	-	-	-	-	-	-	-
<b>Total With the Public</b>	<b>21</b>	<b>-</b>	<b>23</b>	<b>49</b>	<b>9</b>	<b>42</b>	<b>-</b>	<b>8</b>	<b>-</b>
<b>Total Assets</b>	<b>148</b>	<b>944</b>	<b>270</b>	<b>94</b>	<b>389</b>	<b>227</b>	<b>169</b>	<b>182</b>	<b>267</b>
<b>Intragovernmental</b>									
Accounts Payable	5	-	1	-	-	-	-	-	-
Other Liabilities	8	-	2	-	-	-	-	-	-
<b>Total Intragovernmental Liabilities</b>	<b>13</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>With the Public</b>									
Accounts Payable	1	9	-	-	1	-	-	-	2
Federal Employee Benefits Payable	52	-	-	-	-	-	-	-	-
Advances From Others and Deferred Revenue	-	-	-	-	62	-	-	-	-
Other Liabilities	6	65	6	-	2	-	34	-	-
<b>Total With the Public</b>	<b>59</b>	<b>74</b>	<b>6</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>2</b>
<b>Total Liabilities</b>	<b>72</b>	<b>74</b>	<b>9</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>2</b>
Unexpended Appropriations	-	-	-	-	-	-	-	-	265
Cumulative Results of Operations	76	870	261	94	324	227	135	182	-
<b>Total Liabilities and Net Position</b>	<b>148</b>	<b>944</b>	<b>270</b>	<b>94</b>	<b>389</b>	<b>227</b>	<b>169</b>	<b>182</b>	<b>267</b>
<b>STATEMENT OF NET COST</b>									
Gross Program Costs	243	1,481	242	4	95	67	38	-	20
Less Earned Revenues	194	8	312	10	110	-	19	32	-
<b>Net Cost of Operations</b>	<b>49</b>	<b>1,473</b>	<b>(70)</b>	<b>(6)</b>	<b>(15)</b>	<b>67</b>	<b>19</b>	<b>(32)</b>	<b>20</b>
<b>STATEMENT OF CHANGES IN NET POSITION</b>									
<b>Unexpended Appropriations:</b>									
Beginning Balance	-	-	-	-	-	-	-	-	-
Appropriations Received	-	-	-	-	-	-	-	-	-
Appropriations Transferred In/Out	-	-	-	-	-	-	-	-	285
Appropriations Used	-	-	-	-	-	-	-	-	(20)
<b>Total Unexpended Appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265</b>
<b>Cumulative Results from Operations:</b>									
Beginning Balances	61	1,203	191	90	308	175	56	147	-
Appropriations Used	-	-	-	-	-	-	-	-	20
Other Than Intragovernmental Non-exchange Revenue:									
Miscellaneous Taxes and Receipts	-	-	-	-	-	-	-	-	-
<b>Total Other Than Intragovernmental Non-exchange Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Intragovernmental Non-exchange Revenue	-	-	-	-	-	-	183	15	-
Donations and Forfeitures of Cash & Property	-	-	-	-	-	-	-	-	-
Transfers-In/out Without Reimbursement	-	1,140	-	(1)	-	118	-	1	-
Imputed Financing	63	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(86)	(13)	-
<b>Net Cost of Operations</b>	<b>(49)</b>	<b>(1,473)</b>	<b>70</b>	<b>6</b>	<b>15</b>	<b>(67)</b>	<b>(19)</b>	<b>32</b>	<b>(20)</b>
<b>Net Change and Cumulative Results of Operations</b>	<b>14</b>	<b>(333)</b>	<b>70</b>	<b>5</b>	<b>15</b>	<b>51</b>	<b>78</b>	<b>35</b>	<b>-</b>
<b>Cumulative Results of Operations</b>	<b>75</b>	<b>870</b>	<b>261</b>	<b>95</b>	<b>323</b>	<b>226</b>	<b>134</b>	<b>182</b>	<b>-</b>
<b>Net Position, End of Period</b>	<b>\$ 75</b>	<b>\$ 870</b>	<b>\$ 261</b>	<b>\$ 95</b>	<b>\$ 323</b>	<b>\$ 226</b>	<b>\$ 134</b>	<b>\$ 182</b>	<b>\$ 265</b>

Funds from Dedicated Collections	FS						NIFA	Other Funds from Dedicated Collections	Total Funds from Dedicated Collections
	Payments to States, National Forests Fund	Recreation Fee Demonstration Program	Restoration of Forest Lands and Improvements	State and Private Forestry	Stewardship Contracting Product Sales	Timber Salvage Sales	Native American Institutions Endowment Fund		
<b>BALANCE SHEET</b>									
<b>Intragovernmental</b>									
Fund Balance with Treasury	\$ 111	\$ 153	\$ 265	\$ 246	\$ 83	\$ 87	\$ 14	\$ 344	\$ 3,590
Investments, Net	-	-	-	-	-	-	251	6	257
Accounts Receivable, Net	-	-	-	-	-	-	-	-	251
Advances and Prepayments	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
<b>Total Intragovernmental Assets</b>	<b>111</b>	<b>153</b>	<b>265</b>	<b>246</b>	<b>83</b>	<b>87</b>	<b>265</b>	<b>350</b>	<b>4,098</b>
<b>With the Public</b>									
Accounts Receivable, Net	-	2	-	-	29	-	-	6	87
General Property, Plant, and Equipment, Net	2	1	1	-	-	1	-	4	111
Advances and Prepayments	-	-	1	10	-	-	-	-	11
Investments, Net	-	-	-	-	-	-	-	3	3
<b>Total With the Public</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>10</b>	<b>29</b>	<b>1</b>	<b>-</b>	<b>13</b>	<b>212</b>
<b>Total Assets</b>	<b>113</b>	<b>156</b>	<b>267</b>	<b>256</b>	<b>112</b>	<b>88</b>	<b>265</b>	<b>363</b>	<b>4,310</b>
<b>Intragovernmental</b>									
Accounts Payable	-	-	-	-	-	-	-	-	6
Other Liabilities	-	-	-	-	-	-	-	-	11
<b>Total Intragovernmental Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>17</b>
<b>With the Public</b>									
Accounts Payable	-	1	-	-	-	-	-	1	15
Federal Employee Benefits Payable	-	-	-	-	-	-	-	-	52
Advances From Others and Deferred Revenue	-	-	-	-	-	-	-	18	80
Other Liabilities	65	2	-	8	5	1	-	11	205
<b>Total With the Public</b>	<b>65</b>	<b>3</b>	<b>-</b>	<b>8</b>	<b>5</b>	<b>1</b>	<b>-</b>	<b>30</b>	<b>352</b>
<b>Total Liabilities</b>	<b>65</b>	<b>3</b>	<b>-</b>	<b>8</b>	<b>5</b>	<b>1</b>	<b>-</b>	<b>31</b>	<b>369</b>
Unexpended Appropriations	-	-	-	-	-	-	202	1	468
Cumulative Results of Operations	48	153	267	248	107	87	63	331	3,473
<b>Total Liabilities and Net Position</b>	<b>113</b>	<b>156</b>	<b>267</b>	<b>256</b>	<b>112</b>	<b>88</b>	<b>265</b>	<b>363</b>	<b>4,310</b>
<b>STATEMENT OF NET COST</b>									
Gross Program Costs	(88)	97	23	63	32	27	6	170	2,520
Less Earned Revenues	99	118	-	-	46	35	5	162	1,150
<b>Net Cost of Operations</b>	<b>(187)</b>	<b>(21)</b>	<b>23</b>	<b>63</b>	<b>(14)</b>	<b>(8)</b>	<b>1</b>	<b>8</b>	<b>1,370</b>
<b>STATEMENT OF CHANGES IN NET POSITION</b>									
<b>Unexpended Appropriations:</b>									
Beginning Balance	-	-	-	-	-	-	190	1	191
Appropriations Received	-	-	-	-	-	-	12	-	12
Appropriations Transferred In/Out	-	-	-	-	-	-	-	-	285
Appropriations Used	-	-	-	-	-	-	-	-	(20)
<b>Total Unexpended Appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202</b>	<b>1</b>	<b>468</b>
<b>Cumulative Results from Operations:</b>									
Beginning Balances	(139)	133	289	223	93	79	63	311	3,283
Appropriations Used	-	-	-	-	-	-	-	-	20
Other Than Intragovernmental Non-exchange Revenue:									
Miscellaneous Taxes and Receipts	-	-	1	-	-	-	-	-	1
<b>Total Other Than Intragovernmental Non-exchange Revenue</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
Intragovernmental Non-exchange Revenue	-	-	1	-	-	-	-	30	229
Donations and Forfeitures of Cash & Property	-	-	-	-	-	-	-	1	1
Transfers-In/out Without Reimbursement	-	-	-	89	-	-	-	(2)	1,345
Imputed Financing	-	-	-	-	-	-	-	-	63
Other	-	-	-	-	-	-	-	-	(99)
<b>Net Cost of Operations</b>	<b>187</b>	<b>21</b>	<b>(23)</b>	<b>(63)</b>	<b>14</b>	<b>8</b>	<b>(1)</b>	<b>(8)</b>	<b>(1,370)</b>
<b>Net Change and Cumulative Results of Operations</b>	<b>187</b>	<b>21</b>	<b>(21)</b>	<b>26</b>	<b>14</b>	<b>8</b>	<b>(1)</b>	<b>21</b>	<b>190</b>
<b>Cumulative Results of Operations</b>	<b>48</b>	<b>154</b>	<b>268</b>	<b>249</b>	<b>107</b>	<b>87</b>	<b>62</b>	<b>332</b>	<b>3,473</b>
<b>Net Position, End of Period</b>	<b>\$ 48</b>	<b>\$ 154</b>	<b>\$ 268</b>	<b>\$ 249</b>	<b>\$ 107</b>	<b>\$ 87</b>	<b>\$ 264</b>	<b>\$ 333</b>	<b>\$ 3,941</b>

FY 2020

	AMS	AMS	APHIS	FS					
	Expenses and Refunds, Inspection and Grading of Farm Products	Funds for Strengthening Markets, Income, and Supply	Agricultural Quarantine Inspection User Fee Account	Acquisition of Lands to Complete Land Exchanges	Cooperative Work	Land Acquisition	National Forest Fund Receipts	National Grasslands Receipts	Payments to States, National Forests Fund
<b>Funds from Dedicated Collections</b>									
<b>BALANCE SHEET</b>									
<b>Intragovernmental</b>									
Fund Balance with Treasury	\$ 104	\$ 1,285	\$ 166	\$ 40	\$ 366	\$ 134	\$ 118	\$ 73	\$ 87
Investments, Net	-	-	-	-	-	-	-	-	-
<b>Total Intragovernmental Assets</b>	<b>104</b>	<b>1,285</b>	<b>166</b>	<b>40</b>	<b>366</b>	<b>134</b>	<b>118</b>	<b>73</b>	<b>87</b>
<b>With the Public</b>									
Accounts Receivable, Net	24	-	30	-	1	-	29	-	-
General Property, Plant, and Equipment, Net	-	1	4	51	9	41	-	-	2
Investments, Net	-	-	-	-	-	-	-	-	-
Advances and Prepayments	-	-	-	-	-	-	-	-	-
<b>Total With the Public</b>	<b>24</b>	<b>1</b>	<b>34</b>	<b>51</b>	<b>10</b>	<b>41</b>	<b>29</b>	<b>-</b>	<b>2</b>
<b>Total Assets</b>	<b>128</b>	<b>1,286</b>	<b>200</b>	<b>91</b>	<b>376</b>	<b>175</b>	<b>147</b>	<b>73</b>	<b>89</b>
<b>Intragovernmental</b>									
Other Liabilities	9	1	2	-	1	-	-	-	-
<b>Total Intragovernmental Liabilities</b>	<b>9</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>With the Public</b>									
Accounts Payable	1	12	1	-	2	-	-	-	-
Federal Employee Benefits Payable	52	-	-	-	-	-	-	-	-
Advances From Others and Deferred Revenue	-	-	-	-	62	-	-	-	-
Other Liabilities	5	70	6	-	3	-	-	17	228
<b>Total With the Public</b>	<b>58</b>	<b>82</b>	<b>7</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>228</b>
<b>Total Liabilities</b>	<b>67</b>	<b>83</b>	<b>9</b>	<b>-</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>228</b>
Unexpended Appropriations	-	-	-	-	-	-	-	-	-
Cumulative Results of Operations	61	1,203	191	91	308	175	147	56	(139)
<b>Total Liabilities and Net Position</b>	<b>128</b>	<b>1,286</b>	<b>200</b>	<b>91</b>	<b>376</b>	<b>175</b>	<b>147</b>	<b>73</b>	<b>89</b>
<b>STATEMENT OF NET COST</b>									
Gross Program Costs	237	837	186	4	107	65	-	18	272
Less Earned Revenues	193	5	521	9	96	-	(3)	42	126
<b>Net Cost of Operations</b>	<b>44</b>	<b>832</b>	<b>(335)</b>	<b>(5)</b>	<b>11</b>	<b>65</b>	<b>3</b>	<b>(24)</b>	<b>146</b>
<b>STATEMENT OF CHANGES IN NET POSITION</b>									
<b>Unexpended Appropriations:</b>									
Beginning Balance	-	-	-	-	-	-	-	-	-
Appropriations Received	-	-	-	-	-	-	-	-	-
<b>Total Unexpended Appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative Results from Operations:</b>									
Beginning Balances	37	884	389	86	319	163	151	109	7
Intragovernmental Non-exchange Revenue	-	-	-	-	-	-	13	91	-
Donations and Forfeitures of Cash & Property	-	-	-	-	-	-	-	-	-
Transfers-In/out Without Reimbursement	-	1,151	(533)	-	-	77	-	-	-
Imputed Financing	68	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(14)	(168)	-
<b>Net Cost of Operations</b>	<b>(44)</b>	<b>(832)</b>	<b>335</b>	<b>5</b>	<b>(11)</b>	<b>(65)</b>	<b>(3)</b>	<b>24</b>	<b>(146)</b>
<b>Net Change and Cumulative Results of Operations</b>	<b>24</b>	<b>319</b>	<b>(198)</b>	<b>5</b>	<b>(11)</b>	<b>12</b>	<b>(4)</b>	<b>(53)</b>	<b>(146)</b>
<b>Cumulative Results of Operations</b>	<b>61</b>	<b>1,203</b>	<b>191</b>	<b>91</b>	<b>308</b>	<b>175</b>	<b>147</b>	<b>56</b>	<b>(139)</b>
<b>Net Position, End of Period</b>	<b>\$ 61</b>	<b>\$ 1,203</b>	<b>\$ 191</b>	<b>\$ 91</b>	<b>\$ 308</b>	<b>\$ 175</b>	<b>\$ 147</b>	<b>\$ 56</b>	<b>\$ (139)</b>

Funds from Dedicated Collections	FS					NIFA		Other Funds from Dedicated Collections	Total Funds from Dedicated Collections
	Recreation Fee Demonstration Program	Restoration of Forest Lands and Improvements	State and Private Forestry	Stewardship Contracting Product Sales	Timber Salvage Sales	Native American Institutions Endowment Fund			
<b>BALANCE SHEET</b>									
<b>Intragovernmental</b>									
Fund Balance with Treasury Investments, Net	\$ 133	\$ 288	\$ 218	\$ 72	\$ 80	\$ 15	\$ 324	\$ 3,503	
	-	-	-	-	-	239	6	245	
<b>Total Intragovernmental Assets</b>	<b>133</b>	<b>288</b>	<b>218</b>	<b>72</b>	<b>80</b>	<b>254</b>	<b>330</b>	<b>3,748</b>	
<b>With the Public</b>									
Accounts Receivable, Net	2	-	-	27	-	-	6	119	
General Property, Plant, and Equipment, Net	2	2	-	-	1	-	5	118	
Investments, Net	-	-	-	-	-	-	3	3	
Advances and Prepayments	-	-	14	-	-	-	-	14	
<b>Total With the Public</b>	<b>4</b>	<b>2</b>	<b>14</b>	<b>27</b>	<b>1</b>	<b>-</b>	<b>14</b>	<b>254</b>	
<b>Total Assets</b>	<b>137</b>	<b>290</b>	<b>232</b>	<b>99</b>	<b>81</b>	<b>254</b>	<b>344</b>	<b>4,002</b>	
<b>Intragovernmental</b>									
Other Liabilities	1	-	-	-	1	-	1	16	
<b>Total Intragovernmental Liabilities</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>16</b>	
<b>With the Public</b>									
Accounts Payable	1	1	9	1	-	-	3	31	
Federal Employee Benefits Payable	-	-	-	-	-	-	-	52	
Advances From Others and Deferred Revenue	-	-	-	-	-	-	19	81	
Other Liabilities	2	-	-	5	1	-	11	348	
<b>Total With the Public</b>	<b>3</b>	<b>1</b>	<b>9</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>33</b>	<b>512</b>	
<b>Total Liabilities</b>	<b>4</b>	<b>1</b>	<b>9</b>	<b>6</b>	<b>2</b>	<b>-</b>	<b>34</b>	<b>528</b>	
Unexpended Appropriations	-	-	-	-	-	190	1	191	
Cumulative Results of Operations	133	289	223	93	79	64	309	3,283	
<b>Total Liabilities and Net Position</b>	<b>137</b>	<b>290</b>	<b>232</b>	<b>99</b>	<b>81</b>	<b>254</b>	<b>344</b>	<b>4,002</b>	
<b>STATEMENT OF NET COST</b>									
Gross Program Costs	96	22	52	43	45	5	181	2,170	
Less Earned Revenues	93	1	-	63	34	5	168	1,353	
<b>Net Cost of Operations</b>	<b>3</b>	<b>21</b>	<b>52</b>	<b>(20)</b>	<b>11</b>	<b>-</b>	<b>13</b>	<b>817</b>	
<b>STATEMENT OF CHANGES IN NET POSITION</b>									
<b>Unexpended Appropriations:</b>									
Beginning Balance	-	-	-	-	-	179	1	180	
Appropriations Received	-	-	-	-	-	11	-	11	
<b>Total Unexpended Appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190</b>	<b>1</b>	<b>191</b>	
<b>Cumulative Results from Operations:</b>									
Beginning Balances	136	309	211	73	90	63	304	3,331	
Intragovernmental Non-exchange Revenue	-	-	-	-	-	-	30	134	
Donations and Forfeitures of Cash & Property	-	-	-	-	-	-	1	1	
Transfers-In/out Without Reimbursement	-	1	64	-	-	-	(12)	748	
Imputed Financing	-	-	-	-	-	-	-	68	
Other	-	-	-	-	-	-	-	(182)	
<b>Net Cost of Operations</b>	<b>(3)</b>	<b>(21)</b>	<b>(52)</b>	<b>20</b>	<b>(11)</b>	<b>-</b>	<b>(13)</b>	<b>(817)</b>	
<b>Net Change and Cumulative Results of Operations</b>	<b>(3)</b>	<b>(20)</b>	<b>12</b>	<b>20</b>	<b>(11)</b>	<b>-</b>	<b>6</b>	<b>(48)</b>	
<b>Cumulative Results of Operations</b>	<b>133</b>	<b>289</b>	<b>223</b>	<b>93</b>	<b>79</b>	<b>63</b>	<b>310</b>	<b>3,283</b>	
<b>Net Position, End of Period</b>	<b>\$ 133</b>	<b>\$ 289</b>	<b>\$ 223</b>	<b>\$ 93</b>	<b>\$ 79</b>	<b>\$ 253</b>	<b>\$ 311</b>	<b>\$ 3,474</b>	

## NOTE 18: Suborganization Program Costs

FY 2021

	FPAC Business Center	FSA	CCC	RMA	NRCS	FNS	FSIS	AMS	APHIS	FS
<b>Farm Production and Conservation:</b>										
Gross Costs	\$ 331	\$ 25,231	\$ 10,711	\$ 15,775	\$ 4,248	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Earned Revenue	4	439	327	3,656	49	-	-	-	-	-
Net Costs	327	24,792	10,384	12,119	4,199	-	-	-	-	-
<b>Food, Nutrition, and Consumer Services:</b>										
Gross Costs	-	-	-	-	-	164,785	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	68	-	-	-	-
Net Costs	-	-	-	-	-	164,717	-	-	-	-
<b>Food Safety:</b>										
Gross Costs	-	-	-	-	-	-	1,425	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	269	-	-	-
Net Costs	-	-	-	-	-	-	1,156	-	-	-
<b>Marketing and Regulatory Programs:</b>										
Gross Costs	-	-	-	-	-	-	-	5,046	1,767	-
Less: Earned Revenue	-	-	-	-	-	-	-	307	592	-
Net Costs	-	-	-	-	-	-	-	4,739	1,175	-
<b>Natural Resources and Environment:</b>										
Gross Costs	-	-	-	-	-	-	-	-	-	8,492
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	778
Net Costs	-	-	-	-	-	-	-	-	-	7,714
<b>Rural Development:</b>										
Gross Costs	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-	-	-	-	-
<b>Research, Education, and Economics:</b>										
Gross Costs	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-	-	-	-	-
<b>Trade and Foreign Agricultural Affairs:</b>										
Gross Costs	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-	-	-	-	-
<b>Staff Offices:</b>										
Gross Costs	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Costs</b>	<b>331</b>	<b>25,231</b>	<b>10,711</b>	<b>15,775</b>	<b>4,248</b>	<b>164,785</b>	<b>1,425</b>	<b>5,046</b>	<b>1,767</b>	<b>8,492</b>
<b>Less: Total Earned Revenue</b>	<b>4</b>	<b>439</b>	<b>327</b>	<b>3,656</b>	<b>49</b>	<b>68</b>	<b>269</b>	<b>307</b>	<b>592</b>	<b>778</b>
<b>Net Cost of Operations</b>	<b>\$ 327</b>	<b>\$ 24,792</b>	<b>\$ 10,384</b>	<b>\$ 12,119</b>	<b>\$ 4,199</b>	<b>\$ 164,717</b>	<b>\$ 1,156</b>	<b>\$ 4,739</b>	<b>\$ 1,175</b>	<b>\$ 7,714</b>

FY 2021

	RD	ARS	NASS	NIFA	ERS	FAS	Staff Offices	Combined Total	Intra-entity Eliminations	Consolidated Total
<b>Farm Production and Conservation:</b>										
Gross Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,296	\$ (1,494)	\$ 54,802
Less: Earned Revenue	-	-	-	-	-	-	-	4,475	(26)	4,449
Net Costs	-	-	-	-	-	-	-	51,821	(1,468)	50,353
<b>Food, Nutrition, and Consumer Services:</b>										
Gross Costs	-	-	-	-	-	-	-	164,785	(1,531)	163,254
Less: Earned Revenue	-	-	-	-	-	-	-	68	(3)	65
Net Costs	-	-	-	-	-	-	-	164,717	(1,528)	163,189
<b>Food Safety:</b>										
Gross Costs	-	-	-	-	-	-	-	1,425	(55)	1,370
Less: Earned Revenue	-	-	-	-	-	-	-	269	(7)	262
Net Costs	-	-	-	-	-	-	-	1,156	(48)	1,108
<b>Marketing and Regulatory Programs:</b>										
Gross Costs	-	-	-	-	-	-	-	6,813	(173)	6,640
Less: Earned Revenue	-	-	-	-	-	-	-	899	(87)	812
Net Costs	-	-	-	-	-	-	-	5,914	(86)	5,828
<b>Natural Resources and Environment:</b>										
Gross Costs	-	-	-	-	-	-	-	8,492	(214)	8,278
Less: Earned Revenue	-	-	-	-	-	-	-	778	(10)	768
Net Costs	-	-	-	-	-	-	-	7,714	(204)	7,510
<b>Rural Development:</b>										
Gross Costs	4,602	-	-	-	-	-	-	4,602	(85)	4,517
Less: Earned Revenue	3,300	-	-	-	-	-	-	3,300	(10)	3,290
Net Costs	1,302	-	-	-	-	-	-	1,302	(75)	1,227
<b>Research, Education, and Economics:</b>										
Gross Costs	-	1,625	214	1,445	88	-	-	3,372	(197)	3,175
Less: Earned Revenue	-	150	26	38	6	-	-	220	(115)	105
Net Costs	-	1,475	188	1,407	82	-	-	3,152	(82)	3,070
<b>Trade and Foreign Agricultural Affairs:</b>										
Gross Costs	-	-	-	-	-	496	-	496	(21)	475
Less: Earned Revenue	-	-	-	-	-	82	-	82	(50)	32
Net Costs	-	-	-	-	-	414	-	414	29	443
<b>Staff Offices:</b>										
Gross Costs	-	-	-	-	-	-	1,810	1,810	(149)	1,661
Less: Earned Revenue	-	-	-	-	-	-	1,353	1,353	(1,110)	243
Net Costs	-	-	-	-	-	-	457	457	961	1,418
<b>Total Gross Costs</b>	<b>4,602</b>	<b>1,625</b>	<b>214</b>	<b>1,445</b>	<b>88</b>	<b>496</b>	<b>1,810</b>	<b>248,091</b>	<b>(3,919)</b>	<b>244,172</b>
<b>Less: Total Earned Revenue</b>	<b>3,300</b>	<b>150</b>	<b>26</b>	<b>38</b>	<b>6</b>	<b>82</b>	<b>1,353</b>	<b>11,444</b>	<b>(1,418)</b>	<b>10,026</b>
<b>Net Cost of Operations</b>	<b>\$ 1,302</b>	<b>\$ 1,475</b>	<b>\$ 188</b>	<b>\$ 1,407</b>	<b>\$ 82</b>	<b>\$ 414</b>	<b>\$ 457</b>	<b>\$ 236,647</b>	<b>\$ (2,501)</b>	<b>\$ 234,146</b>

FY 2020	FPAC Business									
	Center	FSA	CCC	RMA	NRCS	FNS	FSIS	AMS	APHIS	FS
<b>Farm Production and Conservation:</b>										
Gross Costs	\$ 286	\$ 15,770	\$ 24,169	\$ 11,842	\$ 4,476	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Earned Revenue	21	469	1,596	3,057	60	-	-	-	-	-
Net Costs	265	15,301	22,573	8,785	4,416	-	-	-	-	-
<b>Food, Nutrition, and Consumer Services:</b>										
Gross Costs	-	-	-	-	-	123,345	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	61	-	-	-	-
Net Costs	-	-	-	-	-	123,284	-	-	-	-
<b>Food Safety:</b>										
Gross Costs	-	-	-	-	-	-	1,370	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	264	-	-	-
Net Costs	-	-	-	-	-	-	1,106	-	-	-
<b>Marketing and Regulatory Programs:</b>										
Gross Costs	-	-	-	-	-	-	-	4,044	1,726	-
Less: Earned Revenue	-	-	-	-	-	-	-	307	788	-
Net Costs	-	-	-	-	-	-	-	3,737	938	-
<b>Natural Resources and Environment:</b>										
Gross Costs	-	-	-	-	-	-	-	-	-	7,216
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	905
Net Costs	-	-	-	-	-	-	-	-	-	6,311
<b>Rural Development:</b>										
Gross Costs	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-	-	-	-	-
<b>Research, Education, and Economics:</b>										
Gross Costs	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-	-	-	-	-
<b>Trade and Foreign Agricultural Affairs:</b>										
Gross Costs	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-	-	-	-	-
<b>Staff Offices:</b>										
Gross Costs	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Costs</b>	<b>286</b>	<b>15,770</b>	<b>24,169</b>	<b>11,842</b>	<b>4,476</b>	<b>123,345</b>	<b>1,370</b>	<b>4,044</b>	<b>1,726</b>	<b>7,216</b>
<b>Less: Total Earned Revenue</b>	<b>21</b>	<b>469</b>	<b>1,596</b>	<b>3,057</b>	<b>60</b>	<b>61</b>	<b>264</b>	<b>307</b>	<b>788</b>	<b>905</b>
<b>Net Cost of Operations</b>	<b>\$ 265</b>	<b>\$ 15,301</b>	<b>\$ 22,573</b>	<b>\$ 8,785</b>	<b>\$ 4,416</b>	<b>\$ 123,284</b>	<b>\$ 1,106</b>	<b>\$ 3,737</b>	<b>\$ 938</b>	<b>\$ 6,311</b>

FY 2020

	RD	ARS	NASS	NIFA	ERS	FAS	Staff Offices	Combined Total	Intra-entity Eliminations	Consolidated Total
<b>Farm Production and Conservation:</b>										
Gross Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,543	\$ (1,719)	\$ 54,824
Less: Earned Revenue	-	-	-	-	-	-	-	5,203	(44)	5,159
Net Costs	-	-	-	-	-	-	-	51,340	(1,675)	49,665
<b>Food, Nutrition, and Consumer Services:</b>										
Gross Costs	-	-	-	-	-	-	-	123,345	(954)	122,391
Less: Earned Revenue	-	-	-	-	-	-	-	61	(5)	56
Net Costs	-	-	-	-	-	-	-	123,284	(949)	122,335
<b>Food Safety:</b>										
Gross Costs	-	-	-	-	-	-	-	1,370	(49)	1,321
Less: Earned Revenue	-	-	-	-	-	-	-	264	(4)	260
Net Costs	-	-	-	-	-	-	-	1,106	(45)	1,061
<b>Marketing and Regulatory Programs:</b>										
Gross Costs	-	-	-	-	-	-	-	5,770	(143)	5,627
Less: Earned Revenue	-	-	-	-	-	-	-	1,095	(79)	1,016
Net Costs	-	-	-	-	-	-	-	4,675	(64)	4,611
<b>Natural Resources and Environment:</b>										
Gross Costs	-	-	-	-	-	-	-	7,216	(183)	7,033
Less: Earned Revenue	-	-	-	-	-	-	-	905	(17)	888
Net Costs	-	-	-	-	-	-	-	6,311	(166)	6,145
<b>Rural Development:</b>										
Gross Costs	6,930	-	-	-	-	-	-	6,930	(88)	6,842
Less: Earned Revenue	3,601	-	-	-	-	-	-	3,601	(10)	3,591
Net Costs	3,329	-	-	-	-	-	-	3,329	(78)	3,251
<b>Research, Education, and Economics:</b>										
Gross Costs	-	1,508	200	1,428	74	-	-	3,210	(151)	3,059
Less: Earned Revenue	-	156	22	30	4	-	-	212	(109)	103
Net Costs	-	1,352	178	1,398	70	-	-	2,998	(42)	2,956
<b>Trade and Foreign Agricultural Affairs:</b>										
Gross Costs	-	-	-	-	-	506	-	506	(31)	475
Less: Earned Revenue	-	-	-	-	-	119	-	119	(47)	72
Net Costs	-	-	-	-	-	387	-	387	16	403
<b>Staff Offices:</b>										
Gross Costs	-	-	-	-	-	-	1,616	1,616	(123)	1,493
Less: Earned Revenue	-	-	-	-	-	-	1,239	1,239	(998)	241
Net Costs	-	-	-	-	-	-	377	377	875	1,252
<b>Total Gross Costs</b>	<u>6,930</u>	<u>1,508</u>	<u>200</u>	<u>1,428</u>	<u>74</u>	<u>506</u>	<u>1,616</u>	<u>206,506</u>	<u>(3,441)</u>	<u>203,065</u>
<b>Less: Total Earned Revenue</b>	<u>3,601</u>	<u>156</u>	<u>22</u>	<u>30</u>	<u>4</u>	<u>119</u>	<u>1,239</u>	<u>12,699</u>	<u>(1,313)</u>	<u>11,386</u>
<b>Net Cost of Operations</b>	<u>\$ 3,329</u>	<u>\$ 1,352</u>	<u>\$ 178</u>	<u>\$ 1,398</u>	<u>\$ 70</u>	<u>\$ 387</u>	<u>\$ 377</u>	<u>\$ 193,807</u>	<u>\$ (2,128)</u>	<u>\$ 191,679</u>

## NOTE 19: Terms of Borrowing Authority Used

The Secretary of Agriculture has the authority to make and issue notes to the Secretary of the Treasury for the purpose of discharging obligations for RD's insurance funds and CCC's non-reimbursed realized losses and debt related to foreign assistance programs. The permanent indefinite borrowing authority includes both interest bearing and non-interest bearing notes. These notes are drawn upon daily when disbursements exceed deposits. Notes payable under the permanent indefinite borrowing authority have a term of one year. On January 1 of each year, USDA refinances its outstanding borrowings, including accrued interest, at the January borrowing rate.

In addition, USDA has permanent indefinite borrowing authority for the foreign assistance and export credit programs to finance disbursements on post-credit reform, direct credit obligations, and credit guarantees. In accordance with the Federal Credit Reform Act of 1990, as amended, USDA borrows from Treasury on October 1, for the entire fiscal year, based on annual estimates of the difference between the amount appropriated (subsidy) and the amount to be disbursed to the borrower. Repayment under this agreement may be, in whole or in part, prior to maturity by paying the principal amount of the borrowings plus accrued interest to the date of repayment. Interest is paid on these borrowings based on weighted average interest rates for the cohort, to which the borrowings are associated. Interest is earned on the daily balance of uninvested funds in the credit reform financing funds maintained at Treasury. The interest income is used to reduce interest expense on the underlying borrowings.

USDA has authority to borrow from the Federal Financing Bank (FFB) in the form of Certificates of Beneficial Ownership (CBOs) or loans executed directly between the borrower and FFB with an unconditional USDA repayment guarantee. CBOs outstanding with FFB are generally secured by unpaid loan principal balances. CBOs outstanding are related to pre-credit reform loans and no longer used for program financing.

FFB CBOs are repaid as they mature and are not related to any particular group of loans. Borrowings made to finance loans directly between the borrower and FFB mature and are repaid as the related group of loans become due. Interest rates on the related group of loans are equal to interest rates on FFB borrowings, except in those situations where an FFB funded loan is restructured and the terms of the loan are modified. Prepayments can be made on Treasury borrowings without a penalty; however, they cannot be made on FFB CBOs, without a penalty.

Funds may also be borrowed from private lending agencies and others. USDA reserves a sufficient amount of its borrowing authority to purchase, at any time, all notes and other obligations evidencing loans made by agencies and others. All bonds, notes, debentures, and similar obligations issued by the Department are subject to approval by the Secretary of the Treasury. Reservation of borrowing authority for these purposes has not been required for many years.

## NOTE 20: Available Borrowing Authority, End of Period

Available borrowing authority at September 30, 2021 and 2020 was \$44,412 million and \$53,640 million, respectively.

## NOTE 21: Undelivered Orders at the End of the Period

<b>FY 2021</b>	<b>Federal</b>	<b>Non-Federal</b>	<b>FY 2020</b>	<b>Federal</b>	<b>Non-Federal</b>
Paid	\$ 85	\$ 594	Paid	\$ 52	\$ 1,313
Unpaid	3,978	84,495	Unpaid	4,541	78,440
<b>Total</b>	<b>\$ 4,063</b>	<b>\$ 85,089</b>	<b>Total</b>	<b>\$ 4,593</b>	<b>\$ 79,753</b>

## NOTE 22: Permanent Indefinite Appropriations

USDA has permanent indefinite appropriations available to fund (1) subsidy costs incurred under credit reform programs, (2) certain costs of the crop insurance program, (3) certain commodity program costs, (4) certain costs associated with FS programs, (5) dairy indemnity payment program, and (6) farm storage facility loan program (FSFL).

The permanent indefinite appropriations for credit reform are mainly available to finance any disbursements incurred under the liquidating accounts. These appropriations become available pursuant to standing provisions of law without further action by Congress after transmittal of the budget for the year involved. They are treated as permanent the first year they become available, as well as in succeeding years. However, they are not stated as specific amounts but are determined by specified variable factors, such as cash needs for liquidating accounts, and information about the actual performance of a cohort or estimated changes in future cash flows of the cohort in the program accounts.

The permanent indefinite appropriation for the crop insurance program is used to cover premium subsidy, delivery expenses, losses in excess of premiums, and research and delivery costs.

The permanent indefinite appropriation for commodity program costs is used to encourage the exportation of agricultural commodities and products, to encourage domestic consumption of agricultural products by diverting them, and to reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption.

The permanent indefinite appropriation for FS programs is used to fund Recreation Fee Collection Costs, Brush Disposal, License programs, Smokey Bear and Woodsy Owl, Restoration of Forest Lands and Improvements, Roads and Trails for States, National Forest Fund, Timber Roads, Purchaser Elections, Timber Salvage Sales and Operations, and Maintenance of Quarters. Each of these permanent indefinite appropriations is funded by receipts made available by law and is available until expended.

The FSA has a permanent indefinite appropriation for the Dairy Indemnity Payment Program to provide payments to dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides and other residues.

The CCC also has permanent indefinite appropriations, as part of the American Rescue Plan, for USDA to pay up to 120% of loan balances, as of January 1, 2021, for FSFL to any Socially Disadvantaged producer who has a qualifying loan.

## NOTE 23: Legal Arrangements Affecting Use of Unobligated Balances

Any information about legal arrangements affecting the use of the unobligated balance of budget authority is specifically stated by program and fiscal year in the appropriation language or in the alternative provisions section at the end of the appropriations act.

## NOTE 24: Explanation of Differences Between the SBR and the Budget of the U.S. Government

The differences between the FY 2020 Statement of Budgetary Resources and the FY 2020 actual numbers presented in the FY 2022 Budget of the United States Government (Budget) are summarized below.

### FY 2020

	<b>Budgetary Resources</b>	<b>New Obligations &amp; Upward Adjustments (Total)</b>	<b>Distributed Offsetting Receipts</b>	<b>Net Outlays</b>
Combined Statement of Budgetary Resources	\$ 358,184	\$ 261,695	\$ (2,863)	\$ 189,658
Reconciling Items:				
Expired accounts	(32,502)	(281)	-	-
CCC and USAID Timing Difference	-	9	-	-
Milk Market Orders Fund	65	65	-	-
Rounding	(3)	(8)	-	(2)
Budget of the United States Government	<u>\$ 325,744</u>	<u>\$ 261,480</u>	<u>\$ (2,863)</u>	<u>\$189,656</u>

A comparison between the FY 2021 SBR and the FY 2021 actual numbers presented in the FY 2023 Budget cannot be performed as the FY 2023 Budget is not yet available. The Budget with the actual amounts for the current year (i.e., FY 2021) will be available at a later date at <https://www.whitehouse.gov/omb/budget/>.

## NOTE 25: Incidental Custodial Collections

Custodial collections represent collections on land leases for resource extraction, National Forest Fund receipts from the sale of timber and other forest products, miscellaneous general fund receipts such as collections on accounts receivable related to canceled year appropriations, civil monetary penalties and interest, and commercial fines and penalties. Custodial collection activities are considered immaterial and incidental to the mission of the Department.

	FY 2021	FY 2020
<b>TOTAL CUSTODIAL REVENUE:</b>		
<b>Sources of Cash Collections:</b>		
Miscellaneous	\$ 133	\$ 167
Total Cash Collections	133	167
Accrual Adjustments	50	10
Total Custodial Revenue	183	177
<b>Disposition of Collections:</b>		
Transferred to Others:		
Treasury	(84)	(150)
(Increase )/Decrease in Amounts Yet to be Transferred	(99)	(27)
<b>Total Disposition of Collections</b>	<b>(183)</b>	<b>(177)</b>
<b>Net Custodial Activity</b>	<b>\$ -</b>	<b>\$ -</b>

## NOTE 26: Fiduciary Activities

The department is responsible for one fiduciary fund. The Rural Housing Insurance Fund (RHIF) was established by Public Law 89-117 pursuant to section 517 of title V of the Housing Act of 1949, which authorized RD to collect escrow payments on behalf of new and existing Single Family Housing borrowers. Other fiduciary activities by RD include but are not limited to collections from borrowers, interest paid on escrow accounts, and payments to insurance agencies and taxing authorities.

### Schedule of Fiduciary Activity For the years ended September 30, 2021 and 2020

	Rural Housing Insurance Fund FY 2021	Rural Housing Insurance Fund FY 2020
<b>Fiduciary Net Assets, Beginning of Year</b>	\$ 115	\$ 123
Contributions	476	461
Disbursements To and On Behalf of Beneficiaries	(474)	(469)
Increases/(Decrease) in Fiduciary Net Assets	2	(8)
<b>Fiduciary Net Assets, End of Year</b>	<b>\$ 117</b>	<b>\$ 115</b>

### Fiduciary Net Assets As of September 30, 2021 and 2020

	Rural Housing Insurance Fund FY 2021	Rural Housing Insurance Fund FY 2020
<b>Fiduciary Assets:</b>		
Cash and Cash Equivalents	\$ 117	\$ 115
<b>Total Fiduciary Net Assets</b>	<b>\$ 117</b>	<b>\$ 115</b>

## NOTE 27: Reconciliation of Net Cost to Net Outlays

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis.

The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The reconciliation explains the relationship between the net cost of operations and net outlays by presenting (1) components of net cost that are not part of net outlays (e.g. depreciation and amortization expenses of assets previously capitalized, change in asset/liabilities); (2) components of net outlays that are not part of net cost (e.g. acquisition of capital assets); and (3) other temporary timing difference (e.g. prior period adjustments due to correction of errors). The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

In FY 2021, significant line items include Year-End Credit Reform Subsidy Accrual Reestimates mainly due to RD, Increase in Accounts Receivable, Net mainly due to RMA higher reported premiums for certain crops and Forest Service Great American Outdoors Act, Decrease in Accounts Payable mainly due to RD subsidy payable to the financing account and FSA Coronavirus Food Assistance with no new funding available, Increase in Insurance and Guarantee Program Liabilities mainly due to RMA higher coverage amount, loss ratio, underwriting gain, and unearned premium, Decrease in Benefits Due and Payable mainly due to FNS State partners in Child Nutrition (CN) and Supplemental Nutrition Assistance Program (SNAP) more fully utilizing available resources, and Non-Entity Activity mainly due to RD Offset to Non-Entity Collections.

FY 2021	<u>Intragovernmental</u>	<u>With The Public</u>	<u>Total</u>
<b>Net Cost</b>	\$ 4,536	\$ 229,610	\$ 234,146
<b>Components of Net Cost Not Part of the Budgetary Outlays:</b>			
Property, Plant and Equipment Depreciation Expense	-	(368)	(368)
Property, Plant and Equipment Disposals and Revaluations	-	2	2
Cost of Goods Sold	-	(133)	(133)
Year-End Credit Reform Subsidy Accrual Reestimates	3,683	-	3,683
Loan Modification Adjustment Transfers	(76)	-	(76)
Exchange Revenue not Part of the SBR Outlays	93	240	333
<b>Increase/(Decrease) in Assets:</b>			
Accounts Receivable, Net	287	1,484	1,771
Loans Receivable, Net (Non-FCRA)	-	(654)	(654)
Other Assets	33	(711)	(678)
<b>(Increase)/Decrease in Liabilities</b>			
Accounts Payable	1,243	1,407	2,650
Insurance and Guarantee Program Liabilities	-	(6,523)	(6,523)
Environmental and Disposal Liabilities	-	(19)	(19)
Benefits Due and Payable	-	4,749	4,749
Federal Employee and Veteran Benefits Payable	-	6	6
Other Liabilities	(60)	390	330
<b>Financing Sources:</b>			
Imputed Cost	(966)	-	(966)
<b>Total Components of Net Operating Cost Not Part of the Budgetary Outlays:</b>	<u>4,237</u>	<u>(130)</u>	<u>4,107</u>
<b>Components of the Budget Outlays That Are Not Part of the Net Operating Cost:</b>			
Acquisition of Capital Assets	12	543	555
Acquisitions of Inventory	-	138	138
<b>Financing Sources:</b>			
Donated Revenue	-	(1)	(1)
Transfers Out (In) Without Reimbursements	(224)	-	(224)
<b>Total Components of the Budget Outlays that are not part of Net Operating Cost</b>	<u>(212)</u>	<u>680</u>	<u>468</u>
<b>Miscellaneous Items:</b>			
Distributed Offsetting Receipts	(76)	(5)	(81)
Custodial/Non-exchange revenue	(198)	85	(113)
Non-Entity Activity	(3,320)	-	(3,320)
Other Temporary Timing Differences	-	11	11
<b>Total Other Reconciling Items</b>	<u>(3,594)</u>	<u>91</u>	<u>(3,503)</u>
<b>Total Net Outlays</b>	<u>4,967</u>	<u>230,251</u>	<u>235,218</u>
<b>Budgetary Agency Outlays, Net</b>			<u>\$ 235,218</u>

FY 2020	Intragovernmental	With The Public	Total
<b>Net Cost</b>	\$ 4,019	\$ 187,660	\$ 191,679
<b>Components of Net Operating Cost Not Part of the Budgetary Outlays:</b>			
Property, Plant, and Equipment Depreciation	-	(277)	(277)
Property, Plant, and Equipment Disposal & Reevaluation	-	17	17
Year-End Credit Reform Subsidy Reestimates	2,737	-	2,737
Other	-	301	301
<b>Increase/(Decrease) in Assets:</b>			
Accounts Receivable	731	465	1,196
Loans Receivable	-	3,489	3,489
Other Assets	40	867	907
<b>(Increase)/Decrease in Liabilities not Affecting Budget Outlays:</b>			
Accounts Payable	(1,413)	(9,198)	(10,611)
Salaries and Benefits	(31)	(110)	(141)
Insurance and Guarantee Program Liabilities	-	1,163	1,163
Environmental and Disposal Liabilities	-	(21)	(21)
Other Liabilities (Unfunded Leave, Unfunded Federal Employees Compensation Act (FECA), Actuarial FECA)	(62)	(2,566)	(2,628)
<b>Other Financing Sources:</b>			
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(855)	-	(855)
<b>Total Components of Net Operating Cost Not Part of the Budget Outlays</b>	<b>1,147</b>	<b>(5,870)</b>	<b>(4,723)</b>
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Acquisition of Capital Assets	-	116	116
Acquisition of Inventory	-	(5)	(5)
Transfers Out (In) Without Reimbursement	(2,748)	-	(2,748)
Other	(238)	167	(71)
<b>Total Components of Budgetary Outlays That Are Not Part of Net Operating Cost</b>	<b>(2,986)</b>	<b>278</b>	<b>(2,708)</b>
<b>Net Outlays</b>	<b>2,180</b>	<b>182,068</b>	<b>184,248</b>
<b>Related Amounts on the Statement of Budgetary Resources</b>			
Outlays, Net			187,111
Distributed Offsetting Receipts			(2,863)
<b>Agency Outlays, Net</b>			<b>\$ 184,248</b>

Other components of net operating cost not part of the budgetary outlays include primarily interest revenue – investments, cost capitalization offset and bad debt expense.

Other components of the budget outlays that are not part of net operating cost includes primarily accounts receivable, interest revenue, penalties and fines revenue, donated revenue, other revenue, collections for others, and financing sources transferred in from custodial statement collections

## NOTE 28: Disclosure Entities and Related Parties

### Disclosure Entities

#### Research and Promotion Boards

Research and Promotion (“checkoff”) programs are authorized by the Commodity Promotion, Research, and Information Act of 1996 and various Acts for specific commodities. Research and Promotion Board members are appointed by the Secretary. AMS is responsible for administrative oversight of Research and Promotion Programs to ensure fiscal accountability and program integrity.

AMS also conducts rulemaking and oversees the activities of Fruit, Vegetable, and Specialty Crop Marketing Order Commodity Boards, Councils, or Committees to ensure compliance with all legal and regulatory requirements. Marketing orders and agreements are authorized by the Agricultural Marketing Agreement Act of 1937.

These programs are not Federally funded. In FY 2021, the non-Federal costs of oversight for the Research and Promotion activities, including salaries and expenses, travel, and rent for office space were estimated to be \$5.9 million. Industry boards collect and manage assessments from industry members to conduct program activities.

#### Foundation for Food and Agricultural Research (FFAR)

The Secretary of Agriculture (Secretary) was authorized by the Agricultural Act of 2014 (Act), to establish a nonprofit corporation known as the Foundation for Food and Agriculture Research. FFAR was established by the Secretary on July 23, 2014. On the date of the enactment of this Act, the Secretary transferred \$200 million of the Commodity Credit Corporation funds, to the FFAR, to remain available until expended under the conditions stipulated. On the date on which the strategic plan was submitted, the Secretary transferred \$185 million of the Commodity Credit Corporation Funds, to the FFAR, to remain available until expended. The FFAR may use the funds made available to carry out the purposes of the FFAR only to the extent that the FFAR secures an equal amount of non-federal matching funds for each expenditure. None of the funds made available may be used for construction.

FFAR is governed by a Board of Directors (Board) which consists of appointed and ex-officio, nonvoting members. The ex-officio members of the Board consist of the following:

- (1) The Secretary
- (2) The Under Secretary of Agriculture for Research, Education, and Economics
- (3) The Administrator of the Agricultural Research Service
- (4) The Director of the National Institute of Food and Agriculture
- (5) The Director of the National Science Foundation

The ex-officio members by majority-vote appoint 15 individuals to the Board. The Board elects from among the members of the Board, an individual to serve as Chair of the Board. The Board hires an Executive Director who shall carry out such duties and responsibilities as the Board may prescribe. The Executive Director shall ensure that any funds received are held in separate accounts from funds received from nongovernmental entities.

The purposes of FFAR shall be (1) to advance the research mission of the USDA by supporting agricultural research activities focused on addressing key problems of national and international significance; and (2) to foster collaboration with agricultural researchers from the Federal Government, State (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) governments, institutions of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)), industry, and nonprofit organizations. The activities of the FFAR shall be supplemental to any other activities at USDA and shall not preempt any authority or responsibility of USDA under another provision of law.

To ensure integrity in the operations of the FFAR, the Board developed and enforced procedures relating to standards of conduct, financial disclosure statements, conflicts of interest (including recusal and waiver rules), audits, and any other matters determined appropriate by the Board.

Any individual who is an officer, employee, or member of the Board is prohibited from any participation in deliberations by the FFAR of a matter that would directly or predictably affect any financial interest of—

- (1) the individual;
- (2) a relative (as defined in section 109 of the Ethics in Government Act of 1978 (5 U.S.C. App.)) of that individual; or
- (3) a business organization or other entity in which the individual has an interest, including an organization or other entity with which the individual is negotiating employment.

Members of the Board may not receive compensation for service on the Board but may be reimbursed for travel, subsistence, and other necessary expenses incurred in carrying out the duties of the Board.

The FFAR provides annual audits of its financial condition to the Secretary of Agriculture and the Comptroller General of the United States for examination or audit.

In 2016, USDA and FFAR agreed to a Memorandum of Understanding defining in general terms the basis on which the parties will cooperate and to articulate the nature of the relationship between USDA and FFAR. The MOU will be effective for a term of five years, which term shall be renewable by mutual agreement of the Parties.

## Related Party

### Milk Market Orders Assessment Fund

The Secretary of Agriculture is authorized by the Agricultural Marketing Agreement Act of 1937, as amended under certain conditions to issue Federal milk marketing orders establishing minimum prices which handlers are required to pay for milk purchased from producers. There are currently 11 Federally-sanctioned milk market orders in operation. Market administrators are appointed by the Secretary and are responsible for carrying out the terms of specific marketing orders. Their operating expenses are financed by assessments on regulated handlers and partly by deductions from producers, which are reported to the Agricultural Marketing Service (AMS). Most of these funds are collected and deposited in checking and savings accounts in local banks and disbursed directly for direct disbursement by the market administrator. A portion of the funds collected may be invested in securities such as certificates of deposit. Expenses of local offices are met from an administrative fund and a marketing service fund, which are prescribed in each order. The administrative fund is derived from prorated handler assessments.

The marketing service fund of the individual order disseminates market information to producers who are not members of a qualified cooperative. It also provides for the verification of the weights, sampling, and testing of milk from these producers. The cost of these services is borne by such producers. The maximum rates for administrative assessment and for marketing services are set forth in each order and adjustments below these rates are made from time to time upon recommendations by the market administrator and upon approval of the AMS to provide reserves at about a six-month operating level. Upon termination of any order, the statute provides for distributing the proceeds from net assets pro rata to contributing handlers or producers.

The AMS reports this account in the President's Budget because milk marketing administration staff are excepted service. Salaries, health insurance, TSP contributions and all other federal benefits are paid by the marketing order funds and as a result there are no costs to the Federal government. As a result, corresponding dollars are reported for presentation purposes only. In FY 2021, the non-Federal costs of administering Federal milk marketing orders, including salaries and expenses, travel, and rent for office space were estimated to be \$74 million. The Secretary's oversight responsibilities of marketing orders by AMS is funded by the Funds for Strengthening Markets, Income and Supply (Section 32) account.

## NOTE 29: Insurance Programs

In crop year 2021, there were approximately 1.17 million standard reinsurance and livestock policies totaling approximately \$150,000 million insurance protection in force.

The AIPs for Fiscal Year 2021 are as follows:

- Ace American Insurance Company
- American Agri-Business Insurance Company
- American Agricultural Insurance Company

- CGB Insurance Company
- Church Mutual Insurance Company
- Country Mutual Insurance Company
- Farmers Mutual Hail Insurance Company of Iowa
- Great American Insurance Company
- Hudson Insurance Company
- NAU Country Insurance Company
- Producers Agriculture Insurance Company
- Rural Community Insurance Company
- Stratford Insurance Company
- XL Reinsurance America Inc.

The funds within the Federal Crop Insurance Program can be used to pay any authorized expense of the program. The following table lists the type of funds received and the resources used of the program for 2021 and 2020.

**Federal Crop Insurance Program Resource and Resources Used**

<u>Resource</u>	<u>Fiscal Year 2021</u>	<u>Uses</u>	<u>Fiscal Year 2021</u>
Producer Premiums Collected	\$ 4,146	Obligations for Delivery Costs	\$ 1,915
Producer Fees Collected	50	Obligations for Indemnities	8,503
Underwriting Loss Collected from AIPs	90	Obligations for Underwriting Gain	1,517
Appropriations	7,718	Obligations for Initiatives & Other Costs	62
Appropriations Transfers	(13)		
Unobligated Balance Beginning of Year	596	Unobligated Balance End of Year	590
<b>Total</b>	<b><u>\$ 12,587</u></b>	<b>Total</b>	<b><u>\$ 12,587</u></b>

<u>Resource</u>	<u>Fiscal Year 2020</u>	<u>Uses</u>	<u>Fiscal Year 2020</u>
Producer Premiums Collected	\$ 3,891	Obligations for Delivery Costs	\$ 1,686
Producer Fees Collected	23	Obligations for Indemnities	9,886
Underwriting Loss Collected from AIPs	35	Obligations for Underwriting Gain	533
Appropriations	8,217	Obligations for Initiatives & Other Costs	38
Appropriations Transfers	(13)		
Unobligated Balance Beginning of Year	584	Unobligated Balance End of Year	594
<b>Total</b>	<b><u>\$ 12,737</u></b>	<b>Total</b>	<b><u>\$ 12,737</u></b>

In addition to the mandatory FCIC fund, RMA obligated \$65.8 million in S&E funds to administer the Federal Crop Insurance Program in 2021. The Federal Crop Insurance Act requires the total premium, including producer paid premium and premium subsidy, to be established to achieve an overall projected loss ratio of not greater than 1.0 over an extended period of time. The FCIC Act dictates the percentage of subsidized premium. The estimation of expected indemnities is generally based on the observed historical rate of loss often referred to as the ‘loss cost’ method.

In fiscal year 2021 there was widespread drought conditions in many parts of the nation, causing catastrophic damage to crops. To provide relief, RMA deferred collection of any unpaid

producer premium without interest by two months. The total amount of deferred collections was approximately \$3,700 million.

To provide COVID-19 relief in FY 2020, RMA allowed additional time for policyholders to make payment of premium and administrative fees for the August 15 premium billing date, representing most of the year's premium due. The estimated deferred collections in fiscal year 2020 is \$2,500 million.

FCIC collects administrative fees from producers in return for catastrophic risk protection coverage and additional levels coverage. The rates are set by statute. For reinsurance year 2021, the catastrophic risk protection fees were \$655 per crop per county and \$30 for additional levels coverage per crop per county.

FCIC may request the Secretary of Agriculture to provide borrowing authority funds of the CCC if at any time the amounts in the insurance fund are insufficient to allow FCIC to carry out its duties. Even though the authority exists, FCIC did not request CCC funds in the reporting period. Instead, FCIC uses such sums as are necessary from the U.S. Treasury to cover program costs that are more than collections.

### Loss Recognition

The end of the government's fiscal year, on September 30, occurs while many crops are still in the field and subject to ongoing natural risks. This misalignment between the government's fiscal year and the inherent business cycle of the crop insurance program results in significant uncertainty for the end-of-fiscal-year estimates of claims. Estimates can often vary by 20% or more from final results.

Estimates of claims are based on current crop conditions and historical trends for a given crop condition. Therefore, it is assumed the expected claims will be similar to levels observed historically.

The estimate model assumes that there is a relationship between crop yields, harvest prices, and the resulting loss ratios. The indemnity for an individual producer is based on the difference between the producer's actual yield and his/her average yield. Similarly, for revenue plans, the indemnity is based on the difference between the actual harvest price and the "base" price which is the estimated harvest price at the time the crop is planted.

Regression analyses are calculated based on the historic relationships between the crop yields and harvest prices (when necessary) for each crop in each state and the resulting loss ratios in each of those years. The resulting regression coefficients are used in conjunction with the most recent NASS forecasts and commodity futures prices to calculate a projected loss ratio for each crop/state combination.

There are uncertainties associated with these assumptions including:

- Actual yields which may be different than those provided by the NASS estimates;
- Changes in weather patterns close to harvesting dates, which could affect yields but not be reflected in the NASS estimates;
- Commodity prices which may change from those in the market because of many factors (such as weather, yields, and economic conditions); and
- Significant catastrophic weather events (i.e. hurricanes and freezes) occurring near the balance sheet date which could affect estimated crop yields and crop prices.

There are uncertainties associated with assumptions used to estimate losses on insurance claims. As a result, the ultimate liability may differ significantly from the recorded estimate. Indemnity costs are paid from premium proceeds, including producer paid premium and premium subsidies. If indemnity costs exceed funds available, additional funds will be requested and apportioned to FCIC.

### Insurance Liabilities

The following table shows the insurance liabilities as of September 30, 2021 and September 30, 2020.

	<u>2021</u>	<u>2020</u>
<b>Estimated Losses on Insurance Claims</b>		
Liability for Unpaid Insurance Claims	\$ 3,413	\$ 737
Liability for Losses on Remaining Coverage	6,572	4,149
<b>Total Estimated Losses on Insurance Claims</b>	<b>\$ 9,985</b>	<b>\$ 4,886</b>
Unearned Revenue	1,189	750
Underwriting Gain	3,044	2,058
Other Insurance Liabilities	8	9
<b>Total Insurance Liabilities (1)</b>	<b>\$ 14,226</b>	<b>\$ 7,703</b>

(1) In Fiscal Year 2020, there was reported \$5 million for contingent liabilities.

Reported insurance liabilities increased significantly from fiscal year 2020 to fiscal year 2021. This increase is attributed to:

- Higher coverage amount as the result of higher crop prices
- Increase participation in certain insurance products (Rainfall Index Plans and Livestock Plans)
- Higher level of losses caused by widespread drought

## Estimated Losses on Insurance Claims.

The following tables show information for changes in the estimated losses on insurance claims for fiscal year 2021 and fiscal year 2020.

<u>Changes in Estimated Losses on Insurance Claims</u>	<u>2021</u>	<u>2020</u>
<b>Beginning Balance</b>	\$ 4,886	\$ 4,915
Claims Expenses	8,477	9,886
Payments to Settle Claims	(8,570)	(9,974)
Adjustment of Accruals for Estimated Losses	5,192	59
<b>Ending Balance</b>	<u>\$ 9,985</u>	<u>\$ 4,886</u>

The chart above provides a look forward of the Liability for Estimated Losses on Insurance Claims from the prior year to the current year. The Claims Expenses represents actual claims reported. In fiscal year 2021 the actual claims reported were \$1,400 million less than fiscal year 2020. This was a result of higher losses related to reinsurance year 2019 reported in fiscal year 2020. Payments to Settle Claims are the actual payments to producers. The amounts for fiscal year 2020 do not include the \$5 million for contingent liabilities.

The Adjustment of Accrual for Estimated Losses is the reversal of the prior year accrual combined with the current year accrual for estimated losses. The indemnity projection is based on two major factors: losses due to a shortfall in yield and changes in commodity prices impacting revenue plans. The principal data source for yield projections is the NASS Crop Production report. The NASS Crop Production report is considered to represent USDA's official perspective on the current state of agricultural production. It is based on a survey of growers along with inspections of randomly selected sections of farms. Although the NASS Crop Production report is scrutinized by multiple sources, it is still an estimate and is subject to some uncertainty.

The revenue plans of insurance base their indemnities on the futures prices for specific contracts and exchanges. The best prediction of the final price for the futures contract is the most current price of the relevant commodities exchange. At the time the indemnity projection is made, up-to-date futures prices are taken from multiple exchanges. Again, this is subject to uncertainty due to fluctuations in markets.

## Liability for Unpaid Insurance Claims

Liability for unpaid insurance claims are claims for adverse events that occurred before the end of the reporting period. Under SFFAS 51, for the claim to be considered incurred, a single event or a series of events must be completed by the end of the reporting period to be considered an adverse event of the period.

The liability for unpaid insurance claims is comprised of the following:

- Funds in the Escrow accounts to cover payments to producers who have not cashed their indemnity payments
- Claims reported but not paid as of the end of the reporting period
- Incurred but Not Reported (IBNR) is estimated claims from events that have occurred as of the end of the reporting period but have not yet been reported for settlement.

FCIC uses a historical trend analysis based upon the data from the prior years to determine the value of claims incurred for the current reinsurance year as of the financial statement reporting date. When the Summary of Business (SOB) is higher than the estimate at year end, the SOB amount is used.

### Liability for Losses on Remaining Coverage

The liability for losses on remaining coverage as of the end of the reporting period represents the estimated amounts to be paid to settle claims for the remaining open arrangement period exceeding losses associated with the related unearned premiums as of the end of the reporting period.

The liability for losses on remaining coverage is the total projected losses minus actual losses reported, IBNR, and losses associated with unearned premium.

### Liability for Unearned Insurance Premiums

Premium revenue is comprised of producer paid premium. Producer paid premium is recognized as earned proportionately over each crop's growing season. The portion of producer paid premium not recognized at the conclusion of the fiscal year is classified as insurance and guarantee program liabilities in the balance sheet. Much of the increase in fiscal year 2021 was due to:

- Higher level of premium caused by higher crop prices
- Higher participation in livestock products and rainfall index plans

	<u>2021</u>	<u>2020</u>
Liability for Unearned Insurance Premiums	<u>\$ 1,189</u>	<u>\$ 750</u>

## Underwriting Gain/Loss

Underwriting gain/loss is the AIPs portion of earnings or losses on the insurance book of business due from or to FCIC. A periodic settlement, as stipulated in the SRA, is calculated where results of business written by AIPs are determined and an experience-rated gain or loss on business ceded from AIPs is computed. Payments due to AIPs for a net gain are paid in the second fiscal year following the reinsurance year. Underwriting losses are paid to FCIC periodically.

<u>Underwriting Gain</u>	<u>2021</u>	<u>2020</u>
Current Year Estimated Gains	\$ 1,587	\$ 1,525
Actual Underwriting Gains	1,457	533
<b>Total Underwriting Gain Liability</b>	<b>\$ 3,044</b>	<b>\$ 2,058</b>

At the end of fiscal year 2021, the underwriting gain liability includes amounts for reinsurance years 2020 and 2021. The reinsurance year 2021 estimated underwriting gain of \$1,587 million was based on a loss ratio of 0.95. The actual reinsurance year 2020 Underwriting Gain is \$1,457 million and will be paid in fiscal year 2022. The actual loss ratio for reinsurance year 2020 is 0.85.

The underwriting gain liability for fiscal year 2020 includes amounts for reinsurance year 2019 and 2020. The reinsurance year 2020 estimated underwriting gain was \$1,525 million and the actual loss ratio was 0.81. The actual reinsurance year 2019 underwriting gain was \$533 million, paid in fiscal year 2021, and based on a loss ratio of 1.02

## NOTE 30: COVID-19 Activity

The tables below summarize supplemental funding for COVID-19 and its financial statement impact.

### FY 2021

Account Name	Treasury Account Symbol	Purpose	Unobligated Balances from Prior Year	Total Supplemental Current Year	Total Obligations	Amounts Remaining to be Obligated	Total Outlays
Farm Service Agency / Commodity Credit Corporation (CCC) - Assistance for Socially Disadvantaged Farmers and Ranchers	12X0172	American Rescue Plan Act	\$ -	\$ 1,960	\$ 1,960	\$ -	\$ 1
CCC- Food for Peace Title II Grants (Foreign Agricultural Service)	121/22278	American Rescue Plan Act	-	800	648	152	209
FNS-Supplemental Nutrition Assistance Program (SNAP)	120/13505	Families First Coronavirus Response Act	-	-	-	-	2
FNS-SNAP	120/13505	CARES Act	60	-	55	5	51
FNS-SNAP	1203505	Families First Coronavirus Response Act	1,082	3,700	2,928	1,854	2,519
FNS-SNAP	1213505	Consolidated Appropriations Act, 2021	-	60,866	47,560	13,306	46,965
FNS-SNAP	12X3505	Consolidated Appropriations Act, 2021	-	5	-	5	-
FNS-SNAP	121/33505	American Rescue Plan Act	-	1,150	241	909	43
FNS-SNAP	121/63505	American Rescue Plan Act	-	25	-	25	-
FNS-SNAP	121/73505	American Rescue Plan Act	-	1,000	966	34	176
FNS-Commodity Assistance Program (CAP)	120/13507	Families First Coronavirus Response Act	186	12	196	2	273
FNS-CAP	120/13507	CARES Act	59	25	81	3	261
FNS-CAP	121/23507	American Rescue Plan Act	-	37	37	-	14
FNS-CAP	1213507	Consolidated Appropriations Act, 2021	-	413	412	1	138
FNS-Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	120/13510	Families First Coronavirus Response Act	500	-	500	-	500
FNS-WIC	121/23510	American Rescue Plan Act	-	490	490	-	115
FNS-WIC	121/43510	American Rescue Plan Act	-	390	-	390	-
FNS-Child Nutrition Programs (CN)	120/13539	CARES Act	1,762	554	2,316	-	3,235
FNS-CN	1213539	Consolidated Appropriations Act, 2021	-	1,800	1,477	323	729
FSIS-Food Safety and Inspection Service	120/13700	CARES Act	16	2	17	1	20
AMS - Marketing Services	120/12500	CARES Act	32	-	32	-	33
AMS - Marketing Services	12X2500	Consolidated Appropriations Act, 2021	-	522	7	515	2
AMS - Payments to States and Possessions	12X2501	Consolidated Appropriations Act, 2021	-	100	3	97	1
APHIS- Salaries and Expenses	121/21600	Consolidated Appropriations Act, 2021	-	102	-	102	-
APHIS- Salaries and Expenses	12X1600	American Rescue Plan Act	-	300	-	300	-
Forest Service-Capital Improvement and Maintenance	120/11103	CARES Act	18	-	18	-	9
Forest Service-Forest and Rangeland Research	120/11104	CARES Act	3	-	3	-	1
Forest Service-National Forest System	120/11106	CARES Act	18	-	17	1	17
Forest Service-Wildland Fire Management	120/11115	CARES Act	2	-	2	-	2
Rural Development- Distance Learning, Telemedicine, and Broadband Program	12X1232	CARES Act	24	-	24	-	-
Rural Development-Distance Learning, Telemedicine, and Broadband Program	120/11232	CARES Act	12	-	7	5	-
Rural Development-Rural Business Program Account	120/11902	CARES Act	13	-	13	-	16
Rural Development- Rental Assistance Program	121/20137	American Rescue Plan Act	-	100	100	-	17
Rural Development- Rural Community Facilities Program Account	121/31951	American Rescue Plan Act	-	500	25	475	25
Rural Development Rural Housing Insurance Fund Program Account	121/32081	American Rescue Plan Act	-	39	1	38	1
Rural Development Rural Cooperative Development Grants	12X1900	Consolidated Appropriations Act, 2021	-	38	35	3	3
NIFA - Farming Opportunities Training and Outreach Program; Farm Stress Program; Gus Schumacher Nutrition Incentive Program	12X0502	Consolidated Appropriations Act, 2021	-	140	123	17	1
FAS- Salaries and Expenses	120/12900	CARES Act	2	-	1	1	1
Office of the Secretary	1200115	Families First Coronavirus Response Act	93	32	29	96	1,127
Office of the Secretary	12X0115	CARES Act	16,479	201	12,794	3,886	14,380
Office of the Secretary	12X0115	CARES Act and Consolidated Appropriations Act, 2021	-	11,225	7,927	3,298	7,587
Office of the Secretary	12X0115	American Rescue Plan Act	-	4,658	2	4,656	-
Office of Inspector General	121/20900	American Rescue Plan Act	-	3	2	1	2
<b>Total</b>			<b>\$ 20,361</b>	<b>\$ 91,189</b>	<b>\$ 81,049</b>	<b>\$ 30,501</b>	<b>\$ 78,476</b>

Account Name	Farm Service Agency / Commodity Credit Corporation (CCC) - Assistance for Socially Disadvantaged Farmers and Ranchers	CCC- Food for Peace Title II Grants (Foreign Agricultural Service)	FNS- Supplemental Nutrition Assistance Program (SNAP)	FNS-SNAP	FNS-SNAP	FNS-SNAP	FNS-SNAP	FNS-SNAP
Treasury Account Symbol	12X0172	121/22278	120/13505	120/13505	1203505	1213505	12X3505	121/33505
Purpose	American Rescue Plan Act	American Rescue Plan Act	Families First Coronavirus Response Act	CARES Act	Families First Coronavirus Response Act	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021	American Rescue Plan Act
<b>BALANCE SHEET</b>								
<b>Intragovernmental:</b>								
Fund Balance with Treasury (Note 3)	\$ 1,959	\$ 591	\$ 1	\$ 71	\$ 1,855	\$ 13,902	\$ 5	\$ 1,107
<b>Total Intragovernmental Assets</b>	<b>1,959</b>	<b>591</b>	<b>1</b>	<b>71</b>	<b>1,855</b>	<b>13,902</b>	<b>5</b>	<b>1,107</b>
Accounts Receivable, Net (Note 6)	-	-	-	-	-	-	-	-
Inventory and Related Property, Net (Note 8)	-	14	-	-	-	-	-	-
Advances and Prepayments	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>1,959</b>	<b>605</b>	<b>1</b>	<b>71</b>	<b>1,855</b>	<b>13,902</b>	<b>5</b>	<b>1,107</b>
<b>Intragovernmental:</b>								
Accounts Payable (Note 14)	-	-	-	-	-	-	-	-
Debt (Note 12)	-	-	-	-	-	-	-	-
Advances from Others and Deferred Revenue	-	-	-	-	-	-	-	-
Other Liabilities (Note 14)	-	-	-	-	-	-	-	-
<b>Total Intragovernmental Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accounts Payable	-	50	-	-	-	-	-	-
Benefits Due and Payable	-	-	1	50	-	474	-	198
Other Liabilities (Note 14, 15 & 16)	1,959	58	-	3	-	122	-	-
<b>Total Liabilities</b>	<b>1,959</b>	<b>108</b>	<b>1</b>	<b>53</b>	<b>-</b>	<b>596</b>	<b>-</b>	<b>198</b>
Unexpended Appropriations	-	483	-	18	1,855	13,306	5	909
Cumulative Results of Operations	-	14	-	-	-	-	-	-
<b>Total Liabilities and Net Position</b>	<b>1,959</b>	<b>605</b>	<b>1</b>	<b>71</b>	<b>1,855</b>	<b>13,902</b>	<b>5</b>	<b>1,107</b>
<b>STATEMENT OF NET COST</b>								
Gross Program Costs	1,960	303	-	42	(773)	47,560	-	241
<b>Net Cost of Operations (Note 18)</b>	<b>1,960</b>	<b>303</b>	<b>-</b>	<b>42</b>	<b>(773)</b>	<b>47,560</b>	<b>-</b>	<b>241</b>
<b>STATEMENT OF CHANGES IN NET POSITION</b>								
<b>Unexpended Appropriations:</b>								
Beginning Balance	-	-	-	60	1,082	-	-	-
Appropriations Received	5,050	800	-	-	-	60,866	5	1,150
Appropriations Transferred in/out	-	-	-	-	-	-	-	-
Other Adjustments	(3,090)	-	-	-	-	-	-	-
Appropriations Used	(1,960)	(317)	-	(42)	773	(47,560)	-	(241)
<b>Net Change in Unexpended Appropriations</b>	<b>-</b>	<b>483</b>	<b>-</b>	<b>(42)</b>	<b>773</b>	<b>13,306</b>	<b>5</b>	<b>909</b>
<b>Total Unexpended Appropriations Ending Balance</b>	<b>-</b>	<b>483</b>	<b>-</b>	<b>18</b>	<b>1,855</b>	<b>13,306</b>	<b>5</b>	<b>909</b>
<b>Cumulative Results of Operations:</b>								
Beginning Balance	-	-	-	-	-	-	-	-
Appropriations Used	1,960	317	-	42	(773)	47,560	-	241
Net Cost of Operations	(1,960)	(303)	-	(42)	773	(47,560)	-	(241)
<b>Net Change and Cumulative Results of Operations</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative Results of Operations - Ending Balance</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position End of Period</b>	<b>\$ -</b>	<b>\$ 497</b>	<b>\$ -</b>	<b>\$ 18</b>	<b>\$ 1,855</b>	<b>\$ 13,306</b>	<b>\$ 5</b>	<b>\$ 909</b>

FY 2021 Continued

Account Name	FNS-SNAP		FNS-Commodity Assistance Program (CAP)	FNS-CAP		FNS-CAP	FNS-Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	FNS-WIC
	Treasury Account Symbol	Treasury Account Symbol	Treasury Account Symbol	Treasury Account Symbol	Treasury Account Symbol	Treasury Account Symbol	Treasury Account Symbol	Treasury Account Symbol
Purpose	121/63505	121/73505	120/13507	120/13507	121/23507	1213507	120/13510	121/23510
	American Rescue Plan Act	American Rescue Plan Act	Families First Coronavirus Response Act	CARES Act	American Rescue Plan Act	Consolidated Appropriations Act, 2021	Families First Coronavirus Response Act	American Rescue Plan Act
<b>BALANCE SHEET</b>								
<b>Intragovernmental:</b>								
Fund Balance with Treasury (Note 3)	\$ 25	\$ 824	\$ 31	\$ 27	\$ 23	\$ 275	\$ -	\$ 375
<b>Total Intragovernmental Assets</b>	<b>25</b>	<b>824</b>	<b>31</b>	<b>27</b>	<b>23</b>	<b>275</b>	<b>-</b>	<b>375</b>
Accounts Receivable, Net (Note 6)	-	-	-	-	-	-	-	-
Inventory and Related Property, Net (Note 8)	-	-	-	-	-	-	-	-
Advances and Prepayments	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>25</b>	<b>824</b>	<b>31</b>	<b>27</b>	<b>23</b>	<b>275</b>	<b>-</b>	<b>375</b>
<b>Intragovernmental:</b>								
Accounts Payable (Note 14)	-	-	-	-	-	-	-	-
Debt (Note 12)	-	-	-	-	-	-	-	-
Advances from Others and Deferred Revenue	-	-	-	-	-	-	-	-
Other Liabilities (Note 14)	-	-	-	-	-	-	-	-
<b>Total Intragovernmental Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accounts Payable	-	-	1	-	1	4	-	-
Benefits Due and Payable	-	790	-	-	1	-	-	-
Other Liabilities (Note 14, 15 & 16)	-	-	7	9	-	36	-	375
<b>Total Liabilities</b>	<b>-</b>	<b>790</b>	<b>8</b>	<b>9</b>	<b>2</b>	<b>40</b>	<b>-</b>	<b>375</b>
Unexpended Appropriations	25	34	23	18	21	235	-	-
Cumulative Results of Operations	-	-	-	-	-	-	-	-
<b>Total Liabilities and Net Position</b>	<b>25</b>	<b>824</b>	<b>31</b>	<b>27</b>	<b>23</b>	<b>275</b>	<b>-</b>	<b>375</b>
<b>STATEMENT OF NET COST</b>								
Gross Program Costs	-	966	225	202	16	178	500	490
<b>Net Cost of Operations (Note 18)</b>	<b>-</b>	<b>966</b>	<b>225</b>	<b>202</b>	<b>16</b>	<b>178</b>	<b>500</b>	<b>490</b>
<b>STATEMENT OF CHANGES IN NET POSITION</b>								
<b>Unexpended Appropriations:</b>								
Beginning Balance	-	-	248	220	-	-	500	-
Appropriations Received	25	1,000	-	-	37	413	-	490
Appropriations Transferred in/out	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-
Appropriations Used	-	(966)	(225)	(202)	(16)	(178)	(500)	(490)
<b>Net Change in Unexpended Appropriations</b>	<b>25</b>	<b>34</b>	<b>(225)</b>	<b>(202)</b>	<b>21</b>	<b>235</b>	<b>(500)</b>	<b>-</b>
<b>Total Unexpended Appropriations Ending Balance</b>	<b>25</b>	<b>34</b>	<b>23</b>	<b>18</b>	<b>21</b>	<b>235</b>	<b>-</b>	<b>-</b>
<b>Cumulative Results of Operations:</b>								
Beginning Balance	-	-	-	-	-	-	-	-
Appropriations Used	-	966	225	202	16	178	500	490
Net Cost of Operations	-	(966)	(225)	(202)	(16)	(178)	(500)	(490)
<b>Net Change and Cumulative Results of Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative Results of Operations - Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position End of Period</b>	<b>\$ 25</b>	<b>\$ 34</b>	<b>\$ 23</b>	<b>\$ 18</b>	<b>\$ 21</b>	<b>\$ 235</b>	<b>\$ -</b>	<b>\$ -</b>

FY 2021 Continued

Account Name	FNS-Child Nutrition Programs (CN)		FSIS-Food Safety and Inspection Service		AMS-Marketing Services		AMS-Payments to States and Possessions	APHIS- Salaries and Expenses
	FNS-WIC	FNS-CN	FNS-CN	FNS-CN	AMS-Marketing Services	AMS-Marketing Services	AMS-Payments to States and Possessions	APHIS- Salaries and Expenses
Treasury Account Symbol	121/43510	120/13539	1213539	120/13700	120/12500	12X2500	12X2501	121/21600
Purpose	American Rescue Plan Act	CARES Act	Consolidated Appropriations Act, 2021	CARES Act	CARES Act	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021
<b>BALANCE SHEET</b>								
<b>Intragovernmental:</b>								
Fund Balance with Treasury (Note 3)	\$ 390	\$ 55	\$ 1,071	\$ 1	\$ -	\$ 520	\$ 99	\$ 102
<b>Total Intragovernmental Assets</b>	<b>390</b>	<b>55</b>	<b>1,071</b>	<b>1</b>	<b>-</b>	<b>520</b>	<b>99</b>	<b>102</b>
Accounts Receivable, Net (Note 6)	-	-	-	-	-	-	-	-
Inventory and Related Property, Net (Note 8)	-	-	-	-	-	-	-	-
Advances and Prepayments	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>390</b>	<b>55</b>	<b>1,071</b>	<b>1</b>	<b>-</b>	<b>520</b>	<b>99</b>	<b>102</b>
<b>Intragovernmental:</b>								
Accounts Payable (Note 14)	-	-	-	-	-	-	-	-
Debt (Note 12)	-	-	-	-	-	-	-	-
Advances from Others and Deferred Revenue	-	-	-	-	-	-	-	-
Other Liabilities (Note 14)	-	-	-	-	-	-	-	-
<b>Total Intragovernmental Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accounts Payable	-	-	-	-	-	-	-	-
Benefits Due and Payable	-	55	-	-	-	-	-	-
Other Liabilities (Note 14, 15 & 16)	-	-	748	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>55</b>	<b>748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unexpended Appropriations	390	-	323	1	-	520	99	102
Cumulative Results of Operations	-	-	-	-	-	-	-	-
<b>Total Liabilities and Net Position</b>	<b>390</b>	<b>55</b>	<b>1,071</b>	<b>1</b>	<b>-</b>	<b>520</b>	<b>99</b>	<b>102</b>
<b>STATEMENT OF NET COST</b>								
Gross Program Costs	-	1,761	1,477	19	32	2	1	-
<b>Net Cost of Operations (Note 18)</b>	<b>-</b>	<b>1,761</b>	<b>1,477</b>	<b>19</b>	<b>32</b>	<b>2</b>	<b>1</b>	<b>-</b>
<b>STATEMENT OF CHANGES IN NET POSITION</b>								
Unexpended Appropriations:								
Beginning Balance	-	1,761	-	20	32	-	-	-
Appropriations Received	390	-	1,800	-	-	522	100	635
Appropriations Transferred in/out	-	-	-	-	-	-	-	(533)
Other Adjustments	-	-	-	-	-	-	-	-
Appropriations Used	-	(1,761)	(1,477)	(19)	(32)	(2)	(1)	-
<b>Net Change in Unexpended Appropriations</b>	<b>390</b>	<b>(1,761)</b>	<b>323</b>	<b>(19)</b>	<b>(32)</b>	<b>520</b>	<b>99</b>	<b>102</b>
<b>Total Unexpended Appropriations Ending Balance</b>	<b>390</b>	<b>-</b>	<b>323</b>	<b>1</b>	<b>-</b>	<b>520</b>	<b>99</b>	<b>102</b>
<b>Cumulative Results of Operations:</b>								
Beginning Balance	-	-	-	-	-	-	-	-
Appropriations Used	-	1,761	1,477	19	32	2	1	-
Net Cost of Operations	-	(1,761)	(1,477)	(19)	(32)	(2)	(1)	-
<b>Net Change and Cumulative Results of Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative Results of Operations - Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position End of Period</b>	<b>\$ 390</b>	<b>\$ -</b>	<b>\$ 323</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 520</b>	<b>\$ 99</b>	<b>\$ 102</b>

FY 2021 Continued

Account Name	APHIS- Salaries and Expenses	Forest Service- Capital Improvement and Maintenance	Forest Service- Forest and Rangeland Research	Forest Service- National Forest System	Forest Service- Wildland Fire Management	Rural Development- Distance Learning, Telemedicine, and Broadband Program	Rural Development- Distance Learning, Telemedicine, and Broadband Program	Rural Development- Rural Business Program Account
Treasury Account Symbol	12X1600	120/11103	120/11104	120/11106	120/11115	12X1232	120/11232	120/11902
Purpose	American Rescue Plan Act	CARES Act	CARES Act	CARES Act	CARES Act	CARES Act	CARES Act	CARES Act
<b>BALANCE SHEET</b>								
<b>Intragovernmental:</b>								
Fund Balance with Treasury (Note 3)	\$ 300	\$ 16	\$ 2	\$ 10	\$ 2	\$ 24	\$ 97	\$ 3
<b>Total Intragovernmental Assets</b>	<b>300</b>	<b>16</b>	<b>2</b>	<b>10</b>	<b>2</b>	<b>24</b>	<b>97</b>	<b>3</b>
Accounts Receivable, Net (Note 6)	-	-	-	-	-	-	-	-
Inventory and Related Property, Net (Note 8)	-	-	-	-	-	-	-	-
Advances and Prepayments	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>300</b>	<b>16</b>	<b>2</b>	<b>10</b>	<b>2</b>	<b>24</b>	<b>97</b>	<b>3</b>
<b>Intragovernmental Liabilities:</b>								
Accounts Payable (Note 14)	-	-	-	-	-	-	-	-
Debt (Note 12)	-	-	-	-	-	-	-	-
Advances from Others and Deferred Revenue	-	-	-	-	-	-	-	-
Other Liabilities (Note 14)	-	-	-	-	-	-	-	-
<b>Total Intragovernmental Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accounts Payable	-	-	-	-	-	-	-	-
Benefits Due and Payable	-	-	-	-	-	-	-	-
Other Liabilities (Note 14, 15 & 16)	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unexpended Appropriations	300	16	2	10	2	24	97	3
Cumulative Results of Operations	-	-	-	-	-	-	-	-
<b>Total Liabilities and Net Position</b>	<b>300</b>	<b>16</b>	<b>2</b>	<b>10</b>	<b>2</b>	<b>24</b>	<b>97</b>	<b>3</b>
<b>STATEMENT OF NET COST</b>								
Gross Program Costs	-	7	1	17	2	-	-	16
<b>Net Cost of Operations (Note 18)</b>	<b>-</b>	<b>7</b>	<b>1</b>	<b>17</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>16</b>
<b>STATEMENT OF CHANGES IN NET POSITION</b>								
<b>Unexpended Appropriations:</b>								
Beginning Balance	-	23	3	27	4	24	97	19
Appropriations Received	300	-	-	-	-	-	-	-
Appropriations Transferred in/out	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-
Appropriations Used	-	(7)	(1)	(17)	(2)	-	-	(16)
<b>Net Change in Unexpended Appropriations</b>	<b>300</b>	<b>(7)</b>	<b>(1)</b>	<b>(17)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(16)</b>
<b>Total Unexpended Appropriations Ending Balance</b>	<b>300</b>	<b>16</b>	<b>2</b>	<b>10</b>	<b>2</b>	<b>24</b>	<b>97</b>	<b>3</b>
<b>Cumulative Results of Operations:</b>								
Beginning Balance	-	-	-	-	-	-	-	-
Appropriations Used	-	7	1	17	2	-	-	16
Net Cost of Operations	-	(7)	(1)	(17)	(2)	-	-	(16)
<b>Net Change and Cumulative Results of Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative Results of Operations - Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position End of Period</b>	<b>\$ 300</b>	<b>\$ 16</b>	<b>\$ 2</b>	<b>\$ 10</b>	<b>\$ 2</b>	<b>\$ 24</b>	<b>\$ 97</b>	<b>\$ 3</b>

FY 2021 Continued

Account Name	Rural Development-Rental Assistance Program	Rural Development-Rural Community Faculties Program Account	Rural Development Rural Housing Insurance Fund Program Account	Rural Development Rural Cooperative Development Grants	NIFA-Farming Opportunities Training and Outreach Program; Farm Stress Program; Gus Schumacher Nutrition Incentive Program	FAS-Salaries and Expenses	Office of the Secretary	Office of the Secretary
Treasury Account Symbol	121/20137	121/31951	121/32081	12X1900	12X0502	120/12900	1200115	12X0115
Purpose	American Rescue Plan Act	American Rescue Plan Act	American Rescue Plan Act	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021	CARES Act	Families First Coronavirus Response Act	CARES Act
<b>BALANCE SHEET</b>								
<b>Intragovernmental:</b>								
Fund Balance with Treasury (Note 3)	\$ 83	\$ 475	\$ 38	\$ 35	\$ 140	\$ 2	\$ 409	\$ 3,931
<b>Total Intragovernmental Assets</b>	<b>83</b>	<b>475</b>	<b>38</b>	<b>35</b>	<b>140</b>	<b>2</b>	<b>409</b>	<b>3,931</b>
Accounts Receivable, Net (Note 6)	-	-	-	-	-	-	-	29
Inventory and Related Property, Net (Note 8)	-	-	-	-	-	-	-	-
Advances and Prepayments	-	-	-	-	-	-	-	15
<b>Total Assets</b>	<b>83</b>	<b>475</b>	<b>38</b>	<b>35</b>	<b>140</b>	<b>2</b>	<b>409</b>	<b>3,975</b>
<b>Intragovernmental:</b>								
Accounts Payable (Note 14)	-	-	-	-	-	-	-	-
Debt (Note 12)	-	-	-	-	-	-	-	-
Advances from Others and Deferred Revenue	-	-	-	-	-	-	-	-
Other Liabilities (Note 14)	-	-	-	-	-	-	-	-
<b>Total Intragovernmental Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accounts Payable	-	-	-	-	-	-	(1)	28
Benefits Due and Payable	-	-	-	-	-	-	-	-
Other Liabilities (Note 14, 15 & 16)	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>28</b>
Unexpended Appropriations	83	475	38	35	140	2	410	2,383
Cumulative Results of Operations	-	-	-	-	-	-	-	1,564
<b>Total Liabilities and Net Position</b>	<b>83</b>	<b>475</b>	<b>38</b>	<b>35</b>	<b>140</b>	<b>2</b>	<b>409</b>	<b>3,975</b>
<b>STATEMENT OF NET COST</b>								
Gross Program Costs	17	25	1	3	-	1	1,009	12,809
<b>Net Cost of Operations (Note 18)</b>	<b>17</b>	<b>25</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>1</b>	<b>1,009</b>	<b>12,809</b>
<b>STATEMENT OF CHANGES IN NET POSITION</b>								
<b>Unexpended Appropriations:</b>								
Beginning Balance	-	-	-	-	-	3	1,419	4,217
Appropriations Received	100	500	39	38	141	-	-	-
Appropriations Transferred in/out	-	-	-	-	-	-	-	(999)
Other Adjustments	-	-	-	-	-	-	-	-
Appropriations Used	(17)	(25)	(1)	(3)	(1)	(1)	(1,009)	(835)
<b>Net Change in Unexpended Appropriations</b>	<b>83</b>	<b>475</b>	<b>38</b>	<b>35</b>	<b>140</b>	<b>(1)</b>	<b>(1,009)</b>	<b>(1,834)</b>
<b>Total Unexpended Appropriations Ending Balance</b>	<b>83</b>	<b>475</b>	<b>38</b>	<b>35</b>	<b>140</b>	<b>2</b>	<b>410</b>	<b>2,383</b>
<b>Cumulative Results of Operations:</b>								
Beginning Balance	-	-	-	-	-	-	-	13,538
Appropriations Used	17	25	1	3	-	1	1,009	835
Net Cost of Operations	(17)	(25)	(1)	(3)	-	(1)	(1,009)	(12,809)
<b>Net Change and Cumulative Results of Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,974)</b>
<b>Cumulative Results of Operations - Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,564</b>
<b>Net Position End of Period</b>	<b>\$ 83</b>	<b>\$ 475</b>	<b>\$ 38</b>	<b>\$ 35</b>	<b>\$ 140</b>	<b>\$ 2</b>	<b>\$ 410</b>	<b>\$ 3,947</b>

FY 2021 Continued

Account Name	Office of the Secretary	Office of the Secretary	Office of Inspector General	
Treasury Account Symbol	12X0115	12X0115	121/20900	
Purpose	CARES Act and Consolidated Appropriations Act, 2021	American Rescue Plan Act	American Rescue Plan Act	Total
<b>BALANCE SHEET</b>				
<b>Intragovernmental:</b>				
Fund Balance with Treasury (Note 3)	\$ 3,638	\$ 4,657	\$ -	\$ 37,171
<b>Total Intragovernmental Assets</b>	<b>3,638</b>	<b>4,657</b>	<b>-</b>	<b>37,171</b>
Accounts Receivable, Net (Note 6)	-	-	-	29
Inventory and Related Property, Net (Note 8)	-	-	-	14
Advances and Prepayments	-	-	-	15
<b>Total Assets</b>	<b>3,638</b>	<b>4,657</b>	<b>-</b>	<b>37,229</b>
<b>Intragovernmental:</b>				
Accounts Payable (Note 14)	-	-	-	-
Debt (Note 12)	-	-	-	-
Advances from Others and Deferred Revenue	-	-	-	-
Other Liabilities (Note 14)	-	-	-	-
<b>Total Intragovernmental Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accounts Payable	5	-	-	88
Benefits Due and Payable	-	-	-	1,569
Other Liabilities (Note 14, 15 & 16)	281	-	-	3,598
<b>Total Liabilities</b>	<b>286</b>	<b>-</b>	<b>-</b>	<b>5,255</b>
Unexpended Appropriations	3,352	4,657	-	30,396
Cumulative Results of Operations	-	-	-	1,578
<b>Total Liabilities and Net Position</b>	<b>3,638</b>	<b>4,657</b>	<b>-</b>	<b>37,229</b>
<b>STATEMENT OF NET COST</b>				
Gross Program Costs	7,873	-	2	76,985
<b>Net Cost of Operations (Note 18)</b>	<b>7,873</b>	<b>-</b>	<b>2</b>	<b>76,985</b>
<b>STATEMENT OF CHANGES IN NET POSITION</b>				
<b>Unexpended Appropriations:</b>				
Beginning Balance	-	-	-	9,759
Appropriations Received	11,225	4,657	2	90,285
Appropriations Transferred in/out	-	-	-	(1,532)
Other Adjustments	-	-	-	(3,090)
Appropriations Used	(7,873)	-	(2)	(65,026)
<b>Net Change in Unexpended Appropriations</b>	<b>3,352</b>	<b>4,657</b>	<b>-</b>	<b>20,637</b>
<b>Total Unexpended Appropriations Ending Balance</b>	<b>3,352</b>	<b>4,657</b>	<b>-</b>	<b>30,396</b>
<b>Cumulative Results of Operations:</b>				
Beginning Balance	-	-	-	13,538
Appropriations Used	7,873	-	2	65,025
Net Cost of Operations	(7,873)	-	(2)	(76,985)
<b>Net Change and Cumulative Results of Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,960)</b>
<b>Cumulative Results of Operations - Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,578</b>
<b>Net Position End of Period</b>	<b>\$ 3,352</b>	<b>\$ 4,657</b>	<b>\$ -</b>	<b>\$ 31,974</b>

Account Name	Treasury Account Symbol	Purpose	Total Supplemental	Total Obligations	Amounts	
					Remaining to be Obligated	Total Outlays
FSA- Processing, Research and Marketing, Office of the Secretary	12X0115	CARES Act	\$ 30,000	\$ 13,521	\$ 16,479	\$ 10,689
FSA-Salaries and Expenses	120/10600	CARES Act	3	3	-	3
FNS-Supplemental Nutrition Assistance Program (SNAP)	120/13505	Families First Coronavirus Response Act	100	100	-	96
FNS-SNAP	120/13505	CARES Act	15,810	15,750	60	15,688
FNS-SNAP	1203505	Families First Coronavirus Response Act	12,800	11,718	1,082	8,425
FNS-Commodity Assistance Program (CAP)	120/13507	Families First Coronavirus Response Act	400	214	186	96
FNS-CAP	120/13507	CARES Act	450	391	59	161
FNS-Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	120/13510	Families First Coronavirus Response Act	500	-	500	-
FNS-Child Nutrition Programs (CN)	120/13539	CARES Act	8,800	7,039	1,761	5,511
FSIS-Food Safety and Inspection Service	120/13700	CARES Act	33	17	16	12
AMS- Processing, Research and Marketing, Office of the Secretary	1200115	Families First Coronavirus Response Act	4,000	3,907	93	2,464
AMS- Marketing Services	120/12500	CARES Act	45	13	32	12
APHIS- Salaries and Expenses	120/11600	CARES Act	55	55	-	55
Forest Service-Capital Improvement and Maintenance	120/11103	CARES Act	27	8	19	2
Forest Service-Forest and Rangeland Research	120/11104	CARES Act	3	-	3	-
Forest Service-National Forest System	120/11106	CARES Act	34	16	18	7
Forest Service-Wildland Fire Management	120/11115	CARES Act	7	5	2	4
Rural Development- Distance Learning, Telemedicine, and Broadband Program	12X1232	CARES Act	25	1	24	1
Rural Development-Distance Learning, Telemedicine, and Broadband Program	120/11232	CARES Act	100	88	12	3
Rural Development-Rural Business Program Account	120/11902	CARES Act	21	7	14	2
FAS- Salaries and Expenses	120/12900	CARES Act	4	2	2	2
OIG-Office of Inspector General	120/10900	CARES Act	1	1	-	1
<b>Total</b>			<b>\$ 73,218</b>	<b>\$ 52,856</b>	<b>\$ 20,362</b>	<b>\$ 43,234</b>

ACCOUNT NAME	FSA- Processing, Research and Marketing, Office of the Secretary	FSA- Salaries and Expenses	FNS-Supplemental Nutrition Assistance Program (SNAP)	FNS-SNAP	FNS-SNAP	FNS-Commodity Assistance Program (CAP)	FNS-CAP	FNS-Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
TREASURY ACCOUNT SYMBOL	12X0115	120/10600	120/13505	120/13505	1203505	120/13507	120/13507	120/13510
PURPOSE	CARES Act	CARES Act	Families First Coronavirus Response Act	CARES Act	Families First Coronavirus Response Act	Families First Coronavirus Response Act	CARES Act	Families First Coronavirus Response Act
<b>BALANCE SHEET</b>								
<b>Intragovernmental:</b>								
Fund Balance with Treasury	\$ 19,312	\$ -	\$ 4	\$ 122	\$ 4,375	\$ 304	\$ 289	\$ 500
<b>Total Intragovernmental Assets</b>	<b>19,312</b>	<b>-</b>	<b>4</b>	<b>122</b>	<b>4,375</b>	<b>304</b>	<b>289</b>	<b>500</b>
Accounts Receivable, Net	3	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>19,315</b>	<b>-</b>	<b>4</b>	<b>122</b>	<b>4,375</b>	<b>304</b>	<b>289</b>	<b>500</b>
Accounts Payable	1,560	-	-	-	-	2	4	-
Benefits Due and Payable	-	-	4	62	3,293	-	-	-
Other Liabilities	-	-	-	-	-	54	65	-
<b>Total liabilities</b>	<b>1,560</b>	<b>-</b>	<b>4</b>	<b>62</b>	<b>3,293</b>	<b>56</b>	<b>69</b>	<b>-</b>
Unexpended Appropriations	4,217	-	-	60	1,082	248	220	500
Cumulative Results of Operations	13,538	-	-	-	-	-	-	-
<b>Total Liabilities and Net Position</b>	<b>19,315</b>	<b>-</b>	<b>4</b>	<b>122</b>	<b>4,375</b>	<b>304</b>	<b>289</b>	<b>500</b>
<b>STATEMENT OF NET COST</b>								
Gross Program Costs	12,245	3	100	15,750	11,718	152	230	-
<b>Net Cost of Operations</b>	<b>12,245</b>	<b>3</b>	<b>100</b>	<b>15,750</b>	<b>11,718</b>	<b>152</b>	<b>230</b>	<b>-</b>
<b>STATEMENT OF CHANGES IN NET POSITION</b>								
Net Position Beginning of Period	-	-	-	-	-	-	-	-
Other Financing Sources	30,000	3	100	15,810	12,800	400	450	500
Net Cost of Operations	(12,245)	(3)	(100)	(15,750)	(11,718)	(152)	(230)	-
<b>Change in Net Position</b>	<b>17,755</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>1,082</b>	<b>248</b>	<b>220</b>	<b>500</b>
<b>Net Position End of Period</b>	<b>\$ 17,755</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60</b>	<b>\$ 1,082</b>	<b>\$ 248</b>	<b>\$ 220</b>	<b>\$ 500</b>

FY 2020 continued

ACCOUNT NAME	FNS-Child Nutrition Programs (CN)	FSIS-Food Safety and Inspection Service	AMS-Processing, Research and Marketing, Office of the Secretary	AMS-Marketing Services	APHIS- Salaries and Expenses	Forest Service-Capital Improvement and Maintenance	Forest Service-Forest and Rangeland Research	Forest Service-National Forest System
TREASURY ACCOUNT SYMBOL	120/13539	120/13700	1200115	120/12500	120/11600	120/11103	120/11104	120/11106
PURPOSE	CARES Act	CARES Act	Families First Coronavirus Response Act	CARES Act	CARES Act	CARES Act	CARES Act	CARES Act
<b>BALANCE SHEET</b>								
<b>Intragovernmental:</b>								
Fund Balance with Treasury	\$ 3,289	\$ 21	\$ 1,536	\$ 33	\$ -	\$ 24	\$ 3	\$ 27
<b>Total Intragovernmental Assets</b>	<u>3,289</u>	<u>21</u>	<u>1,536</u>	<u>33</u>	<u>-</u>	<u>24</u>	<u>3</u>	<u>27</u>
Accounts Receivable, Net	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>3,289</u>	<u>21</u>	<u>1,536</u>	<u>33</u>	<u>-</u>	<u>24</u>	<u>3</u>	<u>27</u>
Accounts Payable	-	-	117	-	-	2	-	-
Benefits Due and Payable	1,528	-	-	-	-	-	-	-
Other Liabilities	-	1	-	-	-	-	-	-
<b>Total liabilities</b>	<u>1,528</u>	<u>1</u>	<u>117</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>
Unexpended Appropriations	1,761	20	1,419	33	-	22	3	27
Cumulative Results of Operations	-	-	-	-	-	-	-	-
<b>Total Liabilities and Net Position</b>	<u>3,289</u>	<u>21</u>	<u>1,536</u>	<u>33</u>	<u>-</u>	<u>24</u>	<u>3</u>	<u>27</u>
<b>STATEMENT OF NET COST</b>								
Gross Program Costs	7,039	13	2,581	12	55	5	-	7
<b>Net Cost of Operations</b>	<u>7,039</u>	<u>13</u>	<u>2,581</u>	<u>12</u>	<u>55</u>	<u>5</u>	<u>-</u>	<u>7</u>
<b>STATEMENT OF CHANGES IN NET POSITION</b>								
Net Position Beginning of Period	-	-	-	-	-	-	-	-
Other Financing Sources	8,800	33	4,000	45	55	27	3	34
<b>Net Cost of Operations</b>	<u>(7,039)</u>	<u>(13)</u>	<u>(2,581)</u>	<u>(12)</u>	<u>(55)</u>	<u>(5)</u>	<u>-</u>	<u>(7)</u>
<b>Change in Net Position</b>	<u>1,761</u>	<u>20</u>	<u>1,419</u>	<u>33</u>	<u>-</u>	<u>22</u>	<u>3</u>	<u>27</u>
<b>Net Position End of Period</b>	<u>\$ 1,761</u>	<u>\$ 20</u>	<u>\$ 1,419</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 3</u>	<u>\$ 27</u>

FY 2020 continued

ACCOUNT NAME	Forest Service- Wildland Fire Management	Rural Development- Distance Learning, Telemedicine, and Broadband Program	Rural Development- Distance Learning, Telemedicine, and Broadband Program	Rural Development- Rural Business Program Account	FAS-Salaries and Expenses	OIG-Office of Inspector General	Total
TREASURY ACCOUNT SYMBOL	120/11115	12X1232	120/11232	120/11902	120/12900	120/10900	
PURPOSE	CARES Act	CARES Act	CARES Act	CARES Act	CARES Act	CARES Act	
<b>BALANCE SHEET</b>							
<b>Intragovernmental:</b>							
Fund Balance with Treasury	\$ 3	\$ 24	\$ 97	\$ 19	\$ 2	\$ -	\$ 29,984
<b>Total Intragovernmental Assets</b>	<u>3</u>	<u>24</u>	<u>97</u>	<u>19</u>	<u>2</u>	<u>-</u>	<u>29,984</u>
Accounts Receivable, Net	-	-	-	-	-	-	3
<b>Total Assets</b>	<u>3</u>	<u>24</u>	<u>97</u>	<u>19</u>	<u>2</u>	<u>-</u>	<u>29,987</u>
Accounts Payable	-	-	-	-	-	-	1,685
Benefits Due and Payable	-	-	-	-	-	-	4,887
Other Liabilities	-	-	-	-	-	-	120
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,692</u>
Unexpended Appropriations	3	24	97	19	2	-	9,757
Cumulative Results of Operations	-	-	-	-	-	-	13,538
<b>Total Liabilities and Net Position</b>	<u>3</u>	<u>24</u>	<u>97</u>	<u>19</u>	<u>2</u>	<u>-</u>	<u>29,987</u>
<b>STATEMENT OF NET COST</b>							
Gross Program Costs	4	1	3	2	2	1	49,923
<b>Net Cost of Operations</b>	<u>4</u>	<u>1</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>49,923</u>
<b>STATEMENT OF CHANGES IN NET POSITION</b>							
Net Position Beginning of Period	-	-	-	-	-	-	-
Other Financing Sources	7	25	100	21	4	1	73,218
<b>Net Cost of Operations</b>	<u>(4)</u>	<u>(1)</u>	<u>(3)</u>	<u>(2)</u>	<u>(2)</u>	<u>(1)</u>	<u>(49,923)</u>
<b>Change in Net Position</b>	<u>3</u>	<u>24</u>	<u>97</u>	<u>19</u>	<u>2</u>	<u>-</u>	<u>23,295</u>
<b>Net Position End of Period</b>	<u>\$ 3</u>	<u>\$ 24</u>	<u>\$ 97</u>	<u>\$ 19</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 23,295</u>

RMA took numerous actions to provide relief in the face of the pandemic to ensure crop insurance continued to provide a farm safety net under such unprecedented times. RMA did not receive direct budgetary resources to respond to COVID 19 and most of the actions provided reporting flexibilities to AIP's and producers.

In FY 2021, RMA was assigned to administer the Pandemic Cover Crop Program (PCCP) as part of USDA's Pandemic Assistance for Producers initiative, a bundle of programs to bring financial assistance to farmers, ranchers and producers who felt the impact of COVID-19 market disruptions.

In FY 2020, the most significant action involving financial resources was to allow additional time for policyholders to make payment of premium and administrative fee. The amount of this deferral was \$2,500 million.

### NOTE 31: Subsequent Events

Management is not aware of any events or transactions that have occurred subsequent to the balance sheet date, but prior to the issuance of the financial statements, that have a material effect on the financial statements and therefore require adjustment or disclosure in the statements.

### NOTE 32: Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position For FR Compilation Process

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS.

Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the USDA's financial statements and the USDA's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

A copy of the 2020 FR can be found here: <https://www.fiscal.treasury.gov/reports-statements/> and a copy of the 2021 FR will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that results from other components of the Federal Government.

The term “non-Federal” is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

**Reclassification of Balance Sheet to Line Items Used for the Government-wide Balance Sheet as of September 30, 2021**

FY2021 USDA Balance Sheet						Line Items Used to Prepare FY 2021 Government-wide Balance Sheet
Financial Statement Line	Amounts	Dedicated Collections	All Other Amounts	Eliminations	Total	Reclassified Financial Statement Line
<b>ASSETS (NOTE 2)</b>						
<b>Intragovernmental:</b>						
Fund Balance with Treasury (Note 3)	237,610	3,591	234,019	-	237,610	Fund Balance with Treasury (Note 3) (RC 40)
Investments (Note 5)	256	256	-	-	256	Investments[, net] (Note 5)
Accounts Receivable, Net (Note 6)	320	250	10,836	10,766	320	Accounts receivable[, net] (Note 6)
Advances and Prepayments	42	-	85	43	42	Advances and prepayments (RC 23)
<b>Total Intragovernmental</b>	<b>238,228</b>	<b>4,097</b>	<b>244,940</b>	<b>10,809</b>	<b>238,228</b>	<b>Total Intra-governmental</b>
<b>With the public:</b>						
Cash and Other Monetary Assets (Note 4)	298	-	298	-	298	Cash and other monetary assets (Note 4)
Accounts Receivable, Net (Note 6)	5,353	87	5,266	-	5,353	Accounts receivable[, net] (Notes 6 and 7)
Loans Receivable, Net (Note 7)	113,450	-	113,450	-	113,450	Loans receivable, net (Note 8)
Inventory and Related Property, Net (Note 8)	23	-	23	-	23	Inventory and related property, net (Note 9)
General Property, Plan, and Equipment, Net (Note 9)	2,588	113	2,475	-	2,588	General property[, plant,] and equipment, net (Note 10)
Advances and Prepayments	587	11	576	-	587	Advances and prepayments
Investments (Note 5)	3	3	-	-	3	Investments [,net] (Note 5)
<b>Total With the Public</b>	<b>122,302</b>	<b>214</b>	<b>122,088</b>	<b>-</b>	<b>122,302</b>	<b>Total other than intra-governmental/with the public</b>
<b>Total Assets</b>	<b>360,530</b>	<b>4,311</b>	<b>367,028</b>	<b>10,809</b>	<b>360,530</b>	<b>Total assets</b>
Stewardship PP&E (Note 10)						Stewardship PP&E (Note 11)
<b>LIABILITIES (NOTE 12)</b>						
<b>Intragovernmental:</b>						
Accounts Payable (Note 14)	80	-11	-237	-	(248)	Accounts payable (Note 17)
Debt (Note 12)	132,821	-	132,821	-	132,821	Reconciling Item- Accounts payable - Benefit program contributions payable (Note 15) (RC 21)
Advances from Others and Deferred Revenue	14	-	57	43	14	Debt (Note 14)
Other Liabilities (Note 14)	11,871	11	237	-	248	Advances from others and deferred revenue (RC 23)
<b>Total Intragovernmental</b>	<b>144,786</b>	<b>18</b>	<b>155,577</b>	<b>10,809</b>	<b>144,786</b>	<b>Total Intra-governmental</b>
<b>With the public:</b>						
Accounts Payable	2,353	15	2,338	-	2,353	Accounts payable
Federal Employee Benefits Payable	1,376	52	1,324	-	1,376	Federal employee [and veteran] benefits payable (Note 15)
Environmental and Disposal Liabilities (Note 13)	258	-	258	-	258	Environmental and disposal liabilities (Note 16)
Benefits Due and Payable	8,580	-	8,580	-	8,580	Benefits due and payable
Loan Guarantee Liabilities (Note 7)	(601)	-	-601	-	(601)	Loan guarantee liabilities (Note 8)
Insurance and Guarantee Program Liabilities	14,226	-	14,226	-	14,226	Insurance and guarantee program liabilities
Advances from Others and Deferred Revenue	122	80	42	-	122	Advances from others and deferred revenue
Other Liabilities (Note 14, 15 & 16)	12,977	204	12,773	-	12,977	Other liabilities (Notes 17, 18, and 19)
<b>Total With the Public</b>	<b>39,291</b>	<b>351</b>	<b>38,940</b>	<b>-</b>	<b>39,291</b>	<b>Total other than intra-governmental/with the public</b>
<b>Total Liabilities</b>	<b>184,077</b>	<b>369</b>	<b>194,517</b>	<b>10,809</b>	<b>184,077</b>	<b>Total liabilities</b>
Commitments and Contingencies (Note 16)						Commitments and Contingencies (Note 19)
<b>Net Position:</b>						
Unexpended Appropriations - Funds from Dedicated Collections (Note 17)	468	468	-	-	468	Unexpended appropriations - Funds from Dedicated Collections (Note 20)
Unexpended Appropriations - Funds from Other Than Dedicated Collections	127,658	-	127,658	-	127,658	Unexpended appropriations - Funds from other than Dedicated Collections
<b>Total Unexpended Appropriations (Combined)</b>	<b>128,126</b>	<b>468</b>	<b>127,658</b>	<b>-</b>	<b>128,126</b>	<b>Total Unexpended Appropriation (Combined or Consolidated)</b>
Cumulative Results of Operations - Funds from Dedicated Collections (Note 17)	3,473	-	-	-1,297	2,176	Cumulative results of operations - Funds from Dedicated Collections
Cumulative Results of Operations - Funds from Other Than Dedicated Collections	44,854	-	-	-1,297	46,151	Reconciling Item - GTAS presents this line as a consolidated total
<b>Total Cumulative Results of Operations (Combined)</b>	<b>48,327</b>	<b>3,473</b>	<b>44,854</b>	<b>-</b>	<b>48,327</b>	<b>Total Cumulative Results of Operations (Combined or Consolidated)</b>
<b>Total Net Position</b>	<b>176,453</b>	<b>3,941</b>	<b>172,512</b>	<b>-</b>	<b>176,453</b>	<b>Total net position</b>
<b>Total Liabilities and Net Position</b>	<b>360,530</b>	<b>4,310</b>	<b>367,029</b>	<b>10,809</b>	<b>360,530</b>	<b>Total liabilities and net position</b>

**Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ending September 30, 2021**

FY 2021 USDA SNC						Line Items Used to Prepare FY 2021 Government-wide SNC
Financial Statement Line	Amounts	Dedicated Collections	All Other Amounts	Eliminations	Total	Reclassified Financial Statement Line
<b>Gross Costs</b>						<b>Gross Cost</b>
		2,167	233,176	-	235,343	Non-federal gross cost
						Federal gross cost
		86	1,983	-	2,069	Benefit program costs (RC 26)/2
		63	3,405	2,501	967	Imputed costs (RC25)/2
		180	3,990	2,607	1,563	Buy/Sell Cost (RC24)/2
		-	12	-	12	Purchase of assets (RC 24)/2
		-	3,685	-	3,685	Borrowing and other interest expense (RC05)/2
		24	521	-	545	Other expenses (without reciprocals) (RC 29)
		-	-12	-	(12)	Reconciling Item - Purchase of assets
		353	13,584	5,108	8,829	Total federal gross cost
<b>Total Gross Costs</b>	<b>244,172</b>	<b>2,520</b>	<b>246,760</b>	<b>5,108</b>	<b>244,172</b>	<b>Department total gross cost</b>
<b>Earned Revenue</b>						<b>Earned revenue</b>
		1,027	7,771	-	8,798	Non-federal earned revenue
		-	-4	-	(4)	Reconciling Item - Custodial revenue - Non-federal earned revenue
		1,027	7,767	-	8,794	Adjusted Non-federal earned revenue
						Federal earned revenue
		17	3,156	2,607	566	Buy/sell revenue (exchange) (RC24)/2
		-	12	-	12	Purchase of assets offset (RC 24) / 2
		5	-	-	5	Federal securities interest revenue including associated gains and losses (exchange) (RC 03)/2
		-	561	-	561	Borrowing and other interest revenue (exchange) (RC 05)/2
		101	-	-	101	Collections Transferred in to a TAS Other Than the General Fund of the U.S. Government - Exchange (RC 13)
		-	-12	-	(12)	Reconciling Item - Purchase of assets
		-	(1)	-	(1)	Reconciling Item - Custodial revenue - Buy/sell revenue (exchange) (RC24)/2
		123	3,716	2,607	1,232	<b>Total federal earned revenue</b>
<b>Less: Total Earned Revenue</b>	<b>10,026</b>	<b>1,150</b>	<b>11,483</b>	<b>2,607</b>	<b>10,026</b>	<b>Department total earned revenue</b>
<b>Net Cost of Operations (Note 18)</b>	<b>234,146</b>	<b>1,370</b>	<b>235,277</b>	<b>2,501</b>	<b>234,146</b>	<b>Net cost of operations</b>

Reclassification of Statement of Changes in Net Position to Line Items Used for Government-wide Statement of Operations and Changes in Net Position for the Year Ending September 30, 2021

FY 2021 USDA SCNP						Line Items Used to Prepare FY 2021 Government-wide SCNP
Financial Statement Line	Amounts	Dedicated Collections	All Other Amounts	Eliminations	Total	Reclassified Financial Statement Lines
<b>Unexpended Appropriations:</b>						
Beginning Balances	82,942	191	82,751	-	82,942	Net position, beginning of period
Appropriations Received	285,692	12	285,680	-	285,692	Appropriations Received as Adjusted (Rescissions and Other Adjustments) (RC 41)/1
		285	8,098	8,098	285	Non-expenditure transfers-in of unexpended appropriations and financing sources (RC 08) /1
Appropriations transferred in/out	(252)	-	8,635	8,098	537	Non-expenditure transfers-out of unexpended appropriations and financing sources (RC 08) /1
Other Adjustments	(15,268)	-	(15,268)	-	(15,268)	Appropriations Received as Adjusted (Rescissions and Other Adjustments) (RC 41)/1
Appropriations Used	(224,988)	20	224,968	-	224,988	Appropriations Used (RC 39)
Net Change in Unexpended Appropriations	45,184	277	44,907	-	45,184	Net Change in Unexpended Appropriations
<b>Total Unexpended Appropriations: Ending Balance</b>	<b>128,126</b>	<b>468</b>	<b>127,658</b>	<b>-</b>	<b>128,126</b>	<b>Total Unexpended Appropriations</b>
<b>Cumulative Results of Operations:</b>						
Beginning Balances	34,098	3,284	30,815	-	34,099	Net position, beginning of period
		-	212	-	212	Revenue and Other Financing Sources - Cancellations (RC 36)
		-	26	-	26	Collections for Others Transferred to the General Fund of the U.S. Government (RC 44)
Other Adjustments	(233)	-	-5	-	(5)	Reconciling - Custodial Activity - Collections for others transferred to the General Fund of the U.S. Government (RC 44)
Appropriations Used	224,988	20	224,968	-	224,988	Appropriations expended (RC 38)/1
		1	16	-	17	Other Taxes and Receipts
Non-exchange Revenue	25,918	228	25,672	-	25,900	Collections transferred into a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 15)
Donations and Forfeitures of Cash and Cash Equivalents	1	1	-	-	1	Other Taxes and Receipts
		22,915	76	22,773	218	Appropriation of unavailable special or trust fund receipts transfers-in (RC 07)/1
		76	22,697	22,773	0	Appropriation of unavailable special or trust fund receipts transfers-out (RC 07) /1
		13	60,366	60,365	14	Non-expenditure Transfers-In of Unexpended Appropriations and Financing Sources (RC 08)/1
		21,496	39,130	60,365	261	Non-expenditure Transfers-Out of Unexpended Appropriations and Financing Sources (RC 08)/1
		2	74	75	1	Expenditure transfers-in of financing sources (RC 09) /1
		-	75	75	-	Expenditure transfers-out of financing sources (RC 09) /1
		-	885	885	-	Non-expenditure transfer-in of financing sources - capital transfers (RC 11)
		13	872	885	-	Non-expenditure transfers-out of financing sources - capital transfers (RC 11)
		-	3,687	3,688	(1)	Transfers-In Without Reimbursement (RC 18)/1
Transfers in/out without Reimbursement	(28)	-	3,687	3,688	(1)	Transfers-Out Without Reimbursement (RC 18)/1
Imputed financing	966	63	3,404	2,501	966	Imputed Financing Sources (RC 25)/1
		(99)	193	-	94	Other Taxes and Receipts
		-	(121)	-	(121)	Reconciling Item - Custodial Activity - Other taxes and receipts
		-	4,215	-	4,215	Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)
		-	(123)	-	(123)	Reconciling Item - Custodial Revenue - Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)
		-	-2	-	(2)	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 16)
		-	2	-	2	Reconciling Item - Custodial Activity - Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 16)
Other	(3,237)	-	-882	-	(882)	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government (RC 48)
<b>Net Cost of Operations</b>	<b>(234,146)</b>	<b>1,370</b>	<b>235,277</b>	<b>2,501</b>	<b>234,146</b>	<b>Net Cost of Operations</b>
<b>Net Change and Cumulative Results of Operations</b>	<b>14,229</b>	<b>189</b>	<b>14,039</b>	<b>-</b>	<b>14,228</b>	<b>Net Change</b>
<b>Cumulative Results of Operations: Ending</b>	<b>48,327</b>	<b>3,473</b>	<b>44,854</b>	<b>-</b>	<b>48,327</b>	<b>Cumulative Results of Operations</b>
<b>Net Position</b>	<b>176,453</b>	<b>3,941</b>	<b>172,512</b>	<b>-</b>	<b>176,453</b>	<b>Net Position</b>

# Required Supplementary Information

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## Deferred Maintenance And Repairs (Unaudited)

The Forest Service is steward to nearly 193 million acres of national forests and grasslands within the NFS. On these NFS lands, the agency manages major assets that are categorized as general PP&E, including nearly 40,000 administrative, recreation, and research buildings and approximately 30,000 recreational sites, such as campgrounds, picnic areas, trailheads, and interpretive sites.

Across the NFS, the agency also manages over 370,000 miles of roads, of which 65,000 miles are for passenger vehicles; over 159,000 miles of trails for motorized and non-motorized use; nearly 13,400 road and trail bridges; and over 1,700 Forest Service owned and Special Use Permitted dam structures.

ARS owns/manages approximately 15 million gross square feet of facility space in 3,031 buildings on 403,798 acres of land. APHIS operates approximately 28 facilities, which includes 378 buildings, in the United States and 14 facilities/buildings internationally. The NRCS portfolio of owned assets encompasses 28 sites, including 12 parcels of owned land, 223 buildings, and about 222 other structures.

Deferred Maintenance & Repairs (DM&R) estimates include capitalized PP&E, non-capitalized heritage assets, and non-capitalized or fully depreciated PP&E.

No DM&R is reported for stewardship land because land is considered to be in acceptable condition unless an environmental contamination or liability is identified and the land cannot be used for its intended purpose. Stewardship land easements are excluded from DM&R since ownership is retained by the landowner.

### Defining and Implementing Maintenance and Repairs Policies in Practice

Policies for ranking and prioritizing DM&R activities for most assets, except roads, trails, and bridges, are based on condition surveys performed on a 5-year revolving schedule. The agency's DM&R for NFS passenger car roads is determined every year from random sample surveys providing a moderate level of confidence in the accuracy of the data reported. DM&R is not reported for roads that are not part of the passenger-car system. Bridge class assessments occur on a 2-year or 4-year revolving schedule. To-date, surveys of all administrative buildings, dams, bridges, roads open to passenger cars, and recreation sites have been accomplished.

ARS, APHIS, and NRCS use similar condition surveys to estimate DM&R on all major classes of its PP&E and heritage assets.

## Ranking and Prioritizing Maintenance and Repairs Activities

Maintenance and repair activities are prioritized based on condition surveys and ranked based on PP&E and heritage assets that pose serious threats to public health or safety, a natural resource, or the ability of the agency to implement its mission.

## Factors Considered in Setting Acceptable Condition

The standards for acceptable operating condition for various classes of PP&E and heritage assets are as follows:

Conditions of roads and bridges within the NFS road system are measured by various standards:

- Federal Highway Administration regulations for the Federal Highway Safety Act.
- Best management practices for the nonpoint source provisions of the Clean Water Act from U.S. Environmental Protection Agency and States.
- Road management objectives developed through the National Forest Management Act forest planning process.
- Forest Service directives—Forest Service Manual (FSM) 7730, Operation and Maintenance; Forest Service Handbook (FSH) 7709.56a, Road Preconstruction, and FSH 7709.56b, Transportation Structures Handbook.

Dams in the NFS are managed according to FSM 7500, Water Storage and Transmission, and FSH 7509.11, Dams Management Handbook. The condition of a dam is acceptable when the dam meets current design standards and does not have any deficiencies that threaten the safety of the structure or public. For dams to be rated in acceptable condition, the agency needs to restore the dams to the original functional purpose, correct unsightly conditions, or prevent more costly repairs.

Buildings in the NFS shall comply with the International Family of Building and Related Codes, the National Fire Protection Association Life Safety Code, the Forest Service Health and Safety Handbook, and the Occupational Safety Health Administration as determined by condition surveys and safety inspections. These requirements are found in FSM 7310, Buildings and Related Facilities.

Recreation facilities in the NFS are located within recreation sites that range from highly developed sites to general forest areas such as campgrounds, trailheads, trails, water and wastewater systems, interpretive facilities, and visitor centers. Recreation sites are managed in accordance with Federal laws and regulations (Code of Federal Regulations [CFR] 36).

Detailed management guidelines are contained in FSM 2330, Publicly Managed Recreation Opportunities, and forest- and regional-level user guides. Quality standards for developed

recreation sites in the NFS were established as Meaningful Measures for health and cleanliness, settings, safety and security, responsiveness, and the condition of the facility.

Trails and trail bridges in the NFS are managed according to Federal law and regulations (CFR 36). More specific direction is contained in FSM 2350, Trail, River, and Similar Recreation Opportunities, and the FSH 2309.18, Trails Management Handbook.

ARS, APHIS, and NRCS define acceptable condition in accordance with standards comparable to those used in private industry for buildings and other structures.

### Deferred Maintenance and Repair Costs

<b>Asset Category</b>	<b>FY 2021 Ending Balance</b>	<b>FY 2021 Beginning Balance</b>	<b>FY 2020 Ending Balance</b>	<b>FY 2020 Beginning Balance</b>
General PP&E	\$ 6,782	\$ 6,343	\$ 6,343	\$ 5,663
Heritage Assets	252	223	223	210
<b>Total</b>	<b>\$ 7,034</b>	<b>\$ 6,566</b>	<b>\$ 6,566</b>	<b>\$ 5,873</b>

DM&R costs increased in FY 2021 across all categories within General PP&E except for roads. Roads DM&R is based on a small random sample that provides an estimate that can range within a statistical band. The difference reduction is within those bands.

DM&R costs increased in FY 2020 mainly due to the estimate for passenger car roads within the NFS. The remaining increase is spread across all categories within General PP&E including bridges, buildings, dams, minor constructed features, trails, trail bridges, wastewater systems, and water systems.

# Combining Statement of Budgetary Resources (Unaudited)

FY 2021	FPAC Business Center	FSA		CCC		RMA	NRCS	FNS	FSIS	AMS	APHIS
	Budgetary	Budgetary	Non- Budgetary Credit Reform Financing Accounts	Budgetary	Non- Budgetary Credit Reform Financing Accounts	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary
<b>Budgetary Resources:</b>											
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 24	\$ 21,176	\$ 330	\$ 792	\$ 117	\$ 605	\$ 6,621	\$ 55,563	\$ 132	\$ 915	\$ 649
Appropriations (Discretionary and Mandatory)	292	10,848	6	2,686	-	7,838	4,358	211,887	1,208	6,183	2,417
Borrowing Authority (Discretionary and Mandatory)	-	-	3,515	13,207	537	-	-	-	-	-	-
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	10	305	2,931	77	117	4,286	68	70	246	191	257
<b>Total Budgetary Resources</b>	<b>326</b>	<b>32,329</b>	<b>6,782</b>	<b>16,762</b>	<b>771</b>	<b>12,729</b>	<b>11,047</b>	<b>267,520</b>	<b>1,586</b>	<b>7,289</b>	<b>3,323</b>
<b>Status of Budgetary Resources:</b>											
New Obligations and Upward Adjustments (Total)	309	25,398	4,110	15,913	581	12,120	4,850	188,200	1,365	3,965	1,721
Unobligated Balance, End of Year:											
Apportioned, Unexpired Accounts	9	5,616	2,396	447	19	599	3,534	44,938	206	2,829	1,476
Exempt from Apportionment, Unexpired Accounts	-	-	-	-	-	-	-	-	-	85	-
Unapportioned, Unexpired Accounts	-	1,251	276	401	171	5	8	3,816	-	293	105
Unexpired Unobligated Balance, End of Year	9	6,867	2,672	848	190	604	3,542	48,754	206	3,207	1,581
Expired Unobligated Balance, End of Year	8	64	-	1	-	5	2,655	30,566	15	117	21
Unobligated Balance, End of Year (Total)	17	6,931	2,672	849	190	609	6,197	79,320	221	3,324	1,602
<b>Total Budgetary Resources</b>	<b>326</b>	<b>32,329</b>	<b>6,782</b>	<b>16,762</b>	<b>771</b>	<b>12,729</b>	<b>11,047</b>	<b>267,520</b>	<b>1,586</b>	<b>7,289</b>	<b>3,323</b>
<b>Outlays, Net, and Disbursements, Net:</b>											
Outlays, Net (Total) (Discretionary and Mandatory)	307	24,095		12,464		6,800	4,325	166,562	1,088	5,024	1,429
Distributed Offsetting Receipts (-)	-	(418)		(63)		-	(1)	(4)	(18)	(199)	(9)
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 307</b>	<b>\$ 23,677</b>		<b>\$ 12,401</b>		<b>\$ 6,800</b>	<b>\$ 4,324</b>	<b>\$ 166,558</b>	<b>\$ 1,070</b>	<b>\$ 4,825</b>	<b>\$ 1,420</b>
<b>Disbursements, Net (Total) (Mandatory)</b>			<b>\$ 1,079</b>		<b>\$ 93</b>						

	FS	RD	ARS	NASS	NIFA	ERS	FAS	Staff Offices	Total		
			Non-Budgetary Credit Reform Financing Accounts							Non-Budgetary Credit Reform Financing Accounts	
	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	
<b>FY 2021</b>											
<b>Budgetary Resources:</b>											
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 4,592	\$ 3,863	\$ 4,278	\$ 256	\$ 25	\$ 737	\$ 11	\$ 453	\$ 613	\$ 97,027	\$ 4,725
Appropriations (Discretionary and Mandatory)	8,517	6,922	-	1,566	184	1,944	87	451	6,224	273,612	6
Borrowing Authority (Discretionary and Mandatory)	-	-	10,852	-	-	-	-	-	-	13,207	14,904
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	594	691	9,317	160	26	39	2	70	1,444	8,536	12,365
<b>Total Budgetary Resources</b>	<b>13,703</b>	<b>11,476</b>	<b>24,447</b>	<b>1,982</b>	<b>235</b>	<b>2,720</b>	<b>100</b>	<b>974</b>	<b>8,281</b>	<b>392,382</b>	<b>32,000</b>
<b>Status of Budgetary Resources:</b>											
New Obligations and Upward Adjustments (Total)	9,742	6,920	15,940	1,737	235	2,091	93	773	1,876	277,308	20,631
Unobligated Balance, End of Year:											
Apportioned, Unexpired Accounts	2,648	4,411	8,260	222	-	691	2	91	5,298	73,017	10,675
Exempt from Apportionment, Unexpired Accounts	-	-	-	-	-	-	-	-	-	85	-
Unapportioned, Unexpired Accounts	1,293	72	247	1	-	(80)	-	10	1,066	8,241	694
Unexpired Unobligated Balance, End of Year	3,941	4,483	8,507	223	-	611	2	101	6,364	81,343	11,369
Expired Unobligated Balance, End of Year	20	73	-	22	-	18	5	100	41	33,731	-
Unobligated Balance, End of Year (Total)	3,961	4,556	8,507	245	-	629	7	201	6,405	115,074	11,369
<b>Total Budgetary Resources</b>	<b>13,703</b>	<b>11,476</b>	<b>24,447</b>	<b>1,982</b>	<b>235</b>	<b>2,720</b>	<b>100</b>	<b>974</b>	<b>8,281</b>	<b>392,382</b>	<b>32,000</b>
<b>Outlays, Net, and Disbursements, Net:</b>											
Outlays, Net (Total) (Discretionary and Mandatory)	8,553	4,848		1,495	179	1,416	80	405	397	239,467	
Distributed Offsetting Receipts (-)	(679)	(2,844)		(18)	-	(14)	(1)	-	19	(4,249)	
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 7,874</b>	<b>\$ 2,004</b>		<b>\$ 1,477</b>	<b>\$ 179</b>	<b>\$ 1,402</b>	<b>\$ 79</b>	<b>\$ 405</b>	<b>\$ 416</b>	<b>\$ 235,218</b>	
<b>Disbursements, Net (Total) (Mandatory)</b>			<b>\$ 2,853</b>								<b>\$ 4,025</b>

FY 2020	FPAC Business Center											
	FSA			CCC		RMA	NRCS	FNS	FSIS	AMS	APHIS	
	Budgetary	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	
<b>Budgetary Resources:</b>												
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 8	\$ 5,146	\$ 226	\$ 1,175	\$ 111	\$ 626	\$ 6,340	\$ 40,053	\$ 91	\$ 856	\$ 719	
Appropriations (Discretionary and Mandatory)	257	32,383	-	1,769	-	8,331	5,871	136,090	1,105	5,732	1,425	
Borrowing Authority (Discretionary and Mandatory)	-	-	4,012	35,525	432	-	-	-	-	-	-	
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	22	314	2,106	18	117	3,948	140	59	267	196	217	
<b>Total Budgetary Resources</b>	<b>287</b>	<b>37,843</b>	<b>6,344</b>	<b>38,487</b>	<b>660</b>	<b>12,905</b>	<b>12,351</b>	<b>176,202</b>	<b>1,463</b>	<b>6,784</b>	<b>2,361</b>	
<b>Status of Budgetary Resources:</b>												
New Obligations and Upward Adjustments (Total)	266	18,142	4,081	37,985	436	12,303	6,219	130,168	1,348	5,984	1,761	
Unobligated Balance, End of Year:												
Apportioned, Unexpired Accounts	14	19,573	1,958	49	41	599	3,483	16,501	105	354	545	
Exempt from Apportionment, Unexpired Accounts	-	-	-	-	-	-	-	-	-	7	-	
Unapportioned, Unexpired Accounts	-	73	305	452	183	-	7	334	-	421	2	
Unexpired Unobligated Balance, End of Year	14	19,646	2,263	501	224	599	3,490	16,835	105	782	547	
Expired Unobligated Balance, End of Year	7	55	-	1	-	3	2,642	29,199	10	18	53	
Unobligated Balance, End of Year (Total)	21	19,701	2,263	502	224	602	6,132	46,034	115	800	600	
<b>Total Budgetary Resources</b>	<b>287</b>	<b>37,843</b>	<b>6,344</b>	<b>38,487</b>	<b>660</b>	<b>12,905</b>	<b>12,351</b>	<b>176,202</b>	<b>1,463</b>	<b>6,784</b>	<b>2,361</b>	
<b>Outlays, Net, and Disbursements, Net:</b>												
Outlays, Net (Total) (Discretionary and Mandatory)	251	14,540		18,636		10,490	4,278	114,224	1,061	3,830	1,390	
Distributed Offsetting Receipts (-)	-	(217)		(23)		-	(1)	(5)	(18)	(195)	(8)	
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 251</b>	<b>\$ 14,323</b>		<b>\$ 18,613</b>		<b>\$ 10,490</b>	<b>\$ 4,277</b>	<b>\$ 114,219</b>	<b>\$ 1,043</b>	<b>\$ 3,635</b>	<b>\$ 1,382</b>	
<b>Disbursements, Net (Total) (Mandatory)</b>			<b>\$ 1,452</b>		<b>\$ (58)</b>							

FY 2020

	FS	RD	ARS	NASS	NIFA	ERS	FAS	Staff Offices	Total		
	Budgetary	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	Budgetary	Non-Budgetary Credit Reform Financing Accounts
<b>Budgetary Resources:</b>											
Unobligated Balance from Prior Year Budget											
Authority, Net (Discretionary and Mandatory)	\$ 3,146	\$ 8,103	\$ 5,621	\$ 826	\$ 17	\$ 727	\$ 6	\$ 301	\$ 1,238	\$ 69,378	\$ 5,958
Appropriations (Discretionary and Mandatory)	8,052	6,232	1	1,628	180	1,745	85	437	(196)	211,126	1
Borrowing Authority (Discretionary and Mandatory)	-	-	11,210	-	-	-	-	-	-	35,525	15,654
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	774	818	10,026	174	21	24	6	17	1,278	8,293	12,249
<b>Total Budgetary Resources</b>	<b>11,972</b>	<b>15,153</b>	<b>26,858</b>	<b>2,628</b>	<b>218</b>	<b>2,496</b>	<b>97</b>	<b>755</b>	<b>2,320</b>	<b>324,322</b>	<b>33,862</b>
<b>Status of Budgetary Resources:</b>											
New Obligations and Upward Adjustments (Total)	7,692	11,316	17,396	2,390	218	1,807	91	324	1,768	239,782	21,913
Unobligated Balance, End of Year:											
Apportioned, Unexpired Accounts	2,279	2,580	9,258	217	-	751	4	340	479	47,873	11,257
Exempt from Apportionment, Unexpired Accounts	-	-	-	-	-	-	-	-	-	7	-
Unapportioned, Unexpired Accounts	2,000	1,187	204	-	-	(85)	1	10	35	4,437	692
Unexpired Unobligated Balance, End of Year	4,279	3,767	9,462	217	-	666	5	350	514	52,317	11,949
Expired Unobligated Balance, End of Year	1	70	-	20	-	23	1	81	39	32,223	-
Unobligated Balance, End of Year (Total)	4,280	3,837	9,462	237	-	689	6	431	553	84,540	11,949
<b>Total Budgetary Resources</b>	<b>11,972</b>	<b>15,153</b>	<b>26,858</b>	<b>2,627</b>	<b>218</b>	<b>2,496</b>	<b>97</b>	<b>755</b>	<b>2,321</b>	<b>324,322</b>	<b>33,862</b>
<b>Outlays, Net, and Disbursements, Net:</b>											
Outlays, Net (Total) (Discretionary and Mandatory)	6,346	8,351		1,348	165	1,395	69	366	371	187,111	
Distributed Offsetting Receipts (-)	(496)	(1,924)		(20)	-	(5)	-	-	49	(2,863)	
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 5,850</b>	<b>\$ 6,427</b>		<b>\$ 1,328</b>	<b>\$ 165</b>	<b>\$ 1,390</b>	<b>\$ 69</b>	<b>\$ 366</b>	<b>\$ 420</b>	<b>\$ 184,248</b>	
<b>Disbursements, Net (Total) (Mandatory)</b>			<b>\$ 1,153</b>								<b>\$ 2,547</b>

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## Section III Other Information

### USDA Management Challenges

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The Reports Consolidation Act of 2000 requires the U.S. Department of Agriculture's (USDA) Office of Inspector General (OIG) to report annually on the most serious management challenges USDA and its agencies face. This year, OIG continued to refine the way they present the management challenges. While the current challenges are like the ones from the previous year, OIG sought to provide the Secretary and other policymakers with a more streamlined report that improves clarity and gives significant information greater prominence. To accomplish this goal, OIG consolidated and reduced the previous seven major challenge areas to four:

- Program Oversight and Accountability;
- Safety and Security;
- Program Performance, Results, and Outreach; and
- Financial Management.

USDA management takes these challenges very seriously and is aggressively pursuing corrective actions to address all challenges.

The USDA Management Challenges report for FY 2021 is available on the USDA OIG website at [www.usda.gov/oig/reports/management-challenges](http://www.usda.gov/oig/reports/management-challenges).

# Summary of Financial Statement Audit and Management Assurances

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## Summary of Existing Material Weaknesses

The U.S. Department of Agriculture’s (USDA or the Department) material weaknesses and financial system non-conformance, as related to management’s assurance for the Federal Managers’ Financial Integrity Act of 1982 (FMFIA) and the certification for the Federal Financial Management Improvement Act of 1996 (FFMIA), are listed in Exhibit 27 and Exhibit 28.

### Exhibit 27: Summary of Financial Statement Audit

*Audit Opinion: Unmodified 2021 Consolidated Financial Statement Audit*

*Restatement: No*

<b>Material Weakness</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Ending Balance</b>
Improvement Needed in Financial Management	1				1
Improvement Needed in Information Technology Security and Controls	1				1
<b>TOTAL MATERIAL WEAKNESSES</b>	<b>2</b>				<b>2</b>

### Exhibit 28: Summary of Management Assurances

**Effectiveness of Internal Control Over Reporting (Federal Managers’ Financial Integrity Act of 1982 [FMFIA] § 2)**

*Statement of Assurance: Modified*

<b>Material Weakness</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Reassessed</b>	<b>Ending Balance</b>
Information Technology	1					1
Financial Management	1					1
<b>TOTAL MATERIAL WEAKNESSES</b>	<b>2</b>					<b>2</b>

**Effectiveness of Internal Control Over Operations (FMFIA § 2)**

Statement of Assurance: Unmodified

Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
TOTAL MATERIAL WEAKNESSES	0					0

**Conformance with Federal Financial Management System Requirements (FMFIA § 4)**

Statement of Assurance: *Systems do not conform to Financial Management System requirements*

Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Funds Control Management	1					1
TOTAL NON-CONFORMANCES	1					1

**Compliance with Section 803 (A) of the Federal Financial Management Improvement Act of 1996 (FFMIA)**

Item	Agency	Auditor
1. Federal Financial Management System Requirements	Lack of compliance noted	Lack of compliance noted
2. Applicable Federal Accounting Standards	Lack of compliance noted	Lack of compliance noted
3. U.S. Standard General Ledger at Transaction Level	Lack of compliance noted	Lack of compliance noted

# Payment Integrity Information Act of 2019 – Improper Payments Overview

## Payment Integrity

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Over the past two decades, laws and regulations governing the identification and recovery of improper payments have evolved to improve payment accuracy to boost public confidence in Federal programs' stewardship of taxpayer dollars. The Improper Payments Information Act of 2002 (IPIA), as amended and expanded by other laws, collectively required agencies to periodically review all programs and activities susceptible to significant improper payments, to conduct payment recapture audits, and utilize Government wide Do Not Pay (DNP) initiatives. Additionally, IPIA had extensive reporting requirements. IPIA was repealed and replaced by the Improper Payment Elimination and Recovery Act of 2010 (IPERA) followed by the Improper Payment Elimination and Recovery Improvement Act of 2012 (IPERIA). IPERIA was repealed and replaced by the Payment Integrity Information Act of 2019 (PIIA).

PIIA modified and restructured existing improper payments laws to help agencies better identify and reduce any money wasted because of improper government payments. It should be noted that not all improper payments are fraud, and not all improper payments represent a monetary loss to the government. An improper payment (IP) is defined as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. Additionally, an unknown payment (UP) is defined as a payment that could be either proper or improper, but the agency cannot discern whether the payment was proper or improper due to insufficient or lack of documentation.

Annually, the Department submits data to Office of Management and Budget (OMB) that is collected and presented on [www.paymentaccuracy.gov/](http://www.paymentaccuracy.gov/) by an individual agency or on a Government-wide consolidated basis. This website contains current and historical information about improper payments made under Federal programs, as well as extensive information about how improper payments are defined and tracked.

Please refer to the [www.paymentaccuracy.gov/](http://www.paymentaccuracy.gov/) website for detailed results from the Department's efforts in fiscal year 2021 to comply with PIIA.

# Civil Monetary Penalties

The U.S. Department of Agriculture (USDA or the Department) maintains regulations regarding civil monetary policies at Title 7 of the Code of Federal Regulations § 3.91. The Department reviews and updates the penalties in accordance with the Civil Monetary Penalties Inflation Act of 2015.

Each year, the Department must update its civil monetary penalties to account for annual inflation. On May 10, 2021, the Department published the revised penalties for 2021 in the Federal Register ([www.federalregister.gov/documents/2021/05/10/2021-09542/civil-monetary-penalty-inflation-adjustments-for-2021](http://www.federalregister.gov/documents/2021/05/10/2021-09542/civil-monetary-penalty-inflation-adjustments-for-2021)).

The following table briefly describes the penalty, under which authority it pertains, and the current penalty amounts.

Program Office	Penalty (Name of Penalty)	United States Code (U.S.C.) Citation	Statutory Authority; Positive Law and Section Authority (Statute)	Date of Current Adjustment	Current Penalty Level (\$ Amount)
Agricultural Marketing Service	Improper recordkeeping	7 U.S.C. 136i-1(d)	Insecticides and Environmental Pesticide Control	05/10/2021	A maximum of \$975 for the first offense and a minimum of \$1,894 in the case of subsequent offenses, except that the penalty will be less than \$1,894 if the Secretary determines that the person made a good faith effort to comply.
Agricultural Marketing Service	Violation of the unfair conduct rule	7 U.S.C. 499b(5)	Perishable Agricultural Commodities Act	05/10/2021	Maximum of \$5,308.
Agricultural Marketing Service	Violation of the licensing requirements	7 U.S.C. 499c(a)	Perishable Agricultural Commodities Act	05/10/2021	Maximum of \$1,695 for each such offense and not more than \$423 for each day it continues, or a maximum of \$423 for each offense if the Secretary determines the violation was not willful.

<b>Program Office</b>	<b>Penalty (Name of Penalty)</b>	<b>United States Code (U.S.C.) Citation</b>	<b>Statutory Authority; Positive Law and Section Authority (Statute)</b>	<b>Date of Current Adjustment</b>	<b>Current Penalty Level (\$ Amount)</b>
<b>Agricultural Marketing Service</b>	Civil penalty in lieu of license suspension	7 U.S.C. 499h(e)	Perishable Agricultural Commodities Act	05/10/2021	Maximum penalty of \$3,388 for each violative transaction or each day the violation continues.
<b>Agricultural Marketing Service</b>	Violation	7 U.S.C. 586	Export Apple Act	05/10/2021	Minimum of \$153 and a maximum of \$15,481.
<b>Agricultural Marketing Service</b>	Violation	7 U.S.C. 596	Export Grape and Plum Act	05/10/2021	Minimum of \$296 and a maximum of \$29,622.
<b>Agricultural Marketing Service</b>	Violation of an order issued by the Secretary	7 U.S.C. 608c(14)(B)	Agricultural Adjustment Act	05/10/2021	Maximum of \$2,963. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Failure to file certain reports	7 U.S.C. 610 (C)	Agricultural Adjustment Act	05/10/2021	Maximum of \$296.
<b>Agricultural Marketing Service</b>	Violation of a seed program	7 U.S.C. 1596(b)	Federal Seed Act	05/10/2021	Minimum of \$101 and a maximum of \$2,020.
<b>Agricultural Marketing Service</b>	Failure to collect any assessment or fee	7 U.S.C. 2112(b)	Cotton Research and Promotion Act	05/10/2021	Maximum of \$2,963. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Failure to pay, collect, or remit any assessment or fee for a violation	7 U.S.C. 2621(b)(1)	Potato Research and Promotion Act	05/10/2021	Minimum of \$1,328 and a maximum of \$12,247.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 2621(b)(3)	Potato Research and Promotion Act	05/10/2021	Maximum of \$1,328. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Failure to pay, collect, or remit any assessment or fee or for a violation of a program	7 U.S.C. 2714(b)(1)	Egg Research and Consumer Information Act	05/10/2021	Minimum of \$1,535 and a maximum of \$15,353.

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<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 2714(b)(3)	Egg Research and Consumer Information Act	05/10/2021	Maximum of \$1,535. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Failure to remit any assessment or fee or for a violation of a program	7 U.S.C. 2908(a)(2)	Beef Research and Information Act	05/10/2021	Maximum of \$11,977.
<b>Agricultural Marketing Service</b>	Failure to remit any assessment or for a violation of a program	7 U.S.C. 3410(b)	Wheat and Wheat Foods Research	05/10/2021	Maximum of \$2,963.
<b>Agricultural Marketing Service</b>	Failure to pay, collect, or remit any assessment or fee or for a violation	7 U.S.C. 4314(b)(1)	Floral Research and Consumer Information Act	05/10/2021	Minimum of \$1,394 and a maximum of \$13,940.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 4314(b)(3)	Floral Research and Consumer Information Act	05/10/2021	Maximum of \$1,394. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Violation of an order	7 U.S.C. 4510(b)	Dairy Promotion Program	05/10/2021	Maximum of \$2,577.
<b>Agricultural Marketing Service</b>	Pay, collect, or remit any assessment or fee or for a violation	7 U.S.C. 4610(b)(1)	Honey Research, Promotion, and Consumer Information Act	05/10/2021	Minimum of \$774 and a maximum of \$7,939.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 4610(b)(3)	Honey Research, Promotion, and Consumer Information Act	05/10/2021	Maximum of \$794. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Violation of a program	7 U.S.C. 4815(b)(1)(A)(i)	Pork Promotion, Research, and Consumer Information Act of 1985	05/10/2021	Maximum of \$2,396.

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<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 4815(b)(3)(A)	Pork Promotion, Research, and Consumer Information Act of 1985	05/10/2021	Maximum of \$1,198. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Failure to pay, collect, or remit any assessment or fee or for a violation of a program	7 U.S.C. 4910(b)(1)	Watermelon Research and Promotion Act	05/10/2021	Minimum of \$1,198 and a maximum of \$11,977.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 4910(b)(3)	Watermelon Research and Promotion Act	05/10/2021	Maximum of \$1,198. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Failure to pay, collect, or remit any assessment or fee or for a violation of a program	7 U.S.C. 6009(c)(1)	Pecan Promotion and Research Act of 1990	05/10/2021	Minimum of \$1,951 and a maximum of \$19,496.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 6009(e)	Pecan Promotion and Research Act of 1990	05/10/2021	Maximum of \$1,949.
<b>Agricultural Marketing Service</b>	Failure to pay, collect, or remit any assessment or fee or for a violation	7 U.S.C. 6107(c)(1)	Mushroom Promotion, Research, and Consumer Information Act of 1990	05/10/2021	Minimum of \$948 and a maximum of \$9,476.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 6107(e)	Mushroom Promotion, Research, and Consumer Information Act of 1990	05/10/2021	Maximum of \$948. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Failure to pay, collect, or remit any assessment or fee or for a violation	7 U.S.C. 6207(c)(1)	Lime Research, Promotion, and Consumer Information Act of 1990	05/10/2021	Minimum of \$948 and a maximum of \$9,476.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 6207(e)	Lime Research, Promotion, and Consumer Information Act of 1990	05/10/2021	Maximum of \$948. Each day the violation continues is a separate violation.

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<b>Agricultural Marketing Service</b>	Failure to pay, collect, or remit any assessment or fee or for a violation of a program	7 U.S.C. 6307(c)(1)(A)	Soybean Promotion, Research, and Consumer Information Act	05/10/2021	Maximum of \$1,951.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 6307(e)	Soybean Promotion, Research, and Consumer Information Act	05/10/2021	Maximum of \$9,706. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Failure to pay, collect, or remit any assessment or fee or for a violation	7 U.S.C. 6411(c)(1)(A), 7 U.S.C. 6411(c)(1)(B)	Fluid Milk Promotion Act of 1990	05/10/2021	Minimum of \$18,623 and a maximum of \$189,510.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 6411(e)	Fluid Milk Promotion Act of 1990	05/10/2021	Maximum of \$9,753. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Knowingly labeling or selling a product as organic	7 U.S.C. 6519(c)	Organic Foods Production Act of 1990	05/10/2021	Maximum of \$18,951.
<b>Agricultural Marketing Service</b>	Failure to pay, collect, or remit any assessment or fee or for a violation of a program	7 U.S.C. 6808(c)(1)(A)(i)	Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Act of 1993	05/10/2021	Minimum of \$893 and a maximum of \$8,935.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 6808(e)(1)	Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Act of 1993	05/10/2021	Maximum of \$8,935. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Violation of a program	7 U.S.C. 7107(c)(1)(A)	Sheep Promotion, Research, and Information Act of 1994	05/10/2021	Maximum of \$1,742.

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<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 7107(e)	Sheep Promotion, Research, and Information Act of 1994	05/10/2021	Maximum of \$870. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Violation of an order or regulation issued	7 U.S.C. 7419(c)(1)	Commodity Promotion, Research, and Information Act of 1996	05/10/2021	Minimum of \$1,644 and a maximum of \$16,449 for each violation.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 7419(e)	Commodity Promotion, Research, and Information Act of 1996	05/10/2021	Minimum of \$1,644 and a maximum of \$16,449. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Violation of an order or regulation issued	7 U.S.C. 7448(c)(1)(A)(i)	Canola and Rapeseed Research, Promotion, and Consumer Information Act,	05/10/2021	Maximum of \$1,644 for each violation.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 7448(e)	Canola and Rapeseed Research, Promotion, and Consumer Information Act	05/10/2021	Maximum of \$8,224. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Violation of an order or regulation issued	7 U.S.C. 7468(c)(1)	National Kiwifruit Research, Promotion, and Consumer Information Act	05/10/2021	Minimum of \$823 and a maximum of \$8,224 for each violation.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 7468(e)	National Kiwifruit Research, Promotion, and Consumer Information Act	05/10/2021	Maximum of \$823. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Violation of an order or regulation	7 U.S.C. 7487(a)	Popcorn Promotion, Research, and Consumer Information Act	05/10/2021	Maximum of \$1,644 for each violation.
<b>Agricultural Marketing Service</b>	Violation	21 U.S.C. 1041(c)(1)(A)	Egg Products Inspection Act	05/10/2021	Maximum of \$9,476 for each violation.

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<b>Agricultural Marketing Service</b>	Violation of an order or regulation issued	7 U.S.C. 7807(c)(1)(A)(i)	Hass Avocado Promotion, Research, and Information Act of 2000	05/10/2021	Minimum of \$1,495 and a maximum of \$14,965 for each violation.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 7807(e)(1)	Hass Avocado Promotion, Research, and Information Act of 2000	05/10/2021	Maximum of \$14,965 for each offense. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Violation of certain provisions	7 U.S.C. 1636b(a)(1)	Livestock Mandatory Reporting Act of 1999	05/10/2021	Maximum of \$15,481 for each violation.
<b>Agricultural Marketing Service</b>	Failure to obey a cease-and-desist order	7 U.S.C. 1636b(g)(3)	Livestock Mandatory Reporting Act of 1999	05/10/2021	Maximum of \$15,481 for each violation. Each day the violation continues is a separate violation.
<b>Agricultural Marketing Service</b>	Failure to obey an order	7 U.S.C. 1637b(c)(4)(D)(iii)	Dairy Product Mandatory Reporting Program	05/10/2021	Maximum of \$14,965 for each offense.
<b>Agricultural Marketing Service</b>	Willful violation	7 U.S.C. 1638b(b)(2)	Country of Origin Labeling Program	05/10/2021	Maximum of \$1,202 for each violation.
<b>Agricultural Marketing Service</b>	Violation	7 U.S.C. 4535 and 4510(b)	Dairy Research Program	05/10/2021	Maximum of \$2,577 for each violation.
<b>Agricultural Marketing Service</b>	Violation by a packer or swine contractor	7 U.S.C. 193(b)	Packers and Stockyards	05/10/2021	Maximum of \$29,616.
<b>Agricultural Marketing Service</b>	Failure for a livestock market agency or dealer to register	7 U.S.C. 203	Packers and Stockyards	05/10/2021	Maximum of \$2,019 and not more than \$101 for each day the violation continues.
<b>Agricultural Marketing Service</b>	Operating without filing, or in violation of, a stockyard rate schedule or of a regulation	7 U.S.C. 207(g)	Packers and Stockyards	05/10/2021	Maximum of \$2,020 and not more than \$101 for each day the violation continues.

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<b>Agricultural Marketing Service</b>	Stockyard owner, livestock market agency, or dealer who engages in or uses any unfair, unjustly discriminatory, or deceptive practice	7 U.S.C. 213(b)	Packers and Stockyards	05/10/2021	Maximum of \$29,616.
<b>Agricultural Marketing Service</b>	Stockyard owner, livestock market agency, or dealer who knowingly fails to obey any order	7 U.S.C. 211, 212, or 213, codified at 7 U.S.C. 215(a)	Packers and Stockyards	05/10/2021	Maximum of \$2,020.
<b>Agricultural Marketing Service</b>	Live poultry dealer violations	7 U.S.C. 228b-2(b)	Packers and Stockyards	05/10/2021	Maximum of \$86,156.
<b>Agricultural Marketing Service</b>	Violation	7 U.S.C. 86(c)	Grain Standards	05/10/2021	Maximum of \$289,430.
<b>Agricultural Marketing Service</b>	Failure to comply with certain provisions	7 U.S.C. 254	U.S. Warehouse Act	05/10/2021	Maximum of \$37,412 per violation if an agricultural product is not involved in the violation.
<b>Animal and Plant Health Inspection Service</b>	Violation	7 U.S.C. 1596(b)	Federal Seed Act	05/10/2021	Minimum of \$101 and a maximum of \$2,020.
<b>Animal and Plant Health Inspection Service</b>	Violation	7 U.S.C. 2149(b)	Animal Welfare Act	05/10/2021	Maximum of \$12,203, and knowingly fail to obey a cease-and-desist order has a civil penalty of \$1,803.

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<b>Animal and Plant Health Inspection Service</b>	Penalty for any person that causes harm to, or interferes with, an animal used for the purposes of official inspection by USDA	7 U.S.C. 2279e(a)	Farming Opportunities Training and Outreach	05/10/2021	Maximum of \$14,965.
<b>Animal and Plant Health Inspection Service</b>	Violation	7 U.S.C. 3805(a)	Swine Health Protection Act	05/10/2021	Maximum of \$30,077.

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<b>Animal and Plant Health Inspection Service</b>	Penalty for any person that violates or that forges, counterfeits, or, without authority from the Secretary, uses, alters, defaces, or destroys any certificate, permit, or other document	7 U.S.C. 7734(b)(1)	Plant Protection Act (PPA)	05/10/2021	Maximum of the greater of: \$74,824 in the case of any individual (except that the civil penalty may not exceed \$1,496 in the case of an initial violation of the PPA by an individual moving regulated articles not for monetary gain), \$374,119 in the case of any other person for each violation, \$601,152 for all violations adjudicated in a single proceeding if the violations do not include a willful violation, and \$1,202,304 for all violations adjudicated in a single proceeding if the violations include a willful violation; or twice the gross gain or gross loss for any violation, forgery, counterfeiting, unauthorized use, defacing, or destruction of a certificate, permit, or other document provided for in the PPA that results in the person deriving pecuniary gain or causing pecuniary loss to another person.

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<b>Animal and Plant Health Inspection Service</b>	Penalty for any person that violates or that forges, counterfeits, or, without authority from the Secretary, uses, alters, defaces, or destroys any certificate, permit, or other document	7 U.S.C. 8313(b)(1)	Animal Health Protection Act (AHPA)	05/10/2021	Maximum of the greater of \$71,811 in the case of any individual, except that the civil penalty may not exceed \$1,437 in the case of an initial violation of the AHPA by an individual moving regulated articles not for monetary gain, \$359,054 in the case of any other person for each violation, \$601,152 for all violations adjudicated in a single proceeding if the violations do not include a willful violation, and \$1,202,304 for all violations adjudicated in a single proceeding if the violations include a willful violation; or twice the gross gain or gross loss for any violation, forgery, counterfeiting, unauthorized use, defacing, or destruction of a certificate, permit, or other document provided under the AHPA that results in the person deriving pecuniary gain or causing pecuniary loss to another person.
<b>Animal and Plant Health Inspection Service</b>	Penalty for any person that violates certain regulations regarding transfers of listed agents and toxins or possession and use of listed agents and toxins	7 U.S.C. 8401(i)(1)	Agricultural Bioterrorism Protection Act of 2002	05/10/2021	Maximum of \$359,054 in the case of an individual and \$718,110 in the case of any other person.

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<b>Animal and Plant Health Inspection Service</b>	Violation	15 U.S.C. 1825(b)(1)	Horse Protection Act	05/10/2021	Maximum of \$5,925.
<b>Animal and Plant Health Inspection Service</b>	Failure to obey Horse Protection Act disqualification	15 U.S.C. 1825(c)	Horse Protection Act	05/10/2021	Maximum of \$11,579.
<b>Animal and Plant Health Inspection Service</b>	Knowingly violating, or, if in the business as an importer or exporter, violating, with respect to terrestrial plants, any provision	16 U.S.C. 1540(a)(1), section 9(a)(1)(A) through (F), (a)(2)(A) through (D), (c), (d) (other than regulations relating to record-keeping or filing reports), (f), or (g)	Endangered Species Act of 1973	05/10/2021	Maximum of \$54,158 for each violation.
<b>Animal and Plant Health Inspection Service</b>	Knowingly violating, or, if in the business as an importer or exporter, violating, with respect to terrestrial plants, any other regulation	16 U.S.C. 1540(a)(1)	Endangered Species Act of 1973	05/10/2021	Maximum of \$25,935 for each violation.
<b>Animal and Plant Health Inspection Service</b>	Violating, with respect to terrestrial plants or any regulation, permit, or certificate	16 U.S.C. 1540(a)(1)	Endangered Species Act of 1973	05/10/2021	Maximum of \$1,367 for each violation.

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<b>Animal and Plant Health Inspection Service</b>	Knowingly and willfully violating with respect to the transportation of animals by any rail carrier, express carrier, or common carrier (except by air or water), a receiver, trustee, or lessee of one of those carriers, or an owner or master of a vessel	49 U.S.C. 80502(d)	Transportation of Animals	05/10/2021	Minimum of \$170 and a maximum of \$870.
<b>Animal and Plant Health Inspection Service</b>	Violation and its implementing regulation	7 U.S.C. 1901 note, as specified in 9 CFR 88.6	Commercial Transportation of Equine for Slaughter Act	05/10/2021	Maximum of \$822.
<b>Animal and Plant Health Inspection Service</b>	Knowingly violating or for violating any other provision provided that, in the exercise of due care, the violator should have known that the plant was taken, possessed, transported, or sold in violation of any underlying law, treaty, or regulation	16 U.S.C. 3373(a)(1)	Lacey Act Amendments of 1981	05/10/2021	Maximum of \$26,930 for each violation, as specified in 16 U.S.C. 3373(a)(1) (but if the plant has a market value of less than \$360 and involves only the transportation, acquisition, or receipt of a plant taken or possessed in violation of any law, treaty, or regulation of the United States, any Indian tribal law, any foreign law, or any law or regulation of any State, the penalty will not exceed the maximum provided for violation of said law, treaty, or regulation, or \$26,930, whichever is less).

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<b>Animal and Plant Health Inspection Service</b>	Violation	16 U.S.C. 3373(a)(2)	Lacey Act Amendments of 1981	05/10/2021	Maximum of \$673.
<b>Food and Nutrition Service</b>	Violating a provision or a regulation under the Act by a retail food store or wholesale food concern	7 U.S.C. 2021(a) and (c)	Food and Nutrition Act of 2008 (Act)	05/10/2021	Maximum of \$120,231 for each violation.
<b>Food and Nutrition Service</b>	Trafficking in food coupons	7 U.S.C. 2021(b)(3)(B)	Food and Nutrition Act of 2008 (Act)	05/10/2021	Maximum of \$43,325 for each violation, except that the maximum penalty for violations occurring during a single investigation is \$78,017.
<b>Food and Nutrition Service</b>	Sale of firearms, ammunition, explosives, or controlled substances for coupons	7 U.S.C. 2021(b)(3)(C)	Food and Nutrition Act of 2008 (Act)	05/10/2021	Maximum penalty for violations occurring during a single investigation is \$78,017.
<b>Food and Nutrition Service</b>	Any entity that submits a bid to supply infant formula and discloses the amount of the bid, rebate, or discount practices in advance of the bid opening or for any entity that makes a statement prior to the opening of bids for the purpose of influencing a bid	42 U.S.C. 1786(h)(8)(H)(i)	Special Supplemental Nutrition Program for Women, Infants, and Children	05/10/2021	Maximum of \$ 183,629,453.

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<b>Food and Nutrition Service</b>	Vendor convicted of trafficking in food instruments	42 U.S.C. 1786(o)(1)(A) and 42 U.S.C. 1786(o)(4)(B)	Special Supplemental Nutrition Program for Women, Infants, and Children	05/10/2021	Maximum of \$15,877 for each violation, except that the maximum penalty for violations occurring during a single investigation is \$63,509.
<b>Food and Nutrition Service</b>	Vendor convicted of selling firearms, ammunition, explosives, or controlled substances in exchange for food instruments	42 U.S.C. 1786(o)(1)(B) and 42 U.S.C. 1786(o)(4)(B)	Special Supplemental Nutrition Program for Women, Infants, and Children	05/10/2021	Maximum of \$15,487 for each violation, except that the maximum penalty for violations occurring during a single investigation is \$63,509.
<b>Food Safety and Inspection Service</b>	Violation	21 U.S.C. 1041(c)(1)(A)	Egg Products Inspection Act	05/10/2021	Maximum of \$9,476 for each violation.
<b>Forest Service</b>	Willful disregard of the prohibition against the export of unprocessed timber originating from Federal lands	16 U.S.C. 620d(c)(1)(A)	Federal Lands	05/10/2021	Maximum of \$975,230 per violation or three times the gross value of the unprocessed timber, whichever is greater.
<b>Forest Service</b>	Violation	16 U.S.C. 620d(c)(2)(A)(i)	Forest Resources Conservation and Shortage Relief Act	05/10/2021	Maximum of \$146,285 per violation.
<b>Forest Service</b>	Penalty for a person that should have known that an action was a violation regardless of whether such violation caused the export of unprocessed timber originating from Federal lands	16 U.S.C. 620d(c)(2)(A)(ii),	Forest Resources Conservation and Shortage Relief Act	05/10/2021	Maximum of \$97,523 per violation.

<b>Program Office</b>	<b>Penalty (Name of Penalty)</b>	<b>United States Code (U.S.C.) Citation</b>	<b>Statutory Authority; Positive Law and Section Authority (Statute)</b>	<b>Date of Current Adjustment</b>	<b>Current Penalty Level (\$ Amount)</b>
Forest Service	Willful violation	16 U.S.C. 620d(c)(2)(A)(iii)	Forest Resources Conservation and Shortage Relief Act	05/10/2021	Maximum of \$975,230.
Forest Service	Violation involving protections of caves	16 U.S. C. 4307(a)(2)	Federal Cave Resources Protection	05/10/2021	Maximum of \$21,314.
Federal Crop Insurance Corporation	Willfully or intentionally providing any false or inaccurate information	7 U.S.C. 1515(h)(3)(A)	Federal Crop Insurance Act	05/10/2021	Maximum of the greater of the amount of the pecuniary gain obtained as a result of the false or inaccurate information or the noncompliance; or \$12,650.
Rural Housing Service	Violation of section 536 of Title V of the Housing Act of 1949	42 U.S.C. 1490p(e)(2)	Housing Act of 1949	05/10/2021	Maximum of \$207,313 in the case of an individual, and a maximum of \$2,073,133 in the case of an applicant other than an individual.
Rural Housing Service	Penalty for equity skimming	42 U.S.C. 1490s(a)(2)	Housing Act of 1949	05/10/2021	Maximum of \$37,412.
Rural Housing Service	Submitting false information, submitting false certifications, failing to timely submit information, failing to maintain real property in good repair and condition, failing to provide acceptable management for a project, or failing to comply with applicable civil rights laws and regulations	42 U.S.C. 1490s(b)(3)(A)	Housing Act of 1949	05/10/2021	Maximum of the greater of twice the damages USDA, guaranteed lender, or project secured for a loan under Title V suffered or would have suffered as a result of the violation; or \$74,824 per violation.

<b>Program Office</b>	<b>Penalty (Name of Penalty)</b>	<b>United States Code (U.S.C.) Citation</b>	<b>Statutory Authority; Positive Law and Section Authority (Statute)</b>	<b>Date of Current Adjustment</b>	<b>Current Penalty Level (\$ Amount)</b>
<b>Commodity Credit Corporation</b>	Penalty for willful failure or refusal to furnish information or willful furnishing of false information under Section 156	7 U.S.C. 7272(g)(5)	Federal Agricultural Improvement and Reform Act of 1996	05/10/2021	Maximum of \$16,449 for each violation.
<b>Commodity Credit Corporation</b>	Willful failure or refusal to furnish information or willful furnishing of false data by a processor, refiner, or importer of sugar, syrup, and molasses	7 U.S.C. 7272(g)(5)	Federal Agriculture Improvement and Reform Act of 1996	05/10/2021	Maximum of \$16,449 for each violation.
<b>Commodity Credit Corporation</b>	Filing a false acreage report that exceeds tolerance	7 U.S.C. 7272(g)(5)	Federal Agriculture Improvement and Reform Act of 1996	05/10/2021	Maximum of \$16,449 for each violation.
<b>Commodity Credit Corporation</b>	Knowingly violating any regulation of the Secretary of the Commodity Credit Corporation pertaining to flexible marketing allotments for sugar	7 U.S.C. 1359hh(b)	Agricultural Adjustment Act of 1938	05/10/2021	Maximum of \$12,023 for each violation.
<b>Commodity Credit Corporation</b>	Knowingly violating regulations promulgated by the Secretary pertaining to cotton insect eradication	7 U.S.C. 1444a(d)	Agricultural Act of 1949	05/10/2021	Maximum of \$14,811 for each offense.

<b>Program Office</b>	<b>Penalty (Name of Penalty)</b>	<b>United States Code (U.S.C.) Citation</b>	<b>Statutory Authority; Positive Law and Section Authority (Statute)</b>	<b>Date of Current Adjustment</b>	<b>Current Penalty Level (\$ Amount)</b>
<b>Office of the Secretary</b>	Making, presenting, submitting, or causing to be made, presented, or submitted a false, fictitious, or fraudulent claim	31 U.S.C. 3802(a)(1)	Program Fraud Civil Remedies Act of 1986	05/10/2021	Maximum of \$11,804.
<b>Office of the Secretary</b>	Making, presenting, submitting, or causing to be made, presented, or submitted a false, fictitious, or fraudulent written statement	31 U.S.C. 3802(a)(2)	Program Fraud Civil Remedies Act of 1986	05/10/2021	Maximum of \$11,804.

# Grants Program

Exhibit 29 shows that the U.S. Department of Agriculture (USDA) has 785 grants/cooperative agreements with an undisbursed balance of \$27,559,349.73 for which closeout has not yet occurred, but for which the period of performance has elapsed by 2 years or more prior to September 30, 2020.

**Exhibit 29: Grants Program Summary**

Category	2–3 Years	>3–5 Years	>5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	55	18	23
Number of Grants/Cooperative Agreements with Undisbursed Balances	512	129	48
<b>Total Amount of Undisbursed Balances</b>	<b>\$13,483,174.88</b>	<b>\$8,885,586.22</b>	<b>\$5,190,588.63</b>

USDA made progress compared with the baseline of Fiscal Year (FY) 2020. There were net reductions of 86 percent on the number of grants/cooperative agreements with zero-dollar balances and 70 percent on the number of grants/cooperative agreements with undisbursed balances. Overall, USDA, in FY 2021, attained a total net reduction of 74 percent from the number of grants/cooperative agreements reported in FY 2020.

USDA faces several challenges leading to delayed grant agreement award closeout, including:

- Timely receipt of the financial and accomplishment reports for the completion of closeout reports from grantees;
- Delays by grantees in adjusting valid funds after the period of performance;
- Project Director/Authorized Representative relocation and delayed response;
- Institutions and Investigators affected by the COVID-19 pandemic;
- Delays on receipts of final vouchers;
- Administrative challenges related to finalizing rates and budget line-item agreements; and
- Delays in the resolution of audits by grant recipients.

Each USDA grant-making agency continues to review outstanding grants/cooperative agreements and monitoring open balances through the Agency quarterly Unliquidated Obligations review for appropriate closeout actions. The grant-making agencies’ accountable officers continue their closeout of grants/cooperative agreements efforts and continuous communication with the recipients of USDA funds to ensure compliance with requirements of Title 2 CFR Part 200 and better management of Federal Funds.

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# Abbreviations—Acronyms

## — A —

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A&O	Administrative and Operating
AARCC	Agricultural Research and Commercialization Corporation
AARs	Acquisition Approval Requests
ACEP	Agricultural Conservation Easement Program
ACIF	Agriculture Credit Insurance Fund
ADA	Anti-Deficiency Act
AFR	Agency Financial Report
AFRI	Agriculture and Food Research Initiative
AgCMS	Agriculture Conference Management System
AgNIC	Agriculture Network Information Collaborative
AHPA	Animal Health Protection Act
AIPs	Approved Insurance Providers
ALE	Agricultural Land Easement
AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
APP	Annual Performance Plan
APPR	Annual Performance Plan and Report
APR	Annual Performance Report
AQI	Agricultural Quarantine Inspection
ARC	Agriculture Risk Coverage
ARP	American Rescue Plan
ARS	Agricultural Research Service
ASF	African Swine Fever

## — B —

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BAR	Budget and Accrual Reconciliation
BARC	Beltsville Agricultural Research Center
BOC	Budget Object Classification

— C —

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CACFP .....	Child and Adult Care Food Program
CAP .....	Commodity Assistance Program
CARES Act .....	Coronavirus Aid, Relief, and Economic Security Act
CART .....	Conservation Assessment Ranking Tool
CBD .....	Cannabidiol
CBOs .....	Certificates of Beneficial Ownership
CCC .....	Commodity Credit Corporation
CCE .....	Commodity Certificate Exchange
CDM .....	Cybersecurity Diagnostic and Migration
CEP .....	Community Eligibility Provision
CF .....	Community Facilities
CFAP .....	Coronavirus Food Assistance Program
CFR .....	Code of Federal Regulations
CIO .....	Chief Information Officer
CIR .....	Contract Implementation Ratio
CN .....	Child Nutrition
CNM .....	Nanocellulosic Materials
CNP .....	Child Nutrition Program
CNPP .....	Center for Nutrition Policy and Promotion
CoC .....	Cushion of Credit
COVID-19 .....	Coronavirus Disease 2019
CPI .....	Consumer Price Index
CPIC .....	Capital Planning and Investment Control
CRP .....	Conservation Reserve Program
CTA .....	Conservation Technical Assistance
CTAT .....	Conference Transparency and Accountability Tool
CVV/B .....	Cash-Value Voucher/Benefit

— D —

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DGA .....	Dietary Guidelines Advisory Committee
DHS .....	Department of Homeland Security
DISC .....	Digital Infrastructure Services Center
DM&R .....	Deferred Maintenance
DNP .....	Do Not Pay
DOL .....	Department of Labor

— E —

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EA .....	Enterprise Architecture
EBB .....	Enterprise Budget Bot
E-Board.....	Executive Information Technology Investment Review Board
EBT .....	Electronic Benefits Transfers
eFG .....	ezFedGrants
EQIP.....	Enviornmental Quality Incentives Program
ERM.....	Enterprise Risk Management
ERP .....	Enterprise Resource Planning
ERS.....	Economic Research Service
EWA.....	Early Warning Alert

— F —

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FAS.....	Foreign Agricultural Service
FASAB .....	Federal Accounting Standards Advisory Board
FBwT.....	Fund Balance with Treasury
FCC .....	Federal Communications Commission
FCIC .....	Federal Crop Insurance Corporation
FDPIR.....	Food Distribution Program on Indian Reservations
FECA .....	Federal Employees' Compensation Act
FFAR .....	Foundation for Food and Agricultural Research
FFB.....	Federal Financing Bank
FFMIA .....	Federal Financial Management Improvement Act
FFMS.....	Federal Financial Management System
FISMA .....	Federal Information Security Modernization Act
FITARA.....	Federal Information Technology Reform Act
FLP .....	Farm Loan Program
FMFIA .....	Federal Managers' Financial Integrity Act
FMMI.....	Financial Management Modernization Initiative
FNS .....	Food and Nutrition Service
FPAC .....	Farm Production and Conservation
FR.....	Financial Report
FS.....	Forest Service
FSA.....	Farm Service Agency
FSFL .....	Farm Storage Facility Loan Program
FSH .....	Forest Service Handbook
FSIS.....	Food Safety and Inspection Service
FSM .....	Forest Service Manual
FY.....	Fiscal Year

— G —

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GAAP .....Generally Accepted Accounting Principles  
GAO .....Government Accountability Office  
GAOA.....Great American Outdoors Act  
GL .....General Ledger  
GPRA .....Government Performance and Results  
GSA .....General Services Administration  
GTAS.....Governmentwide Treasury Account Symbol Adjusted Trial Balance System

— H —

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H.R.....House of Representatives  
HANA.....High-Performance Analytic Appliance  
HHS.....Health and Human Services

— I —

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IBNR.....Incurred but Not Reported  
ICN.....Institute of Child Nutrition  
IP .....Improper Payment  
IPERA .....Improper Payment Elimination and Recovery Act of 2010  
IPERIA .....Improper Payment Elimination and Recovery Improvement Act of 2012  
IPIA .....Improper Payments Information Act of 2002  
IPP .....Inspection Program Personnel  
IT.....Information Technology  
ITSD .....Information Technology Services Division

— K —

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KPIs.....Key Performance Indicators

— L —

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L&WCF.....Land and Water Conservation Fund  
LP.....Livestock and Poultry

— M —

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MOU .....Memorandum of Understanding  
MPIRG .....Meat and Poultry Inspection Readiness Grant  
MRL .....Maximum Residue Level  
MRP .....Marketing and Regulatory Programs

— N —

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N/A	Not Available
NAL	National Agricultural Library
NAP	Noninsured Crop Disaster Assistance Program
NASS	National Agricultural Statistics Services
NFC	National Finance Center
NFS	National Forest Service
NIFA	National Institute of Food and Agriculture
NOAA	National Oceanic and Atmospheric Administration
NRCS	Natural Resources Conservation Service
NRHP	National Register of Historic Places
NSLP	National School Lunch Program
NTIA	National Telecommunications and Information Administration
NVS	National Veterinary Stockpile

— O —

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OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OCS	Office of the Chief Scientist
OG&A	Office of Grants and Agreements
OGC	Office of the General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPEM	Office of Property and Environmental Management
OPM	Office of Personnel Management
OPPE	Office of Partnership and Public Engagement
OSCAL	Open Security Control Assessment Language
OSEC	Office of the Secretary

— P —

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P-EBT	Pandemic Electronics Benefits Transfer
PCCP	Pandemic Cover Crop Program
PHA	Priority Heritage Assets
PHR	Public Health Regulation
PIIA	Payment Integrity Information Act of 2019
PIR	Practice Implementation Rate
PL	Public Law
PLC	Price Loss Coverage
PP&E	Property, Plant and Equipment
PPA	Plant Protection Act
PPS	Procurement and Property Services

— Q —

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Q.....Quarter  
Q3.....Third quarter

— R —

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RC&D.....Resource Conservation and Development  
RCPP.....Regional Conservation Partnership Program  
RD.....Rural Development  
REE.....Research, Education, and Economics  
RHIF.....Rural Housing Insurance Fund  
RISE.....Rural Innovation Stronger Economy  
RMA.....Risk Management Agency  
RPA.....Robotics Process Automation

— S —

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SAM.....System for Award Management  
SAP.....Systems, Applications, and Products  
SBP.....School Breakfast Program  
SBR.....Statement of Budgetary Resources  
SER.....Single Effective Rate  
SFFAS.....Statement of Federal Financial Accounting Standards  
SFSP.....Summer Food Service Program  
SNAP.....Supplemental Nutrition Assistance Program  
SOB.....Summary of Business  
SPS.....Sanitation Performance Standard  
SRA.....Standard Reinsurance Agreement  
SSP.....Shared Services Provider

— T —

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TB.....Technical Bulletin  
TBT.....Technical Barrier to Trade  
TCA.....Terrestrial Condition Assessment  
TEFAP.....The Emergency Food Assistance Program  
TFAA.....Trade and Foreign Agricultural Affairs  
TFCCA.....Tropical Forest and Coral Reef Conservation Act  
TFP.....Thrifty Food Plan  
TPMC.....Tuscon Plant Materials Center  
TSP.....Thrift Savings Plan

— U —

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U.S.C.....U.S. Code  
UDO.....Undelivered Orders  
UEI.....Unique Entity Identifier  
ULO.....Unliquidated Obligations  
UP.....Unknown Payment  
USAID.....U.S. Agency for International Development  
USDA.....U.S. Department of Agriculture  
USSGL.....U.S. Standard General Ledger

— W —

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WCF.....Working Capital Fund  
WHIP.....Wildfire and Hurricane Indemnity  
WIC.....Women, Infants, and Children  
WRE.....Wetland Reserve Easement





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